

The background is an abstract composition of various shades of green and black. It features several curved, overlapping shapes that create a sense of depth and movement. A prominent curved line sweeps across the middle of the page, separating the title area from the lower sections. In the lower right, there is a dark, cylindrical object, possibly a pen or a stylus, lying horizontally. The overall aesthetic is modern and professional, with a strong emphasis on the color green.

IMPROVEMENT OF PUBLIC PROCUREMENT STANDARDS TO INCREASE ENERGY EFFICIENCY IN KOSOVO

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ABBREVIATIONS

AI	Administrative Instruction
BGF	Balkan Green Foundation
RES	Renewable Energy Sources
CPA	Central Procurement Agency
ECT	Energy Community Treaty
EE	Energy Efficiency
EEA	Energy Efficiency Agency
EEO	Energy Efficiency and Environment Office
EPC	Energy Performance Contract
ERP	Economic Reform Program
ERO	Energy Regulatory Office
ESCO	Energy Services Company
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
KAEEA	Kosovo Agency of Energy Efficiency Agency
KEEF	Kosovo Energy Efficiency Fund
LEE	Law on Energy Efficiency
LEPB	Law on Energy Performance of Buildings
LPD	Law on Public Debt
LPP	Law on Public Procurement
LPPP	Law on Public-Private Partnerships
MED	Ministry of Economic Development
MEE	Ministry of Economy and Environment
MF	Ministry of Finance
NAPEE	National Action Plan on Energy Efficiency
PP	Public Procurement
PPP	Public-Private Partnership
RESECD	Renewable Energy Sources, Efficiency and Cogeneration Division

1. Summary

This research paper aims to raise awareness among central and local administration authorities, to promote the amendment and implementation of the Law on Public Procurement in purchasing only products, services and buildings with high energy efficiency performance, as well as to push forward Energy Performance Contracts (EPCs), establishing a convenient environment for the development of ESCOs.

Within the public administration of the Republic of Kosovo, there are currently several independent and integrated institutions in ministries that operate in the field of energy efficiency and renewable energy sources. With the revision of the Law on Energy Efficiency, in November 2018, Kosovo has made positive steps in terms of legal framework in this sector.

From the research conducted (interviews with key people of these institutions, analysis of laws, reports, etc.), results that these institutions not only do not have clearly defined duties and competencies, but have a significant lack of professional staff and lack of financial resources to fulfil their obligations. Although there are many laws in the field of energy, due to their deficient and inaccurate content, and lack of interconnection (lack of reference between the laws) especially the Law on Energy Efficiency and the Law on Public Procurement and the Law on Public-Private Partnerships, there is no coordinated consistency and application of energy efficiency measures. As a result, it's impossible to implement Energy Service Companies (ESCOs) and delays are occurring in the fulfillment of goals and obligations arising from the Energy Community Treaty (ECT).



2. Introduction and background

A basic precondition for a quality life is that the climate does not undergo dangerous and irreversible changes as is happening in the last fifty years, and surrounding environment remains clean. The burning of fossil fuels in the sectors of industry, traffic, buildings and services is the leading cause of climate change in our planet. The application of efficient equipment, increasing the use of renewable energy forms and minimizing the use of fossil fuels, would help subdue further deterioration of the global climate and improve it.


Kosovo, as signatory to the Energy Community Treaty (ECT), has obligations which should be met in the Energy Efficiency (EE) sector. In addition to implementing the laws, it also has savings targets to be achieved through the National Action Plan for Energy Efficiency (NAPEE).

NAPEE, according to the Law on Energy Efficiency (LEE), defines and describes steps for meeting the objectives of the EE, including the scheme of EE obligations, EE policy measures, energy savings achieved or projected to be achieved in level of supply, transmission, distribution and final energy consumption, in order to fulfil the national energy efficiency targets. Furthermore, it reports progress on the preliminary plan and removes regulatory and non-regulatory barriers that may be encountered in the energy efficiency sector. NAPEE is drafted every three years. NAPEE 2010-2018, is the first long-term plan and represents the first key document in the energy efficiency sector in Kosovo. Short-term plans of NAPEE, 2010-2012, 2013-2015 and 2016-2018 were drafted every three years. Whereas: "NAPEE for 2019-2021 shall be drafted according to Directive 2012/27/EU" - Rrezart Zjaça Dedaj - Senior Energy Efficiency Officer, MEETESI.

Strategic documents that give special emphasis on empowerment and energy efficiency issues in Kosovo are the SAA (Stabilization and Association Agreement) which has entered into force on 1 April 2016, the Economic Reform Program (ERP) and the Energy Strategy of the Republic of Kosovo 2017-2026. Implementation of the energy Acquis related to: competition in the energy market; environmental protection; energy efficiency and renewable energy sources are serious obligations that Kosovo must meet in the energy sector.

Public institutions dealing with policy-making, implementation and monitoring of energy efficiency in Kosovo are MED (Ministry of Economic Development, currently known as the Ministry of Economy and Environment), respectively the Department of Renewable Energy Sources, Efficiency and Cogeneration Division, Kosovo Agency of Energy Efficiency (KAEE), Kosovo Energy Efficiency Fund (KEEF), Energy Regulatory Office (ERO) and Municipal Energy Offices (MEOs).

Whereas, the laws that regulate the energy sector in Kosovo are the Law no. 05/L-081 on Energy, Law No. 05/L-085 on Electricity, Law 06/L-079 on Energy Efficiency, Law 05/L-101 on Energy Performance of Buildings and Law No. 05/L-084 on Energy Regulator.



Kosovo is stagnating in fulfilling EU obligations and directives for various reasons, such as production of electricity using excessive fossil fuels and its uncontrolled consumption, low application of renewable energy sources and energy efficiency measures, etc.

According to world and national energy consumption statistics, energy efficiency in general and the construction sector in particular represent the highest potential for savings. For example in Kosovo, of all the energy consumed, 65-75% goes to construction buildings, which present a high potential for energy savings.

The non-utilisation of this potential, the fragility of the laws of the Republic of Kosovo and the fact that the laws have not yet been fully amended to function smoothly, has made the European Union, in order to help Kosovo achieve the goals deriving from the SAA, to announce an international tender in five different areas, where one of them aims to amend the Law on Public Procurement in Kosovo. Among twelve bidders, the project was awarded to be facilitated by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

Therefore, the aim of this paper is to research obstacles and barriers that hinder the awareness of central and local administration authorities, as well as all other public authorities or entities that implement the Law on Public Procurement (LPP) to purchase only high-performance products, services and buildings with energy efficiency.

Hence, it is a good opportunity for the new law on Public Procurement to eliminate the shortcomings of the existing law and replace it with new proposals arising from this research.

The project for amendment of the LPP started on 10 February 2020 and shall end on 10 February 2023, whereas, the amendment of the Law on Public Procurement is claimed to be completed by the end of 2020, or in the first quarter of 2021.

This research paper as a research target has reasons for the delay in the application of energetic energy, the so-called ESCO or the Energy Saving Performance Contract (ESPC), a model where an Energy Services Company (ESCO) achieves the energy saving in a property or a portfolio of property as a service. This model guarantees savings for a certain period of time in exchange with payment from energy cost savings.

3. Research methodology

In order to have an overview of problems in energy efficiency sector, RES and ESCOs, interviews were conducted with responsible persons, leaders and associates in/of institutions operating in the energy sector in Kosovo, such as: KAEE; KEEF, ERO, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Department of Energy (MED) and a lawyer/procurement expert (drafter of the Kosovo Law on Public Procurement and one of the two leaders of the GIZ project, to amend the current Law on Public Procurement). Another aim of the interviews is to cover the activity of these institutions and problems they encounter during the implementation of EE and ESCO measures.

The interviews were conducted virtually, where the respondent explained the activity of the institution, problems that the institution faces in applying EE measures as well as responded to questions asked by the working group engaged by BGF. Answers were recorded as notes, and interviews with the consent of the respondents were also recorded in audio format.

