



# Integrated Country Strategy

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Kosovo

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## 1. Chief of Mission Priorities

To secure Kosovo's place in a strong and free Europe, Embassy Pristina remains focused on improving the rule of law, increasing economic development, and promoting regional stability. Kosovo's government and public still credit the United States as this country's most steadfast strategic partner. Our relationship has reached a transformative milestone, moving toward ensuring the institutions built in Kosovo's first ten years of statehood now hold themselves accountable for delivering on behalf of all Kosovo's citizens. Our efforts therefore focus on helping institutions implement their mandates effectively, with transparency and integrity. Kosovo's aspiration to join the EU and NATO is a testament to its secure orientation toward the Western community of nations. In 2018 Kosovo marked its tenth birthday and significant progress since independence. Moving into its next phase of development, Kosovo must now successfully grapple with the challenges of fighting corruption and impunity, creating energy security as the basis for economic development, and normalizing relations with Serbia; our assistance and engagement match these goals.

Kosovo has an excellent basis to build on. Kosovo citizens went to the polls three times in 2017, marking the latest in a string of fair and credible elections. Kosovo deepened and extended sovereignty over its own territory by integrating the police, customs, and the judiciary in areas formerly under de facto Serbian governance. The 2017 deal Kosovo signed with an American company to build a \$1.2 billion power plant set the stage for improved energy security and air quality. The 2018 ratification of a border agreement with Montenegro fulfilled a key criterion for visa liberalization, moving Kosovo's people closer to freedom of movement throughout Europe, which if realized will much improve the EU's public standing in Kosovo.

Nevertheless, Kosovo institutions' abilities to stand on their own are still tested by political interference, corruption, high unemployment, ethnic divisions, energy shortages, and the country's fraught relationship with Serbia. Kosovo has an opportunity, starting in 2018, to advance purposefully and deliberately toward final negotiations in normalizing this relationship, which would have stabilizing effects throughout the region. Success will put Kosovo on a firm trajectory toward its ultimate goal: full membership in the political, economic, and security institutions of the Western community of nations. Lack of progress, on the other hand, could increasingly present Kosovo as the arena for malign external influence by state and non-state actors, whose ambitions have grown here in recent years.

Rule of Law: Rule of law, especially a real improvement in public trust of institutions, remains the most fundamental challenge to Kosovo's effective development as a well-functioning, democratic state based on Western community values and principles, and is thus our highest priority. Kosovo's rule of law sector has seen incremental advances with U.S. and international help, but fresh political pressures complicate existing challenges. Court efficiency has improved, but the widespread public perception of an ineffective and politicized judiciary persists. Kosovo made credible progress on a set of EU-monitored benchmark cases. However, Kosovo courts continue to perform poorly in convicting and sentencing politically prominent defendants – whether pro-government or opposition. The Specialist Chambers in The Hague launched in 2017 as a forum to try individuals accused of serious crimes during and after Kosovo's war of liberation in 1998-99, and this process will be another widely watched benchmark of political will toward the rule of law.

In partnership with the government, our assistance aims to help integrated courts and prosecution achieve full functionality. Our programs will expand on successful efforts to counter extremism in prisons and begin to address systemic corrections challenges. Our support will also focus on justice system accountability and working across judicial institutions, law enforcement, and civil society to implement the legal reforms Kosovo's Assembly is undertaking to pass. These joint efforts will close the space for corruption at the national and municipal levels, as we expect citizens and civil society groups to increase public demand for effective justice in parallel.

Economic Development: Kosovo is the poorest country in the Balkans. Its unemployment rate is 30%, youth unemployment is 53%, and 43% of the population is under 25. Inadequate economic growth, bureaucratic inefficiencies, and a lagging higher-education system limit job creation. After corruption, unemployment is the most cited problem identified in public opinion polls. Kosovo's two lignite-fueled, Yugoslav-era electric power plants are polluting and inefficient, and USAID has estimated that their unreliability costs the Kosovo economy \$400 million per year. The Kosova e Re power plant deal is a major step toward future energy security. The government, with our support, will continue the hard work of securing international financial backing and bolstering public support for this project.

Promoting economic development is therefore our second goal. We will pair our programming alongside government policy efforts to remove barriers to Kosovo's economic growth and reduce unemployment, aimed at harnessing the country's youth as an engine of future economic growth and innovation. We will promote sound macroeconomic policies, a more favorable business environment, and a more diversified economy led by private-sector growth. Additional assistance will enhance the skills of Kosovo citizens, especially the youth, to match

market demand. U.S. technical support will match Kosovo's commitment to improving the reliability, protection, and environmental compliance of the country's energy infrastructure.

