

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE REPUBLIC OF KOSOVO

AND

THE GRAND DUCHY OF LUXEMBOURG

ON THE APPLICATION OF THEIR BILATERAL AGREEMENT

CONCERNING DEVELOPMENT COOPERATION

The Government of the Republic of Kosovo, represented by its Ministry for European Integration;

and

The Government of the Grand Duchy of Luxembourg, represented by its Ministry of Foreign and European Affairs;

Both hereinafter referred to as the "Parties";

Considering the Bilateral Agreement signed between the Parties on 24 October 2016

Have agreed on the following:

Article 1 – Priority Sectors for Cooperation

The sectors considered as priorities for common development cooperation, in the sense of Article IV of the abovementioned Bilateral Agreement, shall be:

1. Health;
2. Vocational Education and Training (VET);
3. Strengthening the Kosovar Civil Society;
4. Technical assistance in line with Kosovo's EU integration process.
5. An amount of money may be dedicated to a sector other than those described above. Such a sector may be defined on the basis of emerging needs, always keeping in mind the European aspirations of the Republic of Kosovo, and in common agreement between the Government of the Grand Duchy of Luxembourg and the Government of the Republic of Kosovo.

Article 1.1 – Health

The Government of Kosovo recognises health as one of the priority sectors that contribute to the well-being of the nation, and is therefore committed to reforming and modernising the health system in order to provide equal access to high quality health services to all its citizens. The main goal of the reform is to improve the quality, relevance and efficiency of health service delivery, as well as to improve financial protection. The four key elements towards achieving these goals are the following:

- ✓ Health financing reform and universal coverage, including the implementation of a mandatory general health insurance;
- ✓ Reorganization of the healthcare institutions – creation and functionalization of the Kosovo Hospital and University Clinical Services;
- ✓ Redesign of the functions of the Ministry of Health;
- ✓ Establishment and functionalization of Chambers of Health Professionals.

The Ministry of Health has embedded the key elements of the reform in the revised version of the Health Sector Strategy (HSS) 2016-2020, as well as the accompanying Action Plan and Log frame. The following objectives are part of the revised HSS 2016-2020:

- ✓ Protection of health and improvement of wellbeing;
- ✓ Solidarity in financial protection of the health of the population;
- ✓ Reorganisation of the health sector, including further development of the Health Information System and its Kosovo-wide roll-out as the central tool for this reorganisation.

The Government of the Grand Duchy of Luxembourg will continue to support the Government of the Republic of Kosovo and its Ministry of Health in implementing the healthcare reform as well as the HSS 2016-2020 in order to contribute to the improvement of service provision, improvement of the skills of the providers, and upgraded management, monitoring and supervision capacities.

Article 1.2 – Vocational Education and Training (VET)

The development of VET in Kosovo is based on the VET Strategy, as part of the Kosovo Education Strategic Plan (KESP) 2017-2021, as well as the government's National Development Strategy 2016-2021. The main challenge is harmonizing vocational education and training with labour market requirements in the country and abroad, and creating an open system for adult education.

In order to reach this goal, the Government of the Republic of Kosovo, in collaboration with its international partners and all relevant VET stakeholders, has identified the following priorities:

- ✓ Elaborate and implement efficient sectorial strategies and activities, involving relevant stakeholders and international partners, including both Ministries that tackle VET in Kosovo;
- ✓ Reform the VET legal framework in order to create a more conducive environment to tackle structural challenges;

- ✓ Establish an efficient and comprehensive monitoring setup, especially at central level, but also at decentralized and VET provider level;
- ✓ Ensure stable and sufficient levels of public funding to the VET sector, in view of full ownership and sustainability, while at the same time guaranteeing a rational distribution of funds;
- ✓ Promote professional practice/internships and links with the labour market;
- ✓ Establish / implement a sustainable plan for infrastructure and equipment improvement;
- ✓ Continuous professional development of VET Teachers and Instructors;
- ✓ Support to the efficiency of VET relevant institutions;
- ✓ Increase the level of attention and reactivity to gender issues, minorities, people with disabilities and environment protection issues in the VET sector;
- ✓ Support the development of a post-secondary and adult education VET offer (Level 5, short courses, lifelong learning) to respond to the effective demand from the labour market, and in line with the requirements of the Pre-University Education Curriculum Framework and the National Qualifications Framework;
- ✓ Consolidate the capacities of the Centres of Competence towards full financial and managerial autonomy and sustainability;
- ✓ Internationalize and modernize qualifications, optimize VET provision, assessment system, and management through the application of new technologies.

The Government of Luxembourg will continue to support the implementation of the above objectives.

Article 1.3 –Civil Society

Kosovo, in view of its path towards the EU, is committed to promoting the principles of human dignity, freedom, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.

An empowered civil society can play an important role in ensuring these principles are upheld in practice. It is also in itself a crucial component of any democracy. By articulating citizens' concerns, civil society organizations are active in the public arena and engage in initiatives which foster pluralism and further participatory democracy.

Kosovo is committed to make significant progress in fields such as the rule of law, corruption, organised crime, economic opportunities and social cohesion. Civil society actors and organizations can make a substantial contribution to these areas through lobbying, advocacy and oversight activities at all levels. When it comes to democratic governance and the rule of law as well as fundamental rights, including freedom of expression and association or minority rights, civil society can create demand for greater transparency, accountability and effectiveness from public institutions and can facilitate a greater focus on the needs of citizens in policy-making.

Civil society organizations in Kosovo have demonstrated their ability to initiate effective anti-corruption initiatives, contribute to regional integration and reconciliation processes, encourage independent quality media, campaign for gender equality, fight against discrimination and promote social inclusion.