For the study on this issue, other sources of information also served: analysis of existing laws in the field of energy and Annexes to these laws, Administrative Instructions (AI), Action Plans (NAPEE and NAPRES), Economic Reform Program (ERP), various national and international reports of energy sector organizations and institutions, etc.

During the organization of interviews and data collection, we faced various problems, such as: delays in communication, delays in response from responsible persons of institutions and the global situation with the pandemic, which has delayed smooth running of this research.



4. Experiences to date in the application of energy efficiency measures, contracting of high performance energy products/services and ESCOs

During the interviews and analysis of laws, administrative instructions and other materials that served as a source of information, we noticed a number of issues that directly or indirectly affect the non-application of energy efficiency measures and the non-application of the ESCO system in Kosovo. The nature of these issues varies, such as: legal, access to work, lack of human and financial resources, etc.

The issues of legal nature arise as a result of non-harmonization of laws, e.g. the Law on Public Procurement is older than the Law on Energy Efficiency, and this law does not contain articles referred to the Law on Energy Efficiency, or e.g. the Law on Energy Efficiency is not very precise and does not delegate responsibilities to particular institutions and under what competencies it is obliged.

The lack of human resources (experts) is one of the key problems. Due to the lack of experts, technical specifications of tendering are deficient and they lack in implementation, monitoring and quality control and uninterrupted control of EE measures and services, etc.

Failure to precisely define the duties and responsibilities of energy efficiency institutions causes confusion, unnecessary overlapping of work and interference in each other's competencies.

Finances are also a key problem, because in their absence the number of energy efficiency projects is reduced and the recruitment of sufficient staff members of energy managers in agencies, ministries and municipalities is not allowed.

Most of the respondents, intentionally or unintentionally ignoring the issue of lack of experts, "declare" legal issues (more precisely the Law on Public Procurement) as the fundamental problem for non-application of energy efficiency measures on the grounds that this law favours the criterion of "cheapest price" and not the best cost effective one. During the research and interviews with experts in the area of energy, we noticed that the Law on Public Procurement in fact

does not favour the cheapest price of equipment, services, consultancy or building. The Law on Public Procurement is not the main obstacle to the application of efficiency measures, because the law provides both criteria for evaluating a tender: the cheapest price and the best cost effective. Therefore, the fundamental problem lies with the lack of academic and professional staff in this area, i.e. lack of necessary knowledge in drafting technical specifications and monitoring of project implementation. The lack of experts during the drafting of technical specifications causes that in, almost 99% of cases, the criterion of the cheapest price was applied, and as a consequence the poor quality of the equipment, services or building is “defined”.

As regards to ESCOs, we note that the majority of respondents are rightly convinced that the main obstacle to the non-functioning of ESCOs is the existing legal framework, although under the Law on Energy Efficiency, Article 15, is drafted the legal framework for their activity. Most of the respondents refer to the Law on Kosovo Budget, which allows contracts of a capital investment nature lasting no more than 3 years, which would almost automatically exclude the application of ESCOs. However, ESCOs can be applied by referring to the Law on Public-Private Partnership (LPPP) and the Law on Energy Efficiency. According to one of the drafters of the LPP of Kosovo, Ilaz Duli, “The duration of the contract with the LPP is up to 25 years, with the possibility of extension for ¼ time.”

Duration of ESCO contracts is usually 5-15 years or more. The Law on Budget allows contracts of capital investments nature with duration up to 3 years; therefore, the LPP provides a legal basis for their implementation.

The experiences to date show that problems of a legal nature do not arise only from the Law on Public Procurement, but also from other applicable laws in the area of energy, such as: Law on Energy, Law on Energy Efficiency and Law on Energy Performance of Buildings. The main problem is that the LPP has not been amended after the entry into force of the energy laws, and as a result, there is no interconnection and mutual reference between these laws. The EU-initiated project to amend the Law on Public Procurement is in line with the timeframe of this research, which may provide recommendations for the new law.

Next the issues faced by the energy efficiency sector in general in Kosovo will be described in detail. Then, it continues with challenges that are encountered and that hinder procurement of high performance energy products or services and application of energy performance contracts.

5. Challenges in the application of energy efficiency measures in Kosovo

Kosovo has made positive steps in establishing the legal framework, but development of a legal framework is not enough and is only one of the steps that must be completed in order to have a proper functioning in the energy efficiency sector in Kosovo. Application and implementation are crucial to achieve positive results. Unfortunately, today, the implementation of these steps in the energy efficiency sector in Kosovo is poor. The following section will address the problems faced by this sector, which make impossible the application and implementation at the proper level.

5.1. Failure to clearly define the responsibilities and competencies of public institutions

Mixed competencies, and the failure to clearly define the obligations and responsibilities of institutions dealing with energy efficiency creates problems during the implementation and monitoring of projects. According to the head of the Kosovo Agency of Energy Efficiency¹, the Law on Energy Efficiency has deficiencies. The law is complicated and unclear regarding the delegation of competencies of the responsible institutions dealing with energy efficiency in Kosovo. The Renewable Energy Sources, Efficiency and Cogeneration Division, within the Ministry of Economy and Environment (MEE) has mainly policy-making duties, while KAEE is responsible for implementing them. During the interviews conducted with the representatives of these two institutions, it was emphasized that both entities have prepared, implemented and monitored projects. In order for the EE sector to function, the Law on Energy Efficiency must clearly define and delegate the competencies of the institutions responsible for the energy efficiency sector.

Public buildings represent a great potential for energy savings. Responsibilities for the management of public buildings in the field of energy are not clearly defined. There is no single institution dealing with building management, but ministries and municipalities manage buildings in an uncoordinated manner. The Law on Energy Efficiency, Articles 7 and 8 on the Renovation of Public

1. Arsim Kuliqi, (May, 2020), Interview by Balkan Green Foundation

Buildings, does not define which institution has the authority to implement, monitor and approve new constructions of public institutions in Kosovo. These problems arise because sponsorships of energy laws are not made by a single institution. Thus, there is a lack of a common address for energy efficiency. The Law on Energy Efficiency has been drafted by the Department of Energy Efficiency (within MEE, former MED) without consultation with KAEE, while the Law on Energy Performance of Buildings (LEPB) has been drafted by then Ministry of Environment and Spatial Planning (MESP). The Law on Energy Efficiency should, in Articles 7 and 8 for the Renovation of Public Buildings, to clearly define the institution that has the authority to implement, monitor and approve new constructions of public institutions in Kosovo.

5.2. Lack of experts

The lack of professional staff is resultant of poor development on the energy efficiency sector. This affects the non-utilization of the benefits that this sector brings by not applying the appropriate energy efficiency measures and application of innovative trends, which are occurring especially with the development of technology in the energy sector. The main issues that this research deals with, i.e. with the procurement of efficient equipment and energy services, in the following chapters we will see that these issues were preceded by the lack of professional staff. For example, improper drafting of technical specifications for products and lack of information about the new trends in the EE sector, neglect opportunity to contract ESCOs or energy performance contracts, lead to the purchase of inefficient products and services or non-application of efficiency criteria during tendering. Public institutions, to date, have never contracted these types of services or contracts, although the Law on EE has established the legal framework for contracting these types of services.

However, lack of professionalism and low awareness lead to non-application of these trends and non-utilisation of the potential that exists in this sector.

Another issue is the lack of human resources. According to KAEE², this institution lacks human resources. Similar problems also appear in the Municipal Energy Offices. According to this agency, energy coordinators in municipalities often perform the duties of energy manager as a secondary activity and have no technical preparations. Often happens that energy coordinators, even though they are trained by KAEE, are removed from their positions with the change of the municipal leadership.

