



REPUBLIKA E KOSOVËS
REPUBLIKA KOSOVO – REPUBLIC OF KOSOVO

Autoriteti i Aviacionit Civil
Autoritet Civilnog Vazduhoplovstva - Civil Aviation Authority

Annual report 2009





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Mission

To maintain the highest standards of safety in civil aviation in Kosovo.

Vision

To provide the best possible civil aviation system for Kosovo.

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1. LIST OF ABBREVIATIONS

CAA	Civil Aviation Authority of the Republic of Kosovo
MTC	Ministry of Transport and Communication
MIA	Ministry of Internal Affairs
MEF	Ministry of Economy and Finances
MFA	Ministry of Foreign Affairs
MLSW	Ministry of Labour and Social Welfare
AAIIC	Aeronautic Accidents and Incidents Investigation Commission
ACDEI	Agency for Coordination and Development of European Integration (Prime minister's office of Kosovo)
EPAP	European Partnership Action Plan
IPA	Instrument for Pre Accession
NATO	North Atlantic Treaty Organisation
KFOR	Kosovo Force
ICO	International Civilian Office
IAERD	International Affairs and Economic Regulation Department in CAA
EULEX	European Union Mission for the Rule of Law
PIA	Pristina International Airport
DPANS	Division for the Provision of Air Navigation Services at PIA
ATC	Air Traffic Control
DGCA	Directorate General of Civil Aviation (Albania)
ANTA	Albanian National Traffic Agency (Albania)

EU	European Union
ECAA	European Common Aviation Area
ICAO	International Civil Aviation Organization
ECAC	European Civil Aviation Conference
EUROCONTROL	The European Organisation for the Safety of Air Navigation
IANAS	Institute of Air Navigation Services in EUROCONTROL
EASA	European Aviation Safety Agency
JAA	Joint Aviation Authorities
IATA	International Air Transport Association
JAR	Joint Aviation Requirements
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
AOC	Air Operator's Certificate
FTO	Flight Training Organisations
AVSEC	Aviation Security
ASOM	Services and Operations Manual
GAT	General Air Traffic

2. EXECUTIVE SUMMARY

On 13 March 2008, the Assembly of the Republic of Kosovo approved Law No. 03/L-051 on Civil Aviation. The Law came into force on 15 June 2008 by a decree of the President. The Law, *inter alia*, established the Civil Aviation Authority of the Republic of Kosovo (CAA). More on duties and responsibilities of CAA can be read throughout this report.

This area was a reserved competency of UNMIK until the Law on Civil Aviation came into force. The competences were exercised by UNMIK through the former Civil Aviation Regulatory Office (CARO). The Minister of MTC in order to transfer competencies from UNMIK to the institutions of the Republic of Kosovo in as easy way as possible, pursuant to Article 101 of the Law on Civil Aviation, had authorised CARO to exercise the functions of CAA until 31 December 2008. At that time, it was foreseen that CAA becomes fully functional on 1 January 2009. This planning has been completed.

CAA is only one of the public authorities with responsibilities and functions in the area of civil aviation in our country. The Law defines that Ministry of Transport and Communication (MTC) is responsible for the economic regulation of air transport, whereas Ministry of Internal Affairs (MIA) is responsible to regulate aviation security aspects. The Law has also established the Aeronautic Accidents and Incidents Investigation Commission (AAIIC) as an institution to function within the Prime minister's office of the Republic of Kosovo.

Civil Aviation is an independent regulatory agency, which is responsible for the regulation of civil aviation safety and the economic regulation of airports and air navigation services. Economic regulation of airports and air navigation service providers imply the approval of tariffs on the use of services provided by these operators. CAA has complete legal capacity. CAA is a self-financed budget organisation and is a public authority, and it is subject to relevant provisions on budget organisations and public authorities found in other laws and normative acts applicable in the Republic of Kosovo.

CAA is managed by the Director General. The Director General of CAA was appointed by the Government of the Republic of Kosovo based on a decision No. 06/37 on 25 September 2008. The Supervisory Board consisting of five members shall supervise the work of CAA. The Government of the Republic of Kosovo appointed the CAA's Supervisory Board based on a decision No. 04/71 on 03 July 2009, amended by a decision No. 03/83 on 25 September 2009. The first CAA Board's meeting was held on 7 October 2009.

During 2009, CAA worked very hard to complete the legislative framework and to fully exercise the functions entrusted to it by the Law. There were numerous regulations issued in accordance with the Law on Civil Aviation. This includes regulations that

transpose EU regulations and relevant EU Directives into the national legal order of the Republic of Kosovo. In addition, the majority of Joint Aviation Requirements issued by Joint Aviation Authorities were transposed. This activity has made CAA to complete all first phase requirements of the Agreement on the European Common Aviation Area

Inspectors of CAA have conducted inspections and audits to guarantee that the operations of civil aviation in Kosovo are done in accordance with the applicable standards. These inspections and audits have been conducted at Prishtina Airport, Air Navigation Services Provider and to foreign air operators operating in Prishtina. Inspections have proved that operations are conducted in accordance with safety standards. However, in some cases there were noted some deviations from the standards, but did not risk the safety level. These deviations were urgently addressed and operators were required to compile action plans to correct deviations in accordance with CAA requirements and recommendations. Inspectors have followed the operators' work until the correction of identified deviations took place.

CAA has closely cooperated with other responsible institutions for civil aviation in the Republic of Kosovo so that the state's entire regulatory and oversight system may function coordinated and in accordance with the best international standards and practices. CAA has trained the personnel of civil aviation division in MTC and has helped to draft necessary sub-normative acts to carry out these activities. CAA has signed a Memorandum of Understanding with MIA, and by doing so it assumed the duty to assist the MIA personnel in the area of civil aviation security until the relevant sector in MIA is fully prepared to carry out such duties defined by the Law. CAA has trained MIA personnel, has helped MIA to compile sub-normative acts and national programs in the area of aviation security and has organised security inspections and audits for the civil aviation operators in the Republic of Kosovo. CAA has also signed a Memorandum of Understanding with the Committee for the Investigation of Aeronautic Accidents and Incidents, and the former pledged to help this entity professionally until the latter is fully functional.