Regional Stability: Kosovo's place in Europe will only be truly secure when it has normalized relations with Serbia, and 2018 presents an opportunity for the two countries to initiate a serious approach to achieving final phase agreement. The EU-sponsored and USG-supported Brussels Dialogue between Kosovo and Serbia has yet to fulfill its potential, but new political momentum creates opportunities for progress in the near term. While Kosovo has made progress in dismantling illegal parallel structures, Kosovo's minority Serbs remain poorly integrated into society. Despite a multi-year reduction in interethnic violence, lingering interethnic resentment often undermines good governance and rule of law.

Kosovo's full integration in Europe will not be complete until it is recognized by all states and is a member of all key international organizations. From a 2014 peak as the world's highest per capita source of foreign terrorist fighters in Syria, Kosovo has proved a regional leader in establishing whole-of-government prevention and reintegration programming, but still requires assistance. NATO's Kosovo Force is still ultimately responsible for security and freedom of movement in the country, and must remain fully capable until the Kosovo-Serbia normalization is a clear success. Kosovo continues to work toward the transition of the Kosovo Security Force into a full-fledged army, and is making efforts to solicit the support of all its citizens.

To deal with these regional security challenges, we will support the government to implement fully its agreements with Serbia and encourage a responsible and productive approach to reaching a final agreement. We will continue to support Kosovo's efforts to join regional and international organizations, chief among them Interpol, so Kosovo's capable law enforcement can formally engage to prevent transnational organized crime. We will also work closely with Kosovo to support its whole-of-government approach to fighting terrorism and preventing the spread of violent extremism. We will encourage community-based and national approaches to improving relations between ethnic groups and press leaders to remove political impediments to implementing Kosovo's progressive legal protections of language, religion, and cultural heritage. We will encourage the government's inclusive approach to security force transition to a force capable of addressing malign external influence, cyberattack, and diverse threats. These collective efforts will foster inter-ethnic integration, domestic security, and regional stability, which will help cement Kosovo's place in the Western family of nations.

These goals are interlinked, and Embassy Pristina's whole-of-government approach to issues is well-positioned for success across these mission goals. Our ability to advance mission objectives and achieve our goals will be significantly improved by a move later this year to a New Embassy Compound, which will finally bring our facility up to Department standards for

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security and safety for all USG employees, allow us to offer full consular services, and send a strong message of the United States' steadfast commitment to Europe's newest country.

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Approved: August 09, 2018

## 2. Mission Strategic Framework

**Mission Goal 1:** Improved Rule of Law and Governance that Meets Citizens' Needs  
(Incorporates CDCS DO 1)

**Mission Objective 1.1:** All of Kosovo's citizens gain access to reliable, credible, transparent, efficient, and accountable governance and justice, responsive to citizens' needs.

**Mission Objective 1.2:** Kosovo's institutions improve delivery of quality services, deepen implementation of laws and regulations, and demonstrate renewed commitment to countering corruption.

**Mission Goal 2:** Sustainable, inclusive economic growth that supports Kosovo's stability and integration with the West.

**Mission Objective 2.1:** Improve economic growth, energy security, and trade.  
(Incorporates CDCS DO 2)

**Mission Objective 2.2:** Enhance the quality of Kosovo's human capital, particularly among its youth, by providing the work force the skills required by a modern developed economy. (Incorporates CDCS DO 3)

**Mission Goal 3:** Kosovo contributes positively to regional stability, including by making progress in normalizing its relationship with Serbia, transitioning the KSF into an armed force, countering violent extremism and malign external influences, promoting minority rights, and integrating into Western structures.

**Mission Objective 3.1:** U.S. influence leads Kosovo to take steps towards a peaceful and final normalization agreement with Serbia, improve inter-community relations, and secure additional international recognitions.

**Mission Objective 3.2:** The United States partners with the Kosovo Government to prevent and counter violent extremism, engage in counter-terrorism efforts, and counter malign external influence.

**Mission Objective 3.3:** The United States partners with Kosovo to develop a professional, modern, and multi-ethnic security sector able to respond to domestic challenges and external threats.

**Management Objective 1:** Successful transition to the New Embassy Compound with minimal disruption in mission operations.