Political Boards and Directors are also a major obstacle in accomplishing the EE goals and programs due to wrong political and unprofessional decisions. In order to avoid wrong political and non-professional decisions arising from political boards and directors, it is proposed that such be replaced by the governing body of the institution consisting of professional management staff of

the institution itself headed by the director. Recommendation is based on the successful practices of Swiss institutions and on the unsuccessful practices of Kosovo institutions, where persons are elected as board members with political profile and not as field experts.

5.3. Financial problems

So far the energy efficiency sector has faced financial problems. Lack of funds has been a barrier that has hindered implementation of EE projects and measures.

Responsible ministries do not allocate sufficient financial funds and hinder the employment of additional staff in municipal offices on the grounds that they represent additional costs (Ministry of Finance).

According to the AI (Administrative Instruction (09/2017) for Municipal Energy Offices, in Article 5, of which from the amount of duties and responsibilities assigned to the municipal energy officer it is clear that these tasks cannot be performed by only one person.

The establishment and operation of the Kosovo Energy Efficiency Fund will open opportunities and advance the implementation of projects in public institutions. KEEF has started to finance municipalities, and later it plans to include other sectors. In addition to KEEF, it is proposed that institutions have more funds and incentives available for investment in EE measures. Similarly, as renewable resources are subsidized through incentive tariffs (ERO), it is proposed that the energy efficiency sector to have such subsidies as well and cover the household, industrial and commercial sectors.

2. Arsim Kuliqi, (May, 2020), Interview by Balkan Green Foundation

6. Procurement of products/ services with high energy efficiency performance

Public procurement is one of the largest spenders of the state budget. In Kosovo, 30% of the budget is spent through procurement.³ Accordingly, public procurement should be planned and organized in a way that savings and services to be cheapest and with highest quality. In Kosovo, public procurement is organized at two levels, local and central. The local level procurement is organized by municipalities, whereas, the central level procurement of Kosovo is organized and consists of: PPRC (Public Procurement Regulatory Commission), PRB (Procurement Review Body) and CPA (Central Procurement Agency), which are in line with EU standards and should act as such.⁴

Kosovo has moved forward in relation to the procurement of products/services with high energy-efficiency performance. The Law on Energy Efficiency, Article 9, first paragraph⁵, explicitly stipulates that central and local administration authorities, as well as all other public authorities or entities that apply the Law on Public Procurements and/or the KEEF shall purchase only products, services and buildings with high energy-efficiency performance. During the research and interviews with various representatives of relevant institutions it was noticed that in practice this article is not being applied. Given that public institutions in Kosovo represent a large part of energy consumption in the country, the application of this law would not only provide high energy savings where public money would be saved, but would also serve as a model for the private sector. Therefore, it is recommended to create and design the legal and regulatory framework in a way that obliges the institutions to apply this article and to benefit from many benefits that application of EE measures brings.

3. Annual Audit Report 2018

4. Republic of Kosovo (March, 2016). National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) http://mei-ks.net/repository/docs/3_pkzmsa_miratur_nga_kuvendi_final_eng_.pdf

5. Central and local administration authorities, as well as all other public authorities or entities that apply the Law on Public Procurements and or the KEEF shall purchase only products, services and buildings with high energy-efficiency performance, as referred to in the Administrative Instruction provided to in paragraph 1.3, Article 42 of this Law."

6.1. Problems that appear when contracting products or services with high energy efficiency performance

The main steps involved in the procurement process when contracting a product or service are: specification and estimation, tender preparation, announcement and selection of the economic operator and contract management.⁶ The procurement procedure commences at the request of a contracting authority (CA)⁷ for a product/service in the procurement department. The requesting department compiles technical specifications and estimates the value of the project. The second phase, tender preparation, includes preparation of tender documentation, selection and evaluation criteria, publication of the tender, acceptance of bids and selection of the economic operator.⁸ The final procedure involves contract management. The economic operator during this phase is monitored and controlled during implementation of the project, ensuring that everything is being executed according to the agreement. During the research, it was noticed that in almost every link of the procurement process there are obstacles that prevent purchasing of products/services with high energy-efficiency performance.

6. Rules and Operational Guidelines for Public Procurement, <https://krpp.rks-gov.net/>

7. CA - Contracting authorities are public institutions such as ministries, municipalities, hospitals, schools, universities, public enterprises, etc.

8. Operational Guideline for Public Procurement, (January 2012)

6.1.1. Compilation of technical specifications

The problem of non-contracting products/services with high EE performance starts in the first phase of tendering, during the compilation of technical specifications by the contracting authority. As a result of neglecting energy efficiency when compiling technical specifications, we have products, services and buildings with poor energy-efficiency performance. In principle, proper drafting of technical specifications, where EE measures are taken into account, would not pre-sent any obstacle contracting any efficient product. However, the lack of awareness and professionalism of the public institutions drafters of technical specifications leads to the use of products and services with poor energy-efficiency performance. During the research and interviews conducted with representatives of the institutions responsible for EE, it was noticed that the strategy for imposing restrictions or prohibitions for inefficient products was lacking. In order to regulate contracting of products with high energy-efficiency performance, as a first step, it is recommended to prohibit the import of products with low efficiency and without efficiency label. This would not only stimulate the use of efficient products, but would also serve as awareness for public institutions, especially for businesses and citizens on the importance of applying energy efficiency measures.

It is recommended that the Law on Energy Efficiency defines the strategy for imposing restrictions or prohibitions on inefficient products for example, to include a special article or AI that high-efficiency equipment and those that use RES be exempted from customs, excise and tax liabilities. Energy products and services that are provided and contracted are exempt from environmental taxes. KAEE or EEO⁹, to be authorized according to the LPP, to compile a list of efficient products, and each procurement must refer to this list, which is regularly updated. During the interview with representatives from MEE-RESECD¹⁰, it was emphasized that this ministry has proposed the introduction of Green Procurement and has requested customs exemptions for RES and efficient products and the Law on Public Procurement to give priority to efficiency. However, according to them, since the Ministry of Finance is the sponsor of laws that enable the application of these recommendations, it has not shown willingness to include these suggestions in the Ministry of Economy and Environment. It is worth

noting that the EU Directive also requires states to apply Green Procurement or Energy Efficiency Procurement. The Law on Public Procurement lacks the Green Procurement, despite the requests of the Energy Community Secretariat. According to the expert¹¹ in the field of EE, during the activity of working groups, these articles were initially introduced, but when the Law was amended, the sentences and articles, where Green Procurement was mentioned, were removed.

Non-harmonisation between the Law on Public Procurement and the Law on Energy Efficiency is another issue encountered in the case of purchasing energy-efficiency products or services. While the organization of the procurement of institutions is done by being subject to the LPP, consequently, Article 9 of the LEE is ignored which defines the purchase by public authorities. That is, in the LPP there is no article which refers to the LEE, because the LEE was drafted much later than the LPP. The Law on Public Procurement has not been amended by the LEE clauses during or after the entry into force of the LEE. Therefore, it is proposed that for each energy product/service, LPP refers to LEE. Therefore, making the contracting of products, services and buildings with high energy-efficiency performance mandatory where the LPP refers to LEE, and on the other hand prohibiting the import of inefficient products and services, and by obliging that for each product to have the label of efficiency as provided by in the LEE, Article 21¹², thus creating the conditions for the purchase of products, services and buildings with high energy-efficiency performance.