CAA was very much active in the area of civil aviation international cooperation, including here the cooperation with EU, member states and states of the region. On 21 December 2009, CAA signed a Memorandum of Understanding with Directorate General of Civil Aviation of Albania. Both parties undertook to assist each other in inspections and transposition of EU legislation in order to implement the ECAA Agreement as early as possible. This memorandum has been signed in line with the Memorandum of Understanding signed by Ministers of Transport of Kosovo and Albania on the bilateral cooperation for the control of upper air space of Kosovo. CAA with its own experts was available for the MTC in all its phases when this Memorandum was drafted. Memorandas of cooperation were also discussed with the authorities of civil aviation of Macedonia, Montenegro and Croatia.

CAA's representatives have participated in the initiatives of regional cooperation in the area of aviation. This includes the participation of CAA to the meetings organised by European Commission within the project for implementation of the European Common Aviation Area Agreement and into the meetings organised by the European Aviation Safety Agency. In some of these meetings, CAA was a panellist or held presentations on the legal framework of our country and on the implementation of European legislation for aviation safety in the Republic of Kosovo. CAA has actively participated, too, into the meetings organised by NATO in order to normalise the Balkans air space. CAA personnel has benefited from professional training courses organised by EU as technical assistance for the countries of the region. CAA personnel have also attended other training courses in the European well-known training institutions.

In order to establish and deepen bilateral relations with Civil Aviation Authorities in all the countries of the world and with international civil aviation organisations, CAA has written letters to these institutions on International Civil Aviation Day and has taken the opportunity to present its work and the Republic of Kosovo's objective to become an equal member of International Civil Aviation Organization . CAA has received many supporting letters from different Authorities amongst which some from countries that have not recognised the Republic of Kosovo yet.

CAA was an essential part of Republic of Kosovo's delegations, which were appointed by the MTC Minister to negotiate the Bilateral Air Services Agreements with Switzerland and Turkey. CAA has also provided its technical expertise to MFA to review and comment on the draft-agreement offered to the US State Department, in order to sign an Open Skies Agreement between our countries. CAA has worked closely with MFA when defining the process of procedures for the approval of foreign diplomatic flights.

Sector of finances has closed its fiscal year according to the foreseen procedures with the Ministry of Economy and Finances. This report presents the CAA financial statement and the procurement activities for 2009.

3. ABOUT US

On 13 March 2008, the Assembly of the Republic of Kosovo approved Law No. 03/L-051 on Civil Aviation. The law came into force on 15 June 2008 by a decree of the President. The law on Civil Aviation, *inter alia*, established the Civil Aviation Authority of the Republic of Kosovo (CAA).

This area was a reserved competency of UNMIK until the Law on Civil Aviation came into force. The competences were exercised by UNMIK through the former Civil Aviation Regulatory Office (CARO). The Minister of MTC in coordination with ICO and KFOR, in order to transfer competencies from UNMIK to the institutions of the Republic of Kosovo in as easy way as possible, pursuant to Article 101 of the Law on Civil Aviation, had authorised CARO to exercise the functions of CAA until 31 December 2008. At that time, it was foreseen that CAA becomes fully functional on 1 January 2009. Director General of CAA, in coordination with the MTC Minister and with his support, Ministry of Economy and Finances and former Ministry of Public Services, has transferred the personnel and CARO assets into the CAA. Thus, CAA became completely functional on 1 January 2009.

CAA is only one of the public authorities with responsibilities and functions in the area of civil aviation in our country. The Law defines that Ministry of Transport and Communication (MTC) is responsible for the economic regulation of air transport¹, whereas Ministry of Internal Affairs (MIA) is responsible to regulate aviation security aspects². The Law has also established the Committee for the Investigation of Aeronautic Accidents and Incidents (CIAAI), as an institution that functions within the office of the Prime Minister of the Republic of Kosovo³.

CAA is an independent regulatory agency, which is responsible for the regulation of civil aviation safety and the economic regulation of airports and air navigation services providers. Economic regulation of airports and air navigation service providers imply the approval of tariffs on the use of services provided by these operators. CAA has complete legal capacity. CAA is a self-financed budget organisation and is a public authority, and as such it is subject to relevant provisions on budget organisations and public authorities found in other laws and normative acts applicable in the Republic of Kosovo.

CAA is responsible for the:

¹ Law on Civil Aviation, Chapter 2

¹ There also, Chapter 4

¹ There also, Article 5

- Implementation of legislation on civil aviation and implementation of approved policies by MTC or Government in the civil aviation area;
- Provision of advices and proposals to the MTC, Government and the Assembly, regarding the policies and legislation in the civil aviation area;
- Promulgation of implementing regulations and orders on air navigation, in accordance with the Law on Civil Aviation and Agreement on European Common Aviation Area, in order to implement policies of civil aviation of MTC and relevant legislation from the civil aviation area;
- Issuance of licences, certificates and permits in accordance with competencies and responsibilities of CAA defined by the Law on Civil Aviation;
- Regulation of air transport safety in the Republic of Kosovo;
- Economic regulation of airports and air navigation services providers;
- Provision of advices to the Ministry of Transport and Communication regarding the preparation of project proposals by the Minister on the use of Kosovo air space which meet the needs of users, having in mind the national security, economical and environmental factors and the need for high safety standards;
- Oversight and assurance for the effective implementation of legislation, standards, procedures and civil aviation orders, except when this function is expressly given to MTC or to another public authority by the Law on Civil Aviation or by some other basic legal normative act;
- Dissemination of information to the public regarding the relevant issues on functions and activities of CAA;
- Taking of measures, conducting investigations and inspections, and promulgation of orders, rules, regulations and/or procedures which are considered as reasonably necessary by CAA for (i) regular and lawful implementation of provisions of the Law on Civil Aviation or (ii) regular and lawful exercise of competences and functions which are vested to CAA by this Law; and
- Exercise of other functions regarding the Civil Aviation in Kosovo given to CAA pursuant to the Law on Civil Aviation or another basic legal normative act.

3.1 CAA Supervisory Board

CAA's activity is overseen by an Supervisory Board, which is comprised of five members. The board acts on a part time and convenes at least once in every three calendar months. The Supervisory Board is responsible to supervise and review the (i) CAA's activities and decisions regarding the administrative, executive, regulatory and licensing issues, and (ii) all aspects of financial management, income and expenses of CAA. Director General submits to the Supervisory Board a comprehensive work report every three months and the annual report at the end of a calendar year.