Hence, in the framework of the bilateral agreement 2017-2020, the Grand-Duchy of Luxembourg intends to contribute to the further development of civil society in Kosovo through support to two non-governmental organizations: Foundation Kosovo-Luxembourg (FKL) and the Kosovar Civil Society Foundation (KCSF).

FKL, a Kosovo registered NGO and spin-off from Caritas Luxembourg, is focusing on poverty reduction. Using a community development approach, FKL is targeting the education sector and income generating activities in four municipalities (2 in the South and 2 in the North). FKL is taking into account gender equity and environmental sustainability as cross-cutting issues.

KCSF aims at strengthening civil society initiatives by providing information, services and trainings to NGOs and other relevant civic institutions in all sectors. It is also dedicated to the process of European Integration, by raising awareness about the EU and providing information and analytical tools to professionals that deal with these issues.

Article 1.4 – Technical Assistance and EU integration

Kosovo's clear European path was confirmed by the entry into force, on 1 April 2016, of a Stabilisation and Association Agreement (SAA), the first contractual agreement binding the Republic of Kosovo with the European Union. Furthermore, the EU Commission recommended to the Council of the European Union and the European Parliament to grant visa liberalization to Kosovar Citizens. These developments reflect the aspirations of the government and the citizens of the Republic of Kosovo, who overwhelmingly see their future as part of the European family.

In order to support these legitimate aspirations, the Government of Luxembourg will put at the disposal of the Government of the Republic of Kosovo such technical assistance as may be required in order to fully comply with the requirements of the SAA and other arising obligations of the European acquis.

Furthermore, the Government of Luxembourg will specifically support the Kosovar Ministry of Finance through technical assistance, both in view of helping this Ministry to adopt and implement European and international standards, and in view of sharing Luxembourg's significant expertise in the financial sector.

Article 2 – Financial Contribution

The indicative financial contribution provided by the Grand Duchy of Luxembourg for the implementation of projects and programmes in the priority sectors listed above shall be thirty (30) million Euros over the four-year period between 1 January 2017 and 31 December 2020.

This indicative budget is intended to cover activities decided upon jointly within the framework of the above mentioned Bilateral Agreement or those already agreed upon in the framework of the bilateral Agreements signed between the Parties in April 2013. Financial

contributions to these activities by the Government of Kosovo will be decided upon on a case by case basis.

All such activities shall be in line with the priorities set by the Government of the Republic of Kosovo as defined clearly in relevant strategic documents adopted by it.

While commitments and disbursements of the indicative budget would ideally be constant over the period 2017-2020, it is understood that annual spending levels will need to take into account the implementation rhythm of the projects and programmes as well as the evolving situation of the Government of Luxembourg's overall development cooperation budget.

Programme 2017-2020	Ongoing programmes	New programmes	TOTAL	
Health	4 856 674,00 €	7 000 000,00 €	11 856 674,00 €	40%
KSV/017: Health in Kosovo (II)	4 856 674,00 €	- €	4 856 674,00 €	
New programme 2017-2020	- €	7 000 000,00 €	7 000 000,00 €	
Vocational Education & Training	963 475,00 €	5 000 000,00 €	5 963 475,00 €	20%
KSV/015: Support to VET reform in Kosovo	963 475,00 €	- €	963 475,00 €	
New programme 2017-2020	- €	5 000 000,00 €	5 000 000,00 €	
Water and Sanitation	1 390 500,00 €	- €	1 390 500,00 €	5%
KSV/018: Water in Mitrovica (II)	1 390 500,00 €	- €	1 390 500,00 €	
New programme	- €	4 389 351,00 €	4 389 351,00 €	15%
To be determined	- €	4 389 351,00 €	4 389 351,00 €	
Support to civil society	- €	4 000 000,00 €	4 000 000,00 €	13%
Foundation Kosovo-Luxembourg	- €	2 000 000,00 €	2 000 000,00 €	
Kosovar Civil Society Foundation	- €	2 000 000,00 €	2 000 000,00 €	
Technical Assistance	- €	2 400 000,00 €	2 400 000,00 €	8%
Support to Ministry of European Integration	- €	2 000 000,00 €	2 000 000,00 €	
Support to Ministry of Finance	- €	400 000,00 €	400 000,00 €	
	7 210 649,00 €	22 789 351,00 €	30 000 000,00 €	
	24%	76%	100%	

Article 3: Entry into force, amendments, settlement of disputes and termination

1. This Memorandum of Understanding shall replace and supersede the Memorandum of Understanding signed by the Parties on 23 April 2013, and shall enter into force on the date of receipt of the last written notification by which the Parties notify each other through diplomatic channels, that their respective internal legal procedures of ratification have been completed. It shall remain in force until 31 December 2020 and, unless explicitly revoked by either or both of the Parties, shall be automatically extended on a yearly basis. In case one of the Parties wishes to end it, a formal written notice to the other Party will be required at least three (3) months in advance.
2. If either of the Parties considers it necessary to amend this Memorandum of Understanding, it may request consultations with the other Party. Any amendments to this Memorandum of Understanding shall only be made in writing.

3. Any dispute arising in relation to the implementation or interpretation of the present Memorandum of Understanding shall be solved in an amicable way and through direct consultation between the Parties or through diplomatic channels.

In witness thereof, the undersigned, acting on behalf of their respective Governments, have signed the present Memorandum of Understanding in two originals in the English language.

For the Government of the Republic of
Kosovo

(Date, signature and seal)

Hajredin Kuçi

First Deputy Prime Minister

For the Government of the Grand Duchy
of Luxembourg

(Date, signature and seal)

Romain Schneider

Minister for Development Cooperation
and Humanitarian Assistance