Furthermore, two other proposals are recommended during the first phase of procurement. First, an article should be introduced to the LEE, which specifies that during the drafting of technical specifications, in the economic estimations should be included the negative externalities within the application of EE measures, where the price of emissions (pollution) and immissions (impact of pollution in the environment, people, flora and fauna) is reflected. Second, introduce an article to the Law on Energy Efficiency that obliges all public administration institutions at central and local level to purchase energy efficient equipment through KAEE or EEO. This is similar to centralized or central procurement which can also be done through the CPA. Due to the complex nature of the procurement of energy-efficient products, services and build-ings, centralized procurement is undoubtedly one of the recommendations that is being applied also by European Union countries. Experiences to date in EU countries¹³ show that centralized procurement has proven to be very successful in the field of EE, resulting in cheaper prices, savings in administrative costs and expertise.¹⁴

9. Energy Efficiency Office, defined in Chapter 6
10. Ministry of Economy and Environment (former Ministry of Economic Development - MED) - Renewable Energy Sources, Efficiency and Cogeneration Division (DBREEB), (June, 2020). Interview by Balkan Green Foundation

11. Avni Sfishta, (May, 2020), Interview by Balkan Green Foundation
12. Energy Efficiency labelling, Law on Energy Efficiency
13. Public Procurement boosts Energy Efficiency, pro-EE Project
14. https://ec.europa.eu/environment/gpp/pdf/toolkit/module1_factsheet_joint_procurement.pdf

6.1.2. Contract evaluation criteria

The next and one of the most important problems faced by the energy efficiency sector during procurement is the preparation of the tender, particularly, the contract award criteria. The Public Procurement Law, Article 60¹⁵, defines two criteria for the evaluation of a project in tendering, the criterion according to the lowest-priced and the cost effective criterion. Evaluation of a tender according to the best cost effective criteria, where quality versus price is taken as a basis, is essential for the application of EE measures. Life cycle costs criteria or the method of calculating the economic efficiency of the investment are missing. These methods which are most suitable for the application of EE measures should follow the best criteria. Unfortunately, public institutions do not apply this criterion, so not surprisingly as a result we have inefficient equipment, services, and buildings. According to the PPRC, during 2018, 99.02% of tenders have applied the lowest-priced criterion, while only 0.98% has applied the best cost effective criterion.

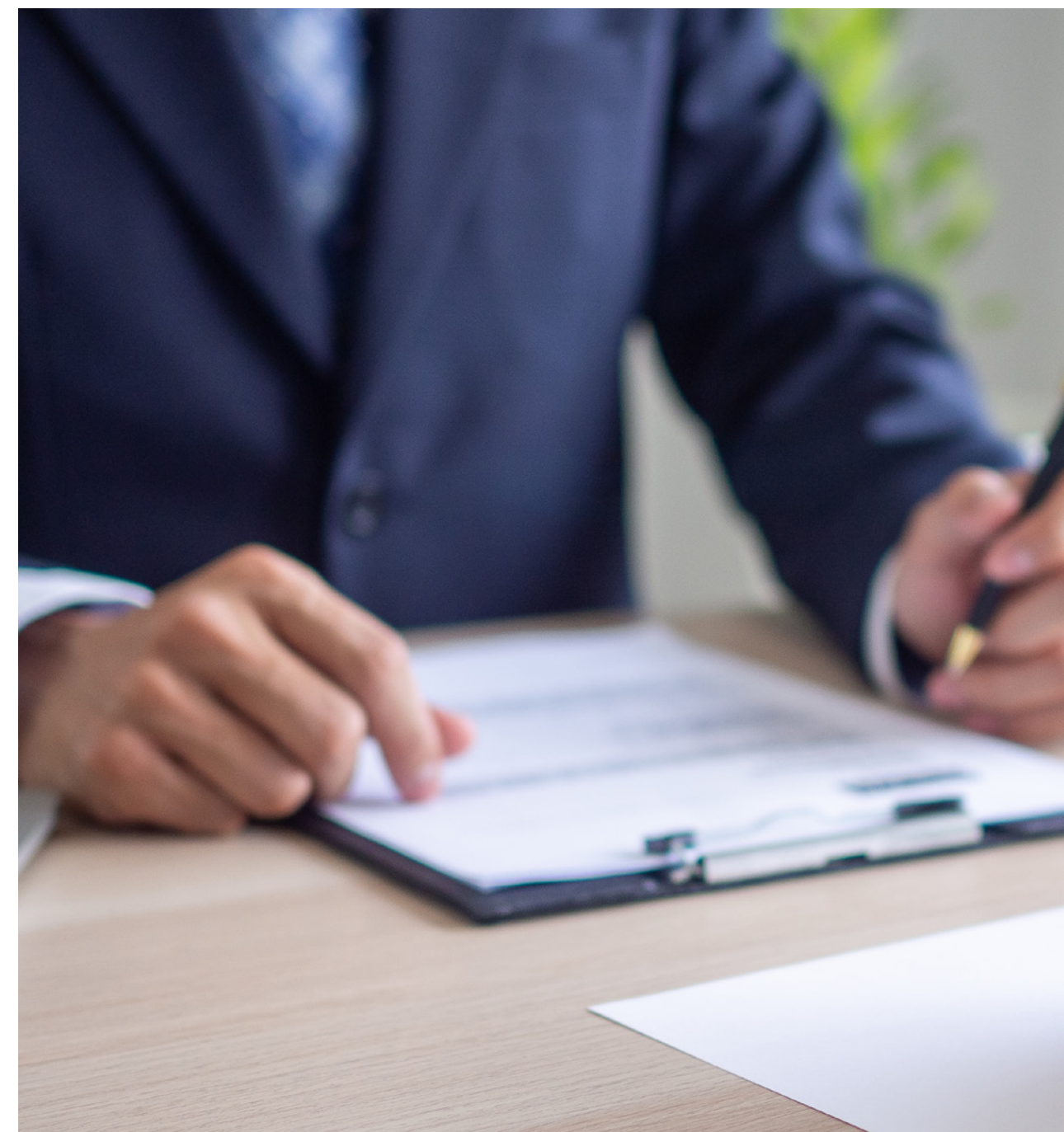
According to the public procurement expert¹⁶, the reasons why the lowest-priced criterion is used at such a large percentage are due to the lack of experts for drafting the technical specifications so they choose it because this criterion is easier to prepare, evaluate and the number of complaints is lower. The Public Procurement Law does not define in a separate article that energy-consuming products must be subject to the best cost effective criteria project, where special emphasis during the evaluation is given to 'Life Cycle Costs' and external costs where emission and emission costs are included. Therefore, it is proposed that the new Public Procurement Law clearly defines that energy-consuming products, energy efficiency services and new construction or renovation of buildings should be subject to only best effective criterion and not the lowest-priced one. Hence, only those technical specifications that contain this criterion are to be accepted and reviewed in the tender procedure, while those with the lowest-priced criterion are to be rejected for additional scrutiny and to be reviewed after meeting the technical specifications.

Buildings represent a great potential for energy savings. During interviews, a problem that arises during the construction of new buildings or the renovation of existing buildings is the non-fulfilment of the minimum criteria for energy performance. The minimum construction criteria which arise from the administrative instructions within the Law on Energy Performance of Buildings (LEPB), during the drafting of technical specifications are neither taken into account nor applied. Therefore, it is recommended that during the preparation of tender documentation, the minimum requirements for energy performance for buildings be verified and defined in the selection criteria based on the AI of this law.

The next problem that arises during the evaluation of the tender is the procurement commissions. Representatives of KAEE¹⁷ point out that commission members are often incompetent regarding

the nature of the project. Also, according to the law and regulation¹⁸, the compiler of the technical specification is not entitled to be a member of the tender evaluation commission, because it represents a "conflict of interest".

In order to ensure a professional evaluation, it is recommended that the tender evaluation commissions be composed of at least half of the professional members and field experts. It is recommended that external experts be hired in the commission, and one of the members must be the compiler of the technical specifications because it is the person who has the best understanding of required technical specifications.