The Government of the Republic of Kosovo appointed the CAA's Supervisory Board pursuant to a Decision No. 04/71 on 03 July 2009, amended by the Decision No. 03/83

on 25 September 2009. The first meeting of CAAK Supervisory Board, considered as a meeting of formal work commencement was held on 7 October 2009. In the second meeting held on 7 November 2009, the Supervisory Board *inter alia*, appointed the mandate of its members. Pursuant to the Law on Civil Aviation, the mandate of the Chairman of the Board, Mr. Avni Mazrreku is two years. A mandate of two years is also served by another Board member, whereas other members serve a mandate of four years. Mandate durations were set by casting a draw, as follows: Mr. Kosum Kosumi, Mr. Fitim Shala and Mr. Arsim Cakaj serve a four-year mandate, whereas Mr. Asman Hoxha serves a two-year mandate.

3.2 Director General of CAA

CAA is managed by the Director General of Civil Aviation who has a full-time job. Director General is a CAA official responsible for daily management and decision-making in CAA. Director General is accountable to the Assembly regarding the compliance of CAA with civil aviation policies and with all other applicable Laws and standards in the Republic of Kosovo.

CAA Director General was appointed by the Government of the Republic of Kosovo on 25 September 2008 pursuant to the Decision No. 06/37, following the proposal by the Minister of Transport and Communication. Director General is appointed for a five-year mandate. Director General may be re-appointed by the Government for other subsequent mandates with the same duration.

3.3 Organisational structure of CAA

CAA is structured into five departments:

- a) Flight safety department
- b) Air navigation services department
- c) Aerodromes department
- d) International Affairs and Economic Regulation Department
- e) Administration and Human Resources department

Following is a summary of main duties and responsibilities for each separate department.

a) Flight safety department

Flight Safety Department is responsible for safety regulation in air transport operations. It ensures that safety regulations and standards in air operations are in line with International Civil Aviation Organisation (ICAO) standards and recommended practices and with EU aviation acquis.

Among others, this department carries out procedures for registration of air operators, registration of aircrafts and licensing of pilots. This department supervises our air operators, aircrafts and their personnel through inspections and audits, in order to guarantee the precise implementation of applicable standards. In addition, all foreign operators operating in Kosovo are subject to inspections on aviation safety issues.

The department is also supporting the Ministry of Internal Affairs to carry out the responsibilities entrusted to it by the Law on Civil Aviation until the latter is staffed with the necessary professional personnel.

b) Air navigation services department

Air Navigation Services (ANS) Department is responsible for the Regulation, Monitoring, Inspection, Certification and general Safety Oversight of the Air Navigation Service Providers (ANSP) within the Republic of Kosovo. It ensures that safety regulations and standards for ANSP are in line with ICAO standards and recommended practices, EU aviation acquis, including EUROCONTROL rules. The Air Navigation Services Department is responsible for Safety Oversight of the Air Navigation Services Providers, which include the following Services:

- Air Traffic Control (ATC);
- Communication, Navigation and Surveillance (CNS);
- Aeronautical Information Service (AIS)
- Meteorological Service (METEO)

The Air Navigation Services Department is responsible for licensing of the Air Traffic Controllers (ATCO), verification of their competency and their medical fitness.

The Air Navigation Services Department ensures that aeronautical information are published in Kosovo Aeronautical Information Publication (AIP), a document which is valid for all air operators interested in operating in Kosovo airspace.

c) Aerodromes Department

Aerodromes Department is responsible for the regulation of aerodrome safety in the Republic of Kosovo and the enforcement of applicable Kosovo legislation, and standards of ICAO within the area of its operation.

The role of the Department is to develop aerodrome and airport policy documents on safety, disseminate and promote guidance materials for aerodrome operators, and to guarantee full and continuous implementation of aerodrome operating standards in Kosovo.

The department is responsible for certification of aerodromes in the Republic of Kosovo. With continuous oversight through the conduct of inspections and audits, the department ensures that Pristina International Airport continues to meet the basic standards pursuant to which it has been certified.

d) International Affairs and Economic Regulation Department

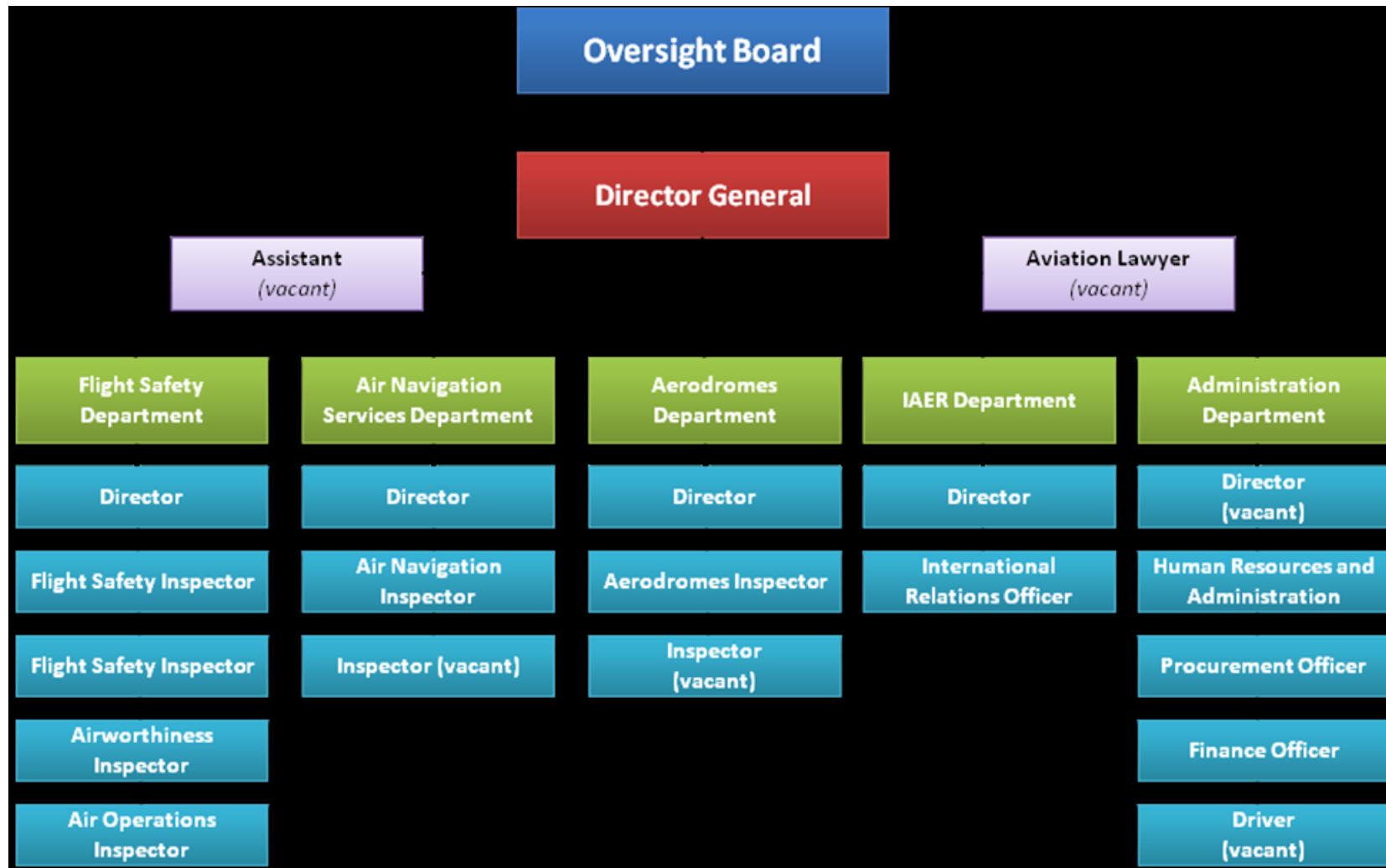
This department has the following responsibilities:

- To establish international liaison with the regional and international organizations such as ICAO, EASA, European Commission, EUROCONTROL, ECAC etc.
- To coordinate international technical assistance available in the area of civil aviation by the European Commission and other donor community;
- To conduct economic oversight of the aerodrome and air navigation services in the Republic of Kosovo. This responsibility is accomplished through the review and the approval of the airport and the air navigation service provider's user charges. Thus, ensuring that the aerodrome and air navigation services applies such charges based on cost, are non discriminatory, are transparent and are defined following the consultations with service users.
- To collect and analyze statistical data related to the traffic in Pristina International Airport.

e) Administration Department and Human Resources

This department is responsible for overall operational support to the CAA personnel including management of the human resources, finance, budget, procurement and logistics issues. It ensures that public means are utilised in a rational way and in accordance with procurement rules and the Consolidated Budget of the Republic of Kosovo.

Fig. 1 – Organisational chart of CAA



3.4 Financial revenues of CAA

CAA is self-financed through its dedicated revenues, as is defined in the Law No. 03/L-048 on Public Financial Management and Accountability. Pursuant to Article 25 of the Law No.03/L-051 on Civil Aviation, the dedicated revenues of CAA comprise of:

- taxes which are interrelated with aviation, liabilities and tariffs;
- a percentage of air navigation services offered within the air space of the Republic of Kosovo;
- tariffs for the safety of passengers and tariffs for certification and licensing; and
- donations, grants and other financial or technical support defined for CAA.

On 1 January 2009, the Minister of Transport and Communications signed the Regulation No. 2008/7 on safety charge of the passengers departing with commercial flights from Kosovo. Based on this Regulation, a charge of two (2) Euros shall be paid by each passenger departing Kosovo with the commercial flights. The funds collected from this safety charge are allocated to CAA to cover operational expenses in accordance with the Law No. 03/L-051 on Civil Aviation.

3.5 Salaries of CAA personnel

Civil aviation safety is the mission and number one priority of the Civil Aviation Authority of the Republic of Kosovo. As a civil aviation regulator, we ensure that air operations in the Republic of Kosovo are carried out in accordance with the applicable Law and international standards, including the legislation and aviation standards in the European Union. To achieve the mission, a civil aviation regulator needs more qualified personnel and with experience in order to draft standards, procedures, regulations and to ensure their implementation by the operators through continuous oversight, inspections and audits.

Pursuant to Article 24.2 of the Law on Civil Aviation, salaries of CAA personnel are set by the Director General following the review and approval from the Minister of Economy and Finances. When setting the level of salaries, the Law defines that apart from professional criteria for the personnel, one should also take into account the salaries of the personnel of aviation industry (aerodrome, air traffic control, air operators). On 20 March 2009, following a long and a difficult procedure, the Minister of Economy and Finances approved the level of salaries for the CAA personnel which was proposed by Director General of CAA. The salary of Director General of CAA was later defined by the Government in accordance with Article 20.2 of the Law on Civil Aviation. The proceeding of CAA salaries into the pay roll system was conducted by the former Ministry of Public Services on 4 April 2009.

4. ACTIVITIES PRIOR TO AND AT THE BEGINNING OF THE ESTABLISHMENT OF CAA

Law on Civil Aviation is one of the laws that derive from the Ahtisari Package. MTC and ICO have worked closely with UNMIK, KFOR and Director General of CAA to do an effective transfer and in accordance with the Law on Civil Aviation of the competencies from the fourth Pillar of UNMIK into the institutions of the Republic of Kosovo. On ICO's initiative a team for the Transition of the Civil Aviation was established, and participants were Prime minister's office, MTC, MIA, ICO, KFOR, Director General of CAA (initially CARO), US Embassy, Pristina Airport and USAID. In the meetings held during the transitional period following the proclamation of independence, as is foreseen by the Ahtisari's plan, UNMIK was also participator in our joint efforts for the transfer of competencies. This joint panel convened and held more than 20 meetings until CAA was established. The establishment of CAA had some problems. These problems in no way had to do with a failure from our institutions or from ICO, but the problems were interrelated to political positions of some international organisations towards our country.