**Management Objective 2:** Regularize operations, procedures, and infrastructure to align with other EUR posts.

### 3. Mission Goals and Objectives

**Mission Goal 1: Improved rule of law and governance that meets citizens' needs.**

**Description and Linkages:** The National Security Strategy and the State/USAID Joint Strategic Plan call for strong, sovereign nations that respect their citizens at home, protect the rights of individuals through the rule of law, and derive political power through accountability to the people. This goal aims at increasing Kosovo citizens' access to transparent governance and justice, and shifting USG assistance focus from institution building to ensuring effective institutions deliver results that increasingly shield citizens from corruption and increase resilience to malign external influence. This goal will be achieved through a mix of USG assistance and support to improve efficiency, professionalism, and performance of institutions; to create public demand, participation, and active monitoring for anti-corruption and rule of law efforts; and to focus on implementation of Kosovo's sophisticated legal architecture.

**Mission Objective 1.1: All of Kosovo's citizens gain access to reliable, credible, transparent, efficient, and accountable governance and justice, responsive to citizens' needs.**

**Justification:** This objective focuses on the citizen-side of governance and rule of law: increased access, improved public perception of Kosovo justice, and enhanced public demand for accountability and integrity. Targeted transparency and efficiency measures, sharpened public integrity tools, improved disciplinary practices, as well as citizen participation in anti-corruption efforts can improve public trust in institutions and create consistent practices that hold public and judicial officials accountable. These efforts also send a signal to government leadership that its institutions must perform on behalf of citizens and renew commitment to tackling corruption, including high-profile cases.

**Mission Objective 1.2: Kosovo's institutions improve the delivery of quality services, deepen implementation of laws and regulations, and demonstrate a renewed commitment to countering corruption.**

**Justification:** This objective focuses on the capability of actors and institutions to deliver fair and effective governance and rule of law services, marking a shift from law creation to the hard work of implementation and enforcement. Increasing the proficiency of the Assembly, electoral institutions, law enforcement and justice sector institutions, and governance bodies at the municipal and national level are key elements of this objective. Improved efficiency and functionality of ethnically integrated institutions are critical means to improve Kosovo's resilience and resistance to malign external influence.

**Mission Goal 2: Sustainable, inclusive economic growth that supports Kosovo's stability and integration with the West.**

**Description and Linkages:** Promoting prosperous, free, and transparent economies in developing countries like Kosovo is one of the cornerstones of both the National Security Strategy and the State/USAID Joint Strategic Plan. Doing so creates opportunities for US businesses, reduces the need for foreign assistance, promotes stability, and expands our diplomatic and economic influence while allowing Kosovo citizens to pursue their dreams at home. Specifically, this Mission goal aims to help Kosovo implement the necessary reforms to attract investment by US and Kosovo companies while enhancing mutually beneficial trade linkages between Kosovo and the West, improving Kosovo's energy security, and building the skills of Kosovo's youth to participate in a modern, market led economy. By doing so, Kosovo will be a beacon of prosperity and stability in the Balkans, resilient to the influence of malign external influence and the allure of extremist ideologies.

**Mission Objective 2.1: Improve economic growth, energy security, and trade.**

**Justification:** Despite a recent uptick in exports, a reduction in poverty, and a relatively strong fiscal performance by the government, Kosovo's economy remains fragile. Unemployment is the highest in the region with weak rule of law and energy shortages being the largest constraints to economic growth. Thanks to assistance from international partners, Kosovo has a strong legal and regulatory framework on paper, but implementation remains inefficient and uncoordinated, increasing the space for corruption and informality while stifling needed investment. Political instability and the government's inability to retain qualified civil servants leaves Kosovo open to regulatory and fiscal backsliding. Kosovo's private sector shows glimmers of hope in certain sectors, but the trade deficit remains massive. Kosovo's firms need investment, technology transfer, a predictable enabling environment, stable energy supply, and access to qualified workers in order to take advantage of domestic and regional market opportunities.

**Mission Objective 2.2: Enhance the quality of Kosovo's human capital, particularly among its youth, by aligning workforce skills to a modern economy.**

**Justification:** Despite years of strong economic growth, unemployment in Kosovo still hovers around 30 percent with youth unemployment over 50 percent. More worryingly, long term youth unemployment is the highest in the region and a sense of hopelessness and frustration continues to grow in this demographic. Kosovo's education system does not prepare its youth for the needs of a modern economy. The education system focuses on the theoretical and lacks practical application. While job growth has not been fast enough to absorb Kosovo's large

youth population, companies often cannot find youth with the skills they need for the jobs that do exist. Companies complain that candidates lack both technical skills and basic soft skills needed to succeed in the work place. If Kosovo's large youth cohort are not properly educated and engaged economically, they will continue to migrate in search of better opportunity or stagnate at home, with increasing susceptibility to religious and political extremism.