15. Contract Award Criteria

16. Ilaz Duli, (June, 2020), Interview by Balkan Green Foundation

17. KAEE, (May, 2020), Interview by Balkan Green Foundation

18. Public Procurement Operational Guide

6.1.3. Contract management

Contract management represents the final stage of procurement. Once the contract agreement is signed, the project manager is appointed.¹⁹ He or she ensures that the project is being implemented according to the agreement. During the interview with representatives of KAEE, they emphasized that incompetent people are appointed in projects as project managers. Placement of incompetent people, who do not have professional training in the field of energy, obviously lead to poor monitoring of the project and consequently affect the application of EE measures to not be carried out as provided for in the project. The monitoring problem further deteriorates due to the lack of staff faced by KAEE. Due to the lack of human resources, it often is the case that the completed projects are not fully verified and checked in detail. Lack of monitoring raises various problems and manipulations during the implementation of projects by economic operators that have been awarded the tender. The collection of results after the implementation of projects can help monitor and verify the application of EE measures. To this end, the project monitoring and verification platform (MVP) should be noted, which since 2017 has been enabled by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to help KAEE and municipalities to follow up the implementation of NAPEE and municipal plans for Energy Efficiency.

As is noted, monitoring is one of the most critical stages in the procurement of products, constructions or services with high energy performance. Therefore, persons who are competent and professionally trained in this field should be identified so that the implementation is successful and maximum benefit from the application of EE measures is ensured.

19. Public Procurement Operational Guide

7. Energy Service Companies (ESCO)

ESCOs or Energy Service Companies are those companies that provide energy services or other measures to improve energy efficiency for consumers, in which case the company bears a share of the financial risk for the performance of the services provided.

Kosovo has made a positive step in establishing the legal framework for energy service contracts (ESC). The Law on Energy Efficiency clearly defines the minimum requirements that must be contained in a contract between an ESCO company and another party. These requirements are in full compliance with Directive 2012/27/ EU on Energy Efficiency, Annex XIII.²⁰

In the second NAPEE plan (2016-2018), ESCOs are mentioned only in the establishment of legal frameworks to be done with the Law on Energy Efficiency, which would encourage the development of ESCOs.

In Kosovo, the development of this market leaves much to be desired. Based on the EU report²¹, lack of knowledge about ESCOs and preparation of administrative and procurement documents for energy services, lack of legal framework and lack of willingness to invest in EE, have turned out to be the main obstacles in the development of ESCOs.

Next is a summary of the problems with the development of ESCOs that we encountered during our research.



20. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012L0027&from=EN>

21. <https://publications.jrc.ec.europa.eu/repository/bitstream/JRC104394/kjna28405enn.pdf>

7.1. Potential problems in contracting ESCOs

During the research, several problems of similar nature were noticed, such as the delay in the application of energy efficiency measures, which hinder the application of energy performance contracts (EPCs) and the non-development of ESCOs. More specifically, problems of legal nature, lack of experts, division of competencies and responsibilities as well as financial ones were evident.

As in other chapters, the ESCO section describes the problems and provides proposals based on the statements of the interviewees but also the analysis of existing laws, administrative instructions, various reports, etc.

Although the Law on Energy Efficiency and the National Action Plan for Energy Efficiency clearly define and determine the application of ESCOs, no such project has been implemented in Kosovo yet. Non-implementation of such projects comes mainly as a result of the existing legal framework, non-alignment between laws, lack of AI, lack of experts to design and execute these projects and lack of awareness by employees of public institutions about the possibilities of use of these services or contracts. It should be noted that there is no doubt that the implementation of a contract with energetic performance is complex, as it includes a number of elements such as: design, procurement, construction, operation, maintenance, service and elements of the concession. Therefore, although public institutions have not yet implemented such a contract, they should be prepared in advance by starting with the removal of existing legal and regulatory barriers, creating an environment conducive to potential ESCOs and most importantly to have lessons learned and adopt practice from countries where these types of contracts are already used and have proven to be successful, especially in European Union countries.

The Law on Public-Private Partnership is the law that paves the way for contracting an ESCO or ESC, which is also the form that is mostly used by European Union countries. In addition to the PPP model, other countries apply other models for contracting EPC, e.g. Portugal has established a special law on the contracting of EPCs, where procedures are provided by law. France, on the other hand, allows the contracting of EPCs through the Public Private Partnership, but prohibits contracting if the investment is paid for by the savings achieved.²³ Furthermore, there are models that use the concept of “crowd funding”, where funding consists of several entities whether public or private, such as the ‘Prodesa’ project in Greece.²⁴ However, a model that is mostly used and considered as one of the most appropriate based on the existing legal frameworks in Kosovo is the one through PPP.

The following section will describe the importance of PPP application for energy services and the challenges that contracting authorities may face when contracting energy performance contracts through PPP, starting from the legal framework of the Law on Public Private Partnership, barriers to procurement, budgeting, public debt, model contracts and administrative procedures.

23. <https://publications.jrc.ec.europa.eu/repository/bitstream/JRC106625/kjna28602enn.pdf>

24. <https://eurocrowd.org/prodesa/>



7.2. Benefits of applying Public Private Partnership

Applying Public-Private Partnership for contracting energy services is the most effective way to exploit the enormous potential that exists in the public energy efficiency sector in Kosovo. The benefits that come with applying for a Public Private Partnership are numerous. Initially, the state removes the burden of spending on capital investments, where the responsibility is passed to the private party. Also, the Public Private Partnership has many advantages towards public procurement, because with the former the state invests money while with the latter it does not. So, saving the budget is another point that should be considered, because the budget that is planned in the investment of a project can be used for other sectors or projects.

Applying energy efficiency measures can be done at 'zero' cost. All investments can be made by making energy payments at the same costs until the company returns on investments. Meanwhile, the benefits utilized by the application of EE measures are immediate starting from the reduction of energy demand, the reduction of pollution, increased security of supply and reduced energy imports, which in turn lowers the price of energy, and many other benefits.

In Kosovo, Public Private Partnership is rarely used. It is implemented on a low scale because there is no information, and this is one of the reasons why ESCO Energy services are not implemented. Therefore, the use of these contracts should be encouraged.

7.3. Law on Public Private Partnership

The Public Private Partnership Law does not exclude PPPs through ESCOs or EPC-s. This can be analysed from Article 2, paragraph 2 of this law, which specifies the prohibitions for PPP as well as from Article 7, paragraph 1 of the same law, which allows Public Private Partnership in the form of a concession which provides public services where it undertakes liability and financial risk, both technical and operational, which fits exactly with the services provided by ESCO. Obstacles begin to emerge when ESCO services include the construction of a power generation capacity, e.g. solar panels. Although Article 2, paragraph 1.2 of the PPPL excludes the construction of new energy generating capacities, on the other hand, paragraph 2.5 allows their construction by referring to the Law on Energy Regulator (LER).

According to Law no. 03 / L-185 on the Energy Regulator, Article 44, the tender procedure for the construction of new energy capacities, is valid when at least one of the two conditions is met. The first condition is when security of supply is endangered, while the second is for achieving energy targets from renewable sources, efficiency, and the environment. Considering that Kosovo has goals that need to be achieved in terms of renewable resources and efficiency, then this Article does not pose a problem, thus creating the necessary initial regulatory infrastructure for the implementation of EPC through PPP. In order to simplify and avoid any confusion, whether from representatives of relevant public or private institutions, in case of any contract with PPP and ESCO, which include the installation of new generating capacities, PPPL and LER directly specific allowing the construction of new energy capacities in projects that build on the application of EE measures.



7.4. Model contracts

In order to develop and strengthen the market for energy services or ESCOs, it is necessary to draft model contracts or templates for contracting EPCs. During the interview²⁵, it was mentioned that KAEE has not yet drafted a model contract for EPC. The Law on Energy Efficiency, Article 15, paragraph 2, specifies in detail the minimum requirements that a contract must contain when contracting an ESCO or EPC. Therefore, it is recommended that the Ministry of Economy and Environment (formerly the Ministry of Economic Development) together with other relevant stakeholders, especially with KAEE, adopt a specific template of EPC contracts as bylaws, based on the previous article. Once contract models have been approved, both public and private stakeholders are required to adhere to and use these models when implementing ESCO projects. Also, Article 15 of the EEL, paragraph 3.1 stipulates the publication of best practices, guidelines and model contracts for EPC. Although no ESCO project has been implemented yet, KAEE has not taken any initiative to promote ESCOs, even by providing guidance or publications on best practices for contracting ESCOs.