KFOR and UNMIK had the responsibility for civil aviation before the independence of Kosovo in accordance with UN Security Council Resolution 1244, Regulation No. 2003/18 on establishment of Civil Aviation Regulatory Office and Regulation No. 2004/5 on temporary Civil Aviation Regulation in Kosovo. KFOR also referred to Military Technical Agreement of Kumanovo, which gave the COM KFOR the responsibility for the air space in Kosovo and activities of civil aviation in this area. In 2003, KFOR and UNMIK signed 18 Technical Agreements, which meant the transfer of responsibility of aviation from KFOR to UNMIK. UNMIK established Civil Aviation Regulatory Office (CARO), in order to exercise some of the regulatory responsibilities in the field of civil aviation.

In 2004, UNMIK signed an agreement with Icelandic Civil Aviation Authority (ICAA) for the certification of Pristina Airport and for air traffic controllers licensing. All these arrangements took place in coordination with International Civil Aviation Organisation (ICAO), which had an essential role in the establishment and development of CARO. ICAO, as mentioned above, is a specialised agency of UN, which decides on civil aviation standards that all member countries all obliged to apply.

On 31 December 2008, the agreement between UNMIK and ICAA expired and CARO was dissolved. On 1 January 2009, CAA took over all responsibilities entrusted to it by the Law on Civil Aviation. At the time when the Republic of Kosovo institutions were taking over all responsibilities in the civil aviation area, some countries in NATO, ICAO and European Commission had started contesting the legality of taking over these responsibilities. It was assumed that UNMIK had not transferred these responsibilities

according to an internationally approved plan and was insisted that CARO under UNMIK mandate continues to carry out the role of civil aviation regulator in Kosovo. At the same time, it was requested to continue the ICAA mandate since “the responsibilities that CAA was taking over were prerogatives of member states of ICAO”. NATO/KFOR pointed out that responsibilities on aviation in Kosovo had been transferred to UNMIK through 18 technical agreements signed in 2003, and therefore it was claiming that it would not accept it as lawful revoking these responsibilities from CAA. We requested that through a new agreement with KFOR, CAA would take over these responsibilities, but KFOR did not accept to sign an agreement with CAA due to the fact that a number of member states of NATO had not recognised the Republic of Kosovo and due to the concession nature of decision-taking in this organisation.

At the end of December 2008 and at the beginning of January 2009, several meetings were held in Brussels to review “the legality of taking over competencies in aviation from Kosovo institutions”. Meetings were organised by NATO, European Commission and ICAO. Some of the representatives from these international factors were also mentioning the possibility to close the Pristina Airport down for civil commercial flights. Director General of CAA, in coordination with the MTC Minister’s cabinet took part into these meetings and presented the process of transferring of these responsibilities and good technical preparation of CAA in order to carry out the mandate entrusted to it by Law. Additional arguments were previous positive reports of European Commission on civil aviation in Kosovo.

ICO supported us greatly in these efforts. Finally, it was proved that Kosovo had a civil aviation regulator professionally competent and a new reality was accepted tacitly. CAA went on with its work with no huge problems, in spite of the fact that failure of our country to become a member of global and pan-European organisations of civil aviation unables us to be an equal member of the family of nations and enjoy same privileges with other countries in the civil aviation area.

5. EUROPEAN COMMON AVIATION AREA AGREEMENT (ECAA AGREEMENT)

ECAA (*European Common Aviation Area*) agreement is a multilateral agreement creating a unique internal market and identical laws in aviation area, signed by the Government of European Union countries, Iceland, Norway and countries of the Western Balkans. UNMIK signed this agreement on behalf of Kosovo and declared it provisionally applicable on 10 October 2006. The Republic of Kosovo, through the Declaration of Independence, *inter alia*, has taken over all international obligations of Kosovo, including those signed on our behalf from UNMIK. These obligations include also the implementation of the ECAA agreement.

This agreement presents a variety of conditions to the Western Balkan countries so that they can become part of European integrations in civil aviation. These countries are obliged to transpose into their own legal order and implement the entire legal framework of EU in the aviation area. Fulfillment of the conditions shall be assessed by European Union special commissions through paying of visits to these countries. Depending on the results of meeting the conditions, Western Balkans countries can go through from first phase, which starts immediately when the agreement has entered into force, through the second phase, and until its successful implementation. Special conditions for every country have been written in the Agreement Protocols from 1 to 9. Protocol 9 deals with Kosovo.

Our country has achieved good success in implementing the ECAA Agreement. This was confirmed by the latest report of European Commission team of experts on the level of implementation of this Agreement. Their report states that Kosovo is “very close to passing the first implementation phase”. None of the Western Balkans countries has passed the second phase to date. The next visit of the team of experts is expected to take place in the first part of 2010.

ECAA Agreement implementation has become compulsory in the Republic of Kosovo also through the Law on Civil Aviation.

6. CAA ACTIVITIES IN THE INTERNATIONAL ARENA

CAA has participated in almost all regional initiatives on civil aviation. We have followed closely the timetables of these international meetings, and when we received no invitations at all, we took steps and contacted organisers in due time and we made them know our interest which was to be part of joint efforts in order to increase the level of aviation safety in the region and in Europe. We also made them aware that we were not to take part if we were to participate as UNMIK representatives or UNMIK/Kosovo. In the majority of cases, we participated as Civil Aviation Authority of Kosovo (CAAK). In other cases, none of the participating delegations were identified as of which country they were coming from, but only with names of participating individuals.

CAA has also maintained regular contacts with some civil aviation authorities of the countries which have recognised the Republic of Kosovo and with international organisations where we are not members.

6.1 Monitoring the implementation of the ECAA

Out of a long list of the successful completed activities, there are only two tasks left uncompleted so that Kosovo can enter the second phase of ECAA Agreement implementation. These are the approval of Labour Law and Law on State Aid. According to legal officers of MEF and MLSW it is expected that the Labour Law will be approved during the first six months of 2010, whereas Law on State Aid even earlier.

On 8 December 2008, a regular annual meeting of the Joint Committee for the ECAA Agreement was held in Brussels. Director General, Chairman of the CAA Board and Chairman of the Civil Aviation Division in MTC participated in this meeting. The meeting discussed about the Agreement implementation, the perspective of regional countries in completing the first phase and the planning of EC assessment visits in countries that are signatory to the Agreement. Kosovo representatives announced that our country was ready for a comprehensive assessment of EU about the ECAA Agreement implementation in the Republic of Kosovo. It was decided that Kosovo invites the Commission as soon as it considers that it is ready to embark into the second phase. The ECAA assessment visit is expected to take place in the first half of 2010.