**Mission Goal 3: Kosovo contributes positively to regional stability, including by making progress in normalizing its relationship with Serbia, transitioning the KSF into an armed force, countering violent extremism and malign external influences, promoting minority rights, and integrating into Western structures.**

**Description and Linkages:** The National Security Strategy and relevant National Security Presidential Memoranda (NSPMs) reference the threats that America faces from terrorist organizations, transnational criminal syndicates, and other malicious actors that are working to undermine the legitimacy of democracies. Kosovo is a willing partner in the fight against such actors, but needs to increase its regional stability and further develop its capacities to be a truly effective partner. Support and assistance from the United States will help ensure that Kosovo undergoes reforms in this sector that are transparent, credible, professional, and inclusive of all minority communities.

**Mission Objective 3.1:** U.S. influence leads Kosovo to seek a peaceful and final resolution to the status dispute with Serbia, improve inter-community relations, and secure additional international recognitions.

**Justification:** The dispute with Serbia over Kosovo's status remains a threat to regional stability, creating an opening for malign external influence, blocking Kosovo's progress toward full membership in the Western community of nations, and leaving seeds for potential future armed conflict. U.S. advocacy can help ensure Kosovo takes a responsible approach to negotiations, resulting in an implementable agreement. Ethnic and inter-state tensions harm good governance, rule of law, and citizens' safety and security. U.S. assistance can bolster minority inclusion, while our advocacy can encourage greater efforts to heal wartime traumas, preventing grievances from undermining progress. Encouraging engagement with and accession to international institutions gives Kosovo - and the United States - new fora for protecting our shared interests.

**Mission Objective 3.2: The United States partners with the Kosovo Government to prevent and counter violent extremism, engage in counter-terrorism efforts, and counter malign external influence.**

**Justification:** The Government of Kosovo is an active player in the fight against violent extremism and terrorism. It has arrested and prosecuted individuals on terrorism-related charges, developed a CVE and CT strategies and action plans, and is actively involved in regional and international CVE and CT initiatives. Kosovo is also beginning to research strategies to counter malign external influence, particularly from Serbia and Russia. Especially given Kosovo's young population, the United States should encourage Kosovo to serve as a partner in the prevention and fight against extremism and help it build its capacity to counter malign external influence. Specifically, the United States can help Kosovo successfully implement its CVE and CT action plans while engaging in counter-messaging and capacity building to subvert malign external influence.

**Mission Objective 3.3: The United States partners with Kosovo to develop a professional, modern, and multi-ethnic security sector able to respond to domestic challenges and external threats.**

**Justification:** The Government of Kosovo is taking on increased responsibility in providing for its own defense and security. The government is seeking to establish the Kosovo Security Force (KSF) as an armed force with a limited territorial defense mandate. At the same time, GoK public safety agencies continue to develop their capabilities to handle other aspects of national security. The United States can help Kosovo in this endeavor while ensuring that security-sector reforms are transparent, credible, professional, and inclusive of all minority communities.

## 4. Management Objectives

**Management Objective 1: Successful transition to the New Embassy Compound with minimal disruption in mission operations.**

**Justification:** Post is now scheduled to move into its New Embassy Compound (NEC) in late 2018. The move has been delayed numerous times and the move date is not yet final. This will only be determined when the project is closer to substantial completion and certification in late summer/early fall. With the implementation of the Department wide hiring freeze, Post was unable to hire a move coordinator as projected in our last ICS and the responsibility has fallen upon one of our information specialists. Warehouse holdings have been significantly decreased and Post will work with AQM to hire a competent moving company that can actually carry out the move in a timely and efficient manner.

**Management Objective 2: Evaluate the NEC and make adjustments as necessary while continuing to regularize operations, procedures, and infrastructure to align with other EUR posts.**

**Justification:** After moving into an NEC, the building is under warranty for one year and changes cannot be made. This is a critical time to evaluate the operation of the building and to determine if staffing and budgetary levels are sufficient. As per regularizing operations, many of these objectives have been met since the completion of the last ICS in 2016. However, the following areas still stand out and require further development. This is especially important as post moves into a NEC and then adjusts to this new environment.