In the context of best practices, during the preparation of model contracts it is recommended to create facilities for the payment of VAT by energy service companies. These companies in principle provide services while the installation of equipment which is carried out at the end of the contract is returned to the contracting authority. ESCO is obliged to pay VAT on their products at the time of project implementation, i.e. at the beginning of the period of implementation of EE measures. This can cause financial difficulties, because in addition to investing in energy efficiency, ESCOs will also have to finance VAT, increasing the initial capital investment for ESCOs which can cause a decrease in investment attractiveness! Since ESCO provides services and issues invoices periodically to the public partner throughout the contract period, it is recommended that VAT be paid with each of these invoices issued.

The role of ESCOs can also be taken over by the energy supplier, e.g. KESCO. KESCO should not only be an energy supplier but also a supplier or provider of energy services including the ESCO service - as well as change status from an Energy Supply Company to an Energy Service Supply Company.



25. KAEE, (May, 2020), Interview by Balkan Green Foundation

7.5. Simplification and reorganization of procedures

The facilitation and reorganization of administrative procedures create a favourable environment for the contracting of ESCOs and for potential investors in this field. In addition to being complex, an agreement with ESCO also requires the involvement of several institutions. Therefore, one of the obstacles that may arise during the contracting of these projects is coordination between institutions. The implementation of an ESCO project currently requires the involvement of the Ministry of Economy and Environment (MEE), which establishes the legal framework for Energy Efficiency and relevant guidelines, and the Ministry of Finance (MF), which deals with Public-Private Partnership schemes. As ESCO models have their specific features and at the same time represent a new field of work for the Ministry of Finance, MEE, KAEE and other institutions which are involved during the PPP procedures, it is recommended to have close coordination between these institutions and regular joint meetings several times a year.

Involvement of several institutions during the procedures for approval of a PPP project creates administrative barriers and prevents the implementation of these projects. Currently, a single PPP project needs approval not only by legally responsible entities such as municipal assemblies, but also additional approval by numerous institutions and entities, including public procurement bodies and the Ministry of Finance. It is proposed that the Kosovo Agency for Energy Efficiency serve as the main point of contact for developers where all procedures would be performed at a single place. Facilitation and reorganization of administrative procedures can create a capable environment that attracts investment.



7.6. Procurement

One of the challenges faced by contracting authorities is which type of contract categorizes ESCO procurement. Since ESCOs do the technical design, installation, operation, maintenance and service, then we are dealing with several types of contracts simultaneously. This plays a very important role because depending on the type and value of the contract, certain procedures are applied (e.g. public framework contracts do not allow contracts lasting more than 36 months).²⁶

The selection of a Public-Private Partnership is done by referring to the Law on Public Procurement.²⁷ The problem that may arise when contracting an ESCO is the lack of a bid evaluation methodology. In this way, the Law on Public Procurement should define specific forms of procurement for energy services, specifying the possibility of contracting ESCOs, drafting the methodology for bid evaluation and delegating the implementation of ESCOs according to PPPL. KAEE or MEE (Ministry of Economy and Environment) should create a methodology that determines the value of the project where life cycle costs or the 'price-performance' ratio are set as criteria and the revenue from energy savings of the ESCO project is estimated. Once drafted, this method shall be applied and respected by all relevant authorities when evaluating ESCO-related projects.

7.7. Budgeting

The next obstacle that can pose a problem when entering into an energy performance contract is their duration. These contracts usually last from 5 to 15 years. The Budget Law allows contracts of the nature of capital investments with duration up to 3 years. Longer contracts require government approval. This prevents the signing of multi-year contracts. For ESCO contracts, this duration is very short as they require several years to amortize their investments with energy savings. Therefore, in principle, an amendment to the Budget Law is required, which does not preclude the conclusion of long-term agreements for energy services. However, on the other hand, if the agreements with ESCO are considered as services then this is the part of the planned annual investments for public authorities. Thus, the Law on Budget is not an obstacle because we are not dealing with capital investments but only with contracting services.

26. How to Procure (Complex) Energy Efficiency Services A Guide for Contracting Authorities and ESCOs, International Energy Agency - IA Demand Side Management (DSM)

27. Law on Public Private Partnership, Article 8

28. Law no. 07 / L-001 on Budget Appropriations for the Budget of the Republic of Kosovo for 2020, Article 12, Limits on Commitments and Expenditures, paragraph 8

7.8. Public debt

Public debt is one of the main obstacles that make it difficult for companies to contract for energy services. Once a public authority signs a contract for the implementation of a project, this contract is subject to the provisions of the Law on Public Financial Management and the Law on Public Debts. The problem here arises, because the total payments to be made by the public authority to ESCO will be counted as a single total debt. It does not take into account the fact that these same payments are part of the category of operating expenses, which include parts such as electricity, water, etc. The value of this payment which is realized has the same value both before and after the investment, only after the investment, the amount of energy savings achieved in monetary value goes to the account of the company for return on investment. The way public debt is defined in cases where energy service companies are contracted needs to be changed.

The Law on Energy Efficiency creates obstacles in contracting companies for energy services. This law is supposed to clearly define that energy performance contracts should not be considered public debts and should be harmonized with the above mentioned laws and the Law on Public Procurement. According to Article 37²⁹, paragraph 7, agreements for Energy Services are agreements which are not considered public debts. These agreements are defined in the EEL, as an agreement between a contracting authority and the Kosovo Energy Efficiency Fund. Consequently, all energy performance contracts or companies that provide these services are excluded from this article. Contracting authorities thus become binding parties subject to the provisions of the Law on Public Financial Management. It is proposed that energy performance contracts, like energy service agreements under Article 37, not be considered public debts. This change can be considered as one of the biggest impetus for strengthening energy performance contracts and strengthening the energy efficiency sector in the public sector. This is because public institutions would not hesitate to apply energy efficiency measures without feeling obligated due to public debts.



29. Law on Energy Efficiency, Energy Service Agreements

8. Recommendations to avoid obstacles, realisation and implementation strategy

The above chapters listed a number of problems in detail, which arise from the legal and regulatory nature, lack of division of competencies, lack of professional staff, lack of finances, lack of responsibility for work, etc. These hinder the non-utilization of the enormous benefits that the application of energy efficiency measures and the contracting of innovative services such as the implementation of contracting efficient products or companies that provide energy services through energy performance contracts can bring.

In order to avoid the above problems, it is proposed and recommended to establish and merge existing institutions (offices) into two basic ones. One would deal exclusively with the drafting, monitoring and control of the implementation of the existing laws in the field of Energy (hereinafter referred to as the Environment and Energy Entity - EEE), while the other institution would have the character of executing, advising and implementing EE measures, by adhering to the laws drafted by the first Institution, (hereinafter referred to as the Energy Efficiency Office - EEO).



8.1. Restructuring of offices and their responsibilities

Realization and implementation of proposals for the elimination of the obstacles mentioned are thought to be achieved through:

1. Clear division of responsibilities and competencies of the new offices that as a result of the research are proposed to be established, and
2. Amendment of the Public Procurement Law and the partial amendment of the EEL, the PPL and the Law of the Energy Regulator - for them not to be the bearers of obstacles in application of energy efficiency measures.

The competencies and tasks of existing institutions often overlap or conflict with each other, interfering in each other's competencies, as well as creating the same, redundant and unnecessary 'parallel activities' or confusion as to which institution is responsible.

Thus, it is proposed to restructure the existing institutions such as: Department of Energy, Energy Inspectorate, KAEE and KEEF by establishing two institutions with partial unification of existing ones, and clearly divide tasks and competencies on legal basis. One has a legislative and the other an executive character.

One institution will propose, draft laws, monitor and ensure the implementation of these laws, which are comprehensive and implemented by all public authorities and the private sector, including energy service providers.

To carry out these activities without obstacles, it is proposed to increase the number of professional staff, including architects, engineers and energy auditors.