CAA has reported regularly to the Agency for Coordination and Development of European Integration (ACDEI), regarding the Action Plan for European Partnership (EPAP). All activities in EPAP regarding civil aviation derive from ECAA Agreement.

6.2 Relations with EUROCONTROL

The European Organisation for the Safety of Air Navigation (EUROCONTROL) is an international organisation, established in 1963. The organisation's main objective is to

develop a pan-European system for air traffic management. There are 38 member states in EUROCONTROL. Its headquarters is located in Brussels.

CAA, following a long and difficult correspondence, has achieved to make it possible for the personnel of civil aviation from Kosovo to participate to the training programs of EUROCONTROL. The Director General of EUROCONTROL took the decision himself. This caused reactions from Serbia and from some other countries, members of EUROCONTROL; however, CAA and Pristina International Airport continue their participation without any problems. In the official EUROCONTROL's website in internet, the list of participating countries refers to our country with its constitutional name – the Republic of Kosovo.

6.3 International Civil Aviation Day

7th of December is the International Day of Civil Aviation and it marks the day of establishment of the International Civil Aviation Organisation (ICAO). ICAO is a specialised agency of UN, established on 7 December 1944, and it deals with the codification of standards and recommended practices of international civil aviation. This organisation is a promoter of safe and in order air transport development. The headquarters of this organisation is located in Montreal.

In the beginning of December, the Director General sent letters to Directors General of civil aviation in all member states of ICAO, except Serbia (190 states). The letter of CAA, apart from its congratulation, also offered bilateral cooperation, informed the authorities of these states about the implementation of ICAO standards in the Republic of Kosovo and asked for support in the Republic of Kosovo's efforts to become member of ICAO. A similar letter was also sent to leaders of the international organisations with the importance in civil aviation area. By the end of 2009, we received an answer to our letter from many states, some of which have not recognised the Republic of Kosovo yet. Their letters confirmed their support for the membership of the Republic of Kosovo to ICAO.

CAA has prepared a detailed explanatory memorandum on the possibility of the Republic of Kosovo to become a member of ICAO and has submitted it to MTC. The membership to this organisation will make us an equal rights member in the family of nations in the civil aviation area. Because of the fact that this report will be made public in CAA's website in internet, there are no details provided here from this explanatory memorandum.

6.4 Normalization of Kosovo airspace

The MTC has requested from the CAA to work on opening of the new airspace corridors to Pristina International Airport. So far, all flights from and to the airport go through an air corridor that passes above Macedonia. This extends the flight time and, consequently, increases the price of the ticket. We have been working closely with the

General Directorate of Civil Aviation of Albania and with Pristina International Airport in order to open a new corridor that would pass through Kukës. The expectations were that this corridor would be functionalized soon. There is a delay due to difficulties in communicating with ICAO. In addition, we are negotiating with the CAA in Montenegro to open a corridor between two countries.

CAA is also working with NATO and other countries in the region to enable the opening of upper airspace of Kosovo for overflights. This space has been closed since the end of the war. The opening of the upper airspace of Kosovo for overflights is one of the strategic priorities of the MTC. Besides other benefits, this would bring additional income to the national air navigation agency, expected to be established by the end of this year.

6.5 Technical panel for the normalization of the Balkan airspace

Since the end of the war in 1999, Kosovo's upper airspace (over 10 kilometres altitude) is closed for flights by NATO. The airspace was closed at that time due to the suspension of the competences of aeronautical authorities of the FRY in terms of civil aviation in Kosovo. If this airspace would open now, it would be used by aircraft flying in higher altitudes above our country, in their route from one point to another. The route for overflights across Kosovo's upper airspace would be more appropriate for aircraft that would fly, for example, from Western Europe to Greece or further. It is estimated that, if Kosovo's upper airspace is opened, around 450 planes per day would overfly our country.

MTC has requested the opening of Kosovo's upper airspace several times, in the meetings held with the international community in Kosovo after the independence. CAA has conveyed this position at the technical level meetings with KFOR Air Unit. NATO is also interested that the airspace is opened. The airlines represented by IATA also share same interest because the air route above our country is an important route that would cut the flight time as well as reduce cost of operation to some very important destinations of the world.

For the moment, Kosovo does not have the required capacity for providing air traffic control services in upper airspace since, over the years, this area has been closed and the only air traffic in Kosovo functioned in lower space through two corridors connected with Macedonia. For providing these services, additional technology and training of air traffic controllers at Pristina Airport is needed.

In early 2009, NATO decided to establish a Technical Panel which, under the initiative for normalization of aviation in the Balkans (BANM), will consider technical options for the opening of Kosovo's upper airspace. This panel has organized several sessions. Participants of the meetings were technical experts from the providers of air navigation services or from civil aviation authorities of Albania, Kosovo, Serbia, Croatia, Montenegro, Macedonia and Bosnia. ICO was also invited to participate. From

international organizations, there are also NATO representatives as organizers of the meeting, European Commission, EUROCONTROL and IATA. Technical recommendations of the Panel will be passed on for review to decision-making levels of NATO and the Kosovo Government. So far, no success has been achieved in recommending a technical solution for the opening of Kosovo's upper airspace.

6.6 Memorandum of Understanding between Kosovo and Albania

On 21 December 2009, the Minister of Transport and Communication has signed a memorandum of understanding with the Minister of Transport of Albania, for cooperation of our countries to control Kosovo's upper airspace. Implementation of this Memorandum, as reported in the text, depends on decisions taken at NATO and the Kosovo Government in regards to Kosovo's upper airspace. CAA has helped in the process of preparing the Memorandum.

The same day, Director General of CAA and General Director of General Directorate of Civil Aviation of Albania, signed a Memorandum of Understanding for cooperation in the implementation of the ECAA Agreement, on translation and transposition of the legal framework of the EU, and on joint inspections of civil aviation operators in Kosovo and in Albania.

6.7 Bilateral air transport agreements

Bilateral air transport agreements are interstate instruments that regulate market access for scheduled airlines. This is part of the field of economic regulation of air transport and, according to the Law, it is the responsibility of MTC.

However, CAA has been the essential part of the delegations of the Republic of Kosovo, appointed by the Minister of MTC, in the negotiation of Bilateral Agreements of Air Transport with Switzerland and Turkey. On April 29, 2009, a Memorandum of Understanding was signed between the aeronautical authorities of the Republic of Kosovo and the Swiss Confederation. The agreement will be signed at the ministerial level in an appropriate protocol occasion.

CAA has also provided technical expertise to MFA in the review and commenting of the draft Agreement provided to the U.S. State Department with the purpose of signing an Open Sky Agreement between our countries.

ECAA Agreement, amongst other things, regulates in detail the air transport between the signatory states; Kosovo, therefore, can not sign bilateral agreements in this field with any of the states of the EU, Iceland, Norway and countries of the region.

6.8 Coordination of technical assistance in the field of aviation

CAA is the focal point for all technical assistance projects in aviation that EU provides our country with, within the available instruments to countries that aim EU membership. During 2009, CAA, MTC, MIA, PIA, and the AAIC have benefited from these projects, which will be briefly described below. In 2010, the twinning project of CAA with General Directorate of Civil Aviation of France is expected to begin.

a) The AirEuroSafe Project

This project, through classroom training, on-job training and legal assistance, aims to help the Western Balkan states to meet their obligations in the first phase of the ECAA Agreement as soon as possible. The project is being implemented by AirEuroSafe consortium consisted of English, Spanish and French experts in civil aviation.

b) The EASA-IPA 2009 Project

This project is dedicated to the Western Balkan countries, signatory of the ECAA Agreement and aims to implement the convergence plan in each country separately in order to make possible quick participation of these countries in the activities of EASA. The activities of this project have begun in October.

c) Twinning project

The bid, published by the European Commission (EC), entitled: "Support for Kosovo to participate in the European Common Aviation Area" was closed on February 17, 2009. Evaluation commission composed of representatives of MTC, MIA, CAA and EC met on March 17, 2009 to evaluate the only offer by the French Directorate General of Civil Aviation (FDGCA). The assessment was positive.

On 21 July 2009 the European Commission published the selection of FDGCA as twin partner of CAA. On 4th and 5th of October 2009, by the invitation of FDGCA, Director General of CAA participated in meetings in Paris to negotiate the twinning contract. In these meetings, the Director of CAA presented specific requirements of CAA and of other aeronautical authorities of the country, so that these requirements and priorities are reflected in the draft contract prepared by French experts for the approval of the European Commission. These requirements were fully reflected in the draft.

The CAA, MTC, MIA, and AAIC, as public authorities with responsibilities and functions in the field of civil aviation in our country, will benefit from this project. The project is worth 1 million Euros, financed by the EU, as part of the Instrument for Pre-Accession (IPA) for the purpose of alignment of our legislation with the one of the EU, as well as for staff training; in other words, capacity building of aeronautical authorities of the Republic of Kosovo in the same level with EU Member States.

7. REGULATORY ACTIVITY

The main reason for the existence of CAA is the monitoring and regulation of civil aviation activities in the Republic of Kosovo in order to guarantee safe operations in compliance with applicable standards. This is achieved through inspection, auditing, licensing and certification. CAA has a professional and competent staff responsible for regulating civil aviation in the country. Republic of Kosovo has a law on Civil Aviation, which was considered the model law for all Western Balkan countries by European Commission. CAA, during the reporting period, has issued a large number of implementing regulations, guidance manuals and materials for the aviation industry and for our inspectors. CAA regulatory activity includes civil aviation safety in general, and economic regulation of airports and air navigation service providers in the Republic of Kosovo. Below, a brief overview is given for the CAA regulatory activities in the field of aviation safety, divided into the following categories: flight safety, air navigation services and aerodrome. Also, a brief overview of the activities of economic regulation in PIA is provided.

7.1 Flight safety

In the field of flight safety and aviation security, the work is focused on drafting implementing regulations and guidance manuals for CAA inspectors. In addition, continuous inspections and audits of operators are made in order to ensure that their operating procedures are in full compliance with international standards and with the applicable law in the Republic of Kosovo.

a) Inter-institutional cooperation

CAA is helping the Air Accidents and Incidents Investigation Commission (AAIIC) in preparing legal framework and guidance manuals for investigators of AAIIC, the realization of professional cooperation in terms of exchange of information, provision of materials and relevant equipment to AAIIC from the CAA, as well as the participation of AAIIC members in training programs, beneficiary of which is the CAA. For this purpose, CAA and AAIIC have signed a Memorandum of Understanding.

CAA has continued to assist the Ministry of Internal Affairs in the field of regulation of civil aviation security. The framework of this cooperation is established by the Memorandum of Understanding signed by these institutions on July 2, 2009 on cooperation in supervision of the aviation security in the Republic of Kosovo. CAA, in cooperation with two European Commission experts contracted by MIA through TAIX, drafted transposition instruments of a number of EU regulations in the field of civil aviation security. The model of the transposition instrument is the one used for some time by the CAA for its regulations. As a result of this cooperation with MIA, the MIA Minister has signed five Regulations and three national security programs of civil

aviation on 31 December 2009. These Regulations and national Programs are also requirements deriving from the ECAA Agreement.

b) Inspections of aircraft on the platform

During 2009, inspections were carried out for 41 foreign operator aircrafts (SAFA Inspections) operating at Pristina International Airport. During 11 inspections, 16 findings were established, out of which 5 (five) were second category findings, for which the respective managements of the airlines and civil aviation authorities of countries where those companies are registered were informed. Most of these findings have been minor and have not endangered the safety of flights. One more emergency inspection of the plane of the Austrian airline MAP (Management + Planning GmbH) was conducted, after the notice of leak of fuel from this aircraft. After taking corrective measures and ensuring that the flight can be performed without problems, CAA has issued a permit for a flight without passengers.