It seems that this institution as a special energy sector should be placed under auspices of a higher institution that does not only deal with energy issues, but as part of it are sectors related to environmental protection, such as: water protection, wastewater disposal, waste management, remediation of contaminated sites, noise protection and other sectors important for environmental protection, hereinafter referred to the Environment and Energy Entity (EEE).

While the other institution is independent, central and deals only with public buildings (central and local level) and has an executive character which is subject to existing laws which are drafted by law-making entity, i.e. the Environment and Energy Entity (EEE). In the following we will call this institution the Energy Efficiency Office (EEO).

The following figure graphically presents the structure of EME while in Figure 2, the duties and responsibilities of both:

Figure 1 - Structure of Environment and Energy Entity (EEE)

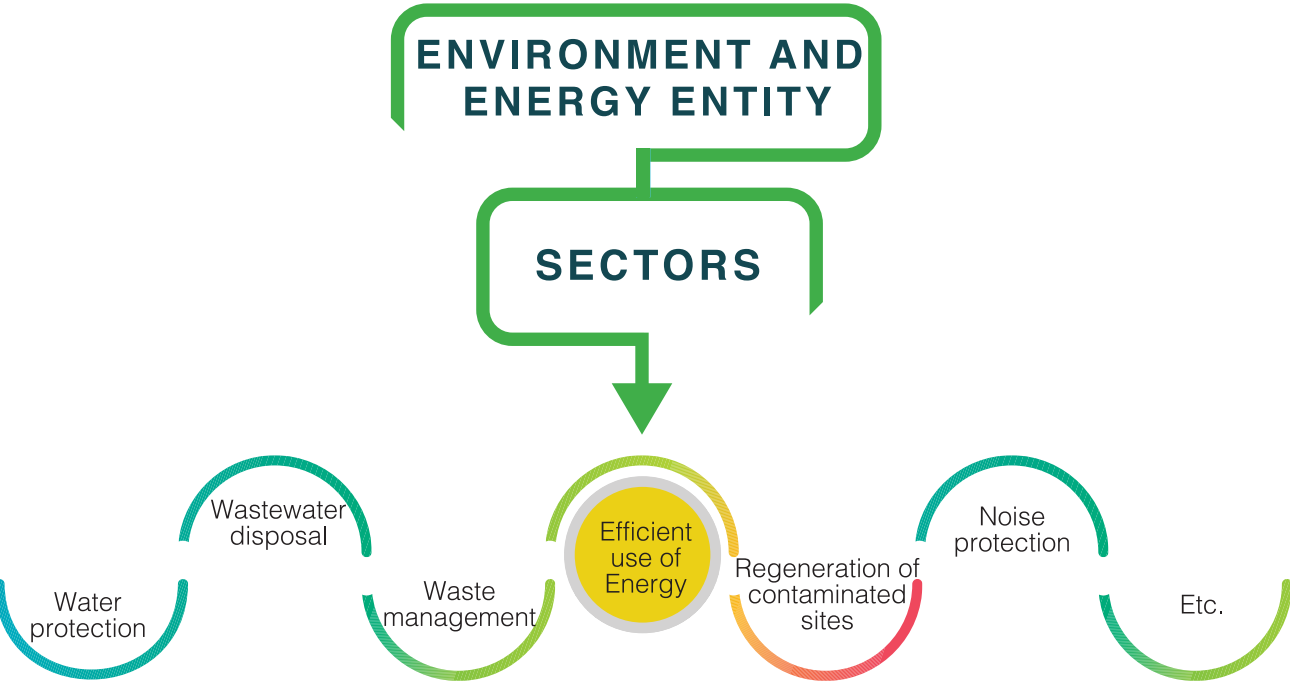
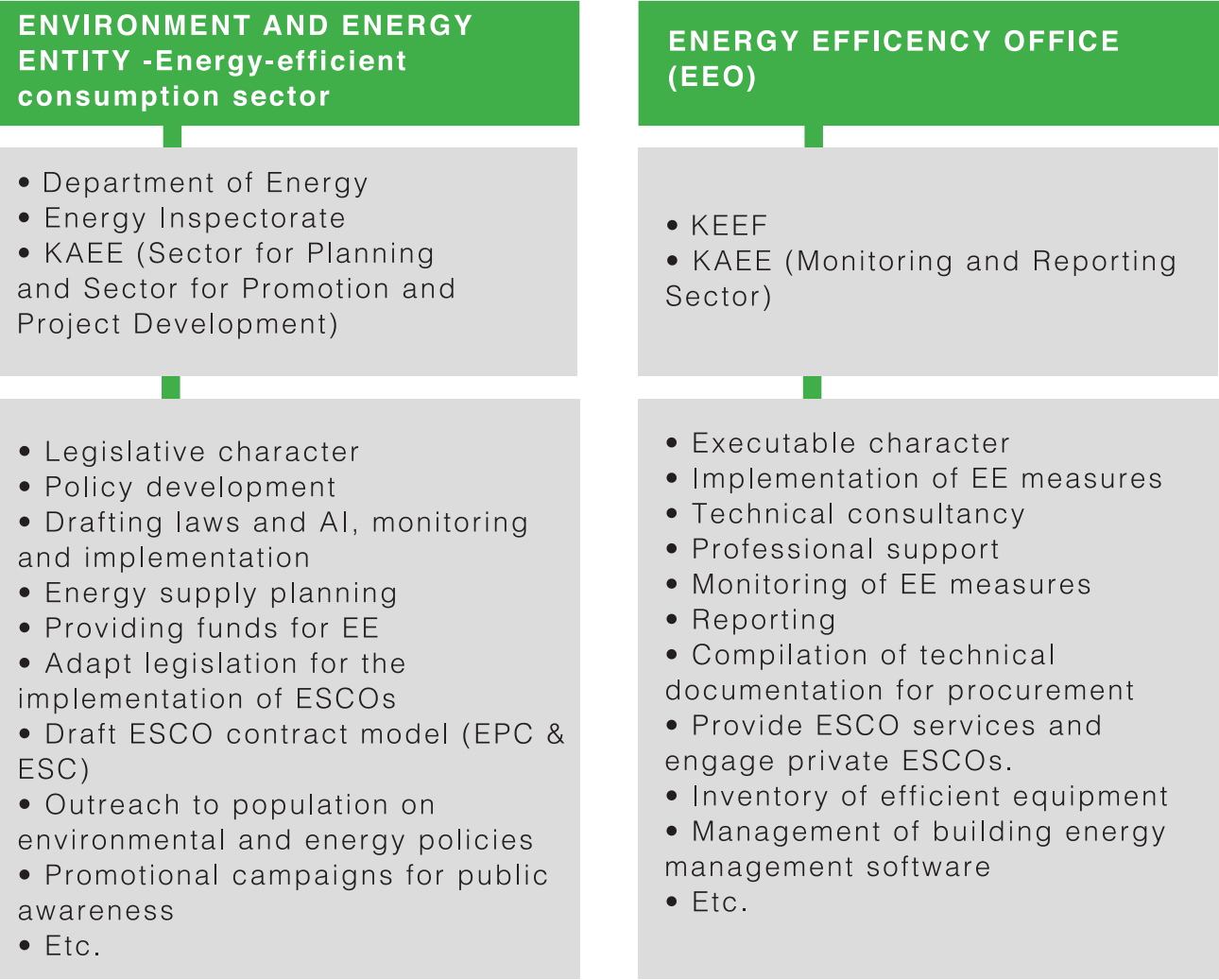


Figure 2 - Duties and responsibilities of the EEE Energy Sector and the Energy Efficiency Office (EEO)



8.1.1. Duties and responsibilities of the Energy Efficiency Consumption Sector at EEE

Regarding the energy sector, according to the current descriptions of the duties and responsibilities of existing institutions (in their laws and websites), research from interviews, and the experiences of the respondents, this sector should contain a combination of tasks and responsibilities of KAEE and the Department of Energy. This entity should be responsible for both the public and private sectors and should include the duties and responsibilities of the Energy Department and Inspectorate and some responsibilities of KAEE (i.e. legislative responsibilities of KAEE, e.g. Planning Sector and Project Promotion and Development Sector), and to have the following goals and activities.

GOALS

1. Policy development
2. Sponsor, draft and amend laws and administrative instructions.
3. Monitor and control the implementation of laws.
4. Request from the respective ministry to allocate sufficient financial funds for the completion of the professional staff in these two new institutions and in the municipalities (energy coordinators).
5. Organize continuous trainings of the above mentioned staff.
6. Request from municipalities that municipal energy managers not perform other activities.
7. The position of energy manager should not be a position dependent on daily politics but rather a professional and a permanent one.
8. Assist municipalities in drafting the action plan of municipalities, and they should be as precise and realistic as possible, providing sufficient data for a thorough analysis in the field of energy efficiency - not voluminous one.

9. Be the first contact office with international financial donors.
10. Supervise the coordination between international donors and relevant institutions of Kosovo and delegate donations to institutions responsible for the application of EE measures.
11. Provide financial funds for implementation of measures and these funds should be included in special articles in the Energy Law. For example, each electricity consumer to pay 3-4% of total electricity bill to this fund, which would then be used as financial source to subsidize energy efficiency, measures for the public and private sector.
12. Promote environmentally friendly heating systems (RES heating).
13. Be committed and ensure that the share of equipment using RES in the supply of electricity in Kosovo increases.
14. Promote and support the renovation or replacement of old buildings with high energy consumption.
15. Check the construction documentation (energy section) and give approval for construction based on the submitted specification.
16. This consent to be the construction permit component.
17. Ensure that public buildings achieve a higher energy standard.
18. Adapt legislation to implement ESCOs.
19. Draft the ESCO model contracts (EPC & ESC).
20. Promote electro mobility e.g. for owners of buildings supplied with electricity from photovoltaic cells.
21. Have impact on policymakers to ban the diesel vehicle traffic in the near future.

ACTIVITIES – MEASURES:

1. Support the buildings' owners (houses) in replacing fossil heating systems with renewable heating systems.
2. Develop spatial and temporal planning of energy supply in the form of a republican energy plan. For example, creating a national strategy for energy supply e.g. for the period up to 2050. This strategy would include scenarios with different supply targets, e.g. increasing efficiency, frequent application of RES (search for suitable areas for application and installation of RES equipment), step by step removal from fossil fuel supply (coal), etc.
3. All new construction and renovation projects at central and local level implement guidelines regarding increased energy efficiency requirements. To review, control all new construction and renovation projects in the public and private sector, and the documentation (form) issued by this institution to be part of the construction permit.
4. Documentation - draft a form in which all the measures envisaged for new constructions and energy renovations that respect the criteria of the administrative instructions of the applicable laws are given and proven. For example, this form proves that new or renovated building complies with the norms and criteria of MESP Regulation No. 04/ 18j on minimum requirements of energy performance of buildings/ U values (W/ m2K) according to Table 1 and 2. If after the control of the form by the new Institution (EME) it is proven that the building meets the criteria; the form for completing the construction permit documentation is issued.
5. Carry out various promotional campaigns (actions) to raise public awareness for saving energy.
6. Provide information on Kosovo's environmental and energy policy.
7. Inform and raise citizens' awareness on the benefits of efficient measures.
8. Compile energy statistics in cooperation with the EEO and monitor the achievement of environmental objectives and report to the Secretariat of the Energy Community.
9. Have impact on policymakers to exempt high-efficiency equipment from custom duties or VAT.
10. Have legal competencies to stop the application, circulation and implementation of inefficient equipment (cars, household appliances, lighting, electronics, etc.)
11. Identify regulatory and non-regulatory barriers that hinder the contracting of ESCOs.

8.1.2.

Energy Efficiency Office (EEO)

As the other institution, the Energy Efficiency Office (EEO) should be independent from the EEE and is not necessary to be in the same ministry. It will provide professional, consultative and technical support only to the public administration and implement the obligations and responsibilities arising from the Law on Energy Efficiency, the Law on Energy Performance in Buildings, the Law on Energy and the Law on Thermal Energy and which will be supervised by the aforementioned institution.

Duties and responsibilities of this institution should be as follows:

1. Include the duties and responsibilities of KEEF and some (executive) responsibilities of KAEE, in the implementation of EE measures.
2. Central executive, consultant, monitoring and reporting body of EE measures.
3. Responsible for the management of public buildings in the field of energy.
4. Creates short-term and long-term strategies for the application of EE measures, such as renovation of buildings, purchase of efficient equipment (lighting), etc.
5. All (central and local) institutions before applying EE measures (supply of efficient materials, services or construction or renovation of buildings) should consult in advance with the EEO and to be obliged to implement the measures proposed by the EEO or to buy through EEO.
6. Compile an inventory with high efficiency equipment.
7. Compile the professional technical specification(s) for procurement complying with the criteria and norms arising from the administrative instructions of the Law on Energy Efficiency, the Law of Energy Performance of Buildings, the Law of Energy, etc., and providing equipment from the inventory of efficient equipment.
8. Participation of the compiler of the technical specification in the procurement commission.
9. Professional supervision and monitoring during the execution of EE measures such as renovation of public buildings purchase of efficient equipment, provision of consulting services.
10. Control of economic operators not to deviate from the technical specification during the project implementation (based on the Platform for Monitoring and Verification of Projects - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH project).
11. Mandatory installation of thermal energy meters in new buildings.

12. Collect the results after the completion of projects and verify and control the success of the implementation of energy efficiency measures.

13. Create and maintain a database for all (central and local) public administration buildings containing electricity, heating and water expenditures and the area of buildings. The management of this base should be done in cooperation with all ministries and municipalities.

14. Intensive cooperation with municipal energy coordinators to oblige them to constantly manage and update (preferably on monthly basis) statistical data on energy consumption in municipalities on a common platform with EEO (e.g. GIZ ENMASOFT Software). This program manages energy and calculates costs in buildings.

15. Compile an inventory of efficient equipment (household appliances, lighting, electronics, machines, etc.) with which the public administration offices should be exclusively equipped (in central and local level).

16. Every product must have an energy efficiency label and the import of inefficient products and unlabelled products must be prohibited.

17. Supply of central and local administration only with equipment from this equipment inventory.

18. Constant maintenance and update of the institutions' websites with information on the applied EE measures and planned projects.

19. Have sufficient professional staff (architects, engineers, technicians, energy auditors, etc.)

20. Provide Energy Services (ESCOs) and hire private ESCOs to meet targets.

9. Summary

Utilizing the great potential of energy saving, especially in the construction sector, should be a high priority of public authorities which should be flexible and innovative when it comes to addressing the challenges in the energy sector in Kosovo. During the research, it was noticed that Kosovo stagnates in using this potential resultant of: non-harmonization of laws, ambiguity in the distribution of competencies between public institutions, lack of experts and lack of financial resources, and consequently there is a lack of purchase of equipment, buildings, high energy performance services and a lack of contracting for energy services companies (ESCO).

This research - in order to achieve the objectives in the field of energy efficiency - recommends that first the change or amendment of the existing legal framework (PPL, EEL, PPPL, LEPB, etc.) is made and should be followed by its implementation and monitoring. This could be done by precise distribution of tasks and competencies of institutions by creating two basic energy institutions, where one will have a legislative character that makes the drafting, compiling and controlling the implementation of laws, while the other has an implementing character that executes EE measures referring to the laws drafted by the legislative institution. These institutions should have expert staff and be funded by the relevant ministry.

Therefore, public authorities should do their best to remove existing barriers to apply the energy efficiency measures and to strengthen and multiply their use, so that the energy efficiency sector develops and stabilizes once and for all, which would bring prosperity and benefits in environmental, economic and social aspect in the country.

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