c) Aviation occurrence reporting

CAA has established an effective system through which all occurrences that could potentially endanger civil aviation in the Republic of Kosovo are reported. Through this mechanism, we are able to identify threats, react quickly and take measures to prevent repetition of similar occurrences in the future. The system is designed in compliance with the legal framework of the EU, which is transposed in our country. We have also installed special software for processing of the reported occurrences and for establishing a database about the occurrences and the actions taken by the CAA and the operators. CAA has managed to create a culture of occurrence reporting by the entire airport staff and airlines, guaranteeing, by legislation, that their employers can not penalize them due to the reporting of occurrences to CAA. As a result of these measures and good cooperation of the airport and airlines, during 2009, 111 occurrences were reported, of which 102 have already been investigated, the necessary corrective measures have been taken and they are closed cases. The remaining occurrences are being investigated and expected to close in the beginning of 2010, as operators need to implement measures required by the CAA. CAA has reviewed and approved the basic course material for dangerous goods at PIA, for passenger handling staff, apron and warehouse staff, load control staff, aircraft supervisors and flight crews. The monitoring of the development of these courses was done and final approval is issued for them.

d) Inspections in the field of aviation security

In compliance with the Memorandum of Understanding signed with the MIA, CAA has made inspections also in the field of civil aviation security, including routine inspections of PIA security service in terms of implementation of the standards of civil aviation security, emerging from the PIA Security Program; the inspection of PIA security service in terms of implementation of recommendations emerging from the visit of the assessment team of the ECAA Agreement, and the inspection of security service of PIA

in terms of assessment of the degree of security of the perimeter fence and security signs within the area of the airport.

CAA has assessed and accepted the security programs of all foreign companies that have applied for air traffic rights in Kosovo, during 2009. CAA has also monitored civil aviation security courses organized by PIA. In addition, CAA has held a basic course on aviation security for border police at PIA.

7.2 Air navigation services

a) Inspections and audits

During 2009, CAA has conducted 7 audits and inspections of the Department of Air Navigation Services in PIA in order to verify the implementation of safety standards applicable in the Republic of Kosovo. In addition, inspections and audits were also focused on verification and control of daily activities as well as implementation of procedures, which are stated in manuals of these services.

These audits and inspections have included services of air traffic control, technical service, service of meteorology and aeronautical information service. In general, final reports have been satisfactory and the problems observed were received by PIA management. Consequently, detailed plans were developed to eliminate these problems. CAA has continued routine inspections to verify the status of the process of eliminating the problems observed.

CAA has taken part in the assessment of professional competence of air traffic controllers, in compliance with the CAA Regulation no. 4/2008 on Air Traffic Controllers Licence. Dates of the assessments were chosen so that traffic is more heavy. All air traffic controllers (26) have resulted competent for carrying out the duties and responsibilities arising from the CAA Regulation no. 4 / 2008.

CAA has also participated in testing professional competence of the staff of meteorologists and aeronautical information service, in compliance with the CAA

Regulation no. 12/2009 on laying down common requirements for the provision of air navigation services. Tests confirmed the professional competence of staff.

b) Issuance of medical certificates for air traffic controllers

On 30th and 31st of March, 2009 CAA has issued medical certificates for air traffic controllers. On behalf of the CAA, two aviation doctors from Iceland have made examination and verification of health condition of air traffic controllers. This activity was carried out after the authorization was issued by the Director General of CAA for the doctors from Iceland.

In 2009, Kosovo did not have aviation doctors. In the beginning of 2010, CAA plans to create the section of medical aeronautics and to sponsor the training of 2 local doctors, in compliance with the requirements of ICAO and the EU.

c) Cooperation with Albanian DGCA

In April, Albanian DGCA has asked the CAA for professional support in auditing the air navigation services provider of Albania (ANTA). CAA has authorized two of its certified inspectors to participate in this audit. Two inspectors from EUROCONTROL were also part of the team. Audit in ANTA sites started on 21st and ended on 25th of September, 2009.

Albania's DGCA has asked CAA for support in regular audits that are to be conducted during the year 2010 at the National Agency at ANTA. Such cooperation, as mentioned earlier in this report, is formalized through a Memorandum of Understanding between the CAA and Albania's DGCA in all fields of civil aviation.

d) Normalization of Kosovo's lower airspace

During December, several meetings were organized with KFOR and PIA with purpose of normalization of Kosovo's lower airspace for General Air Traffic (GAT-small planes and different sports aircraft). CAA, together with KFOR and PIA prepared rules for flights in this area and took over supervision of the safety aspects. As a result of this cooperation, NATO has changed its rules for Balkan airspace in order to reflect the opening of Kosovo's lower airspace for GAT flights.

e) Improvement of level of the instrumental landing system at PIA

After a capital investment to install the new lighting system, PIA, in August 2009, has submitted a request to start with CATII operation. CATII operations enable the increase of the level of the instrumental landing system. With this system, the aircraft can land with lesser visibility than the current category of PIA operations. The new system helps in reducing of cancellations due to bad weather conditions at Pristina Airport (fog etc).

CAA has made the assessment of documentation and made the necessary inspections to ensure that the transition to the new system will be done in compliance with all standards of air navigation services and aerodrome, as defined by ICAO. Some of CAA requirements are pending (e.g. training of airport staff on the new system), which PIA undertook to complete soon in order to be certified for this category of operations.

7.3 Aerodrome

Pristina International Airport is certified by the CAA, as the international airport in compliance with Civil Aviation Law and CAA's Regulation no. 1/2008 on Aerodrome. With this certification, it is confirmed that PIA meets the required standards of Annex 14

of ICAO. However, CAA has identified some shortcomings in the full implementation of some standards and has requested concrete plans of action from PIA for corrective measures. These deficiencies do not jeopardize the safety of operations at PIA.

a) Audits and inspections

During 2009, CAA inspectors have made 1 audit and 11 inspections at PIA. The audit was comprehensive and was held from 2nd to 6th of February, 2009, with the aim of verifying the infrastructure and operations at the airport, in compliance with the standards of Annex 14 of ICAO and Regulation 1/2008 on Aerodrome. The audit identified deviations from several standards. PIA has developed an action plan for eliminating these deviations, which CAA accepted. It should be noted that these deviations were not of a serious nature and did not jeopardize the safety of operations at PIA. CAA, through inspections, has continued to verify, one by one, the closure of all deviations from standards.

In addition to these inspections, CAA has inspected preparations of PIA's transition to more advanced instrumental system of landing (CATII) with regard to the aerodrome standards. This system was widely discussed in Section 7.2 (e) above.

CAA has also made inspections of aircraft ground handling services and has identified some nonconformities. PIA has implemented all recommendations of the CAA in this aspect and identified non conformities are rectified.

In the beginning of 2009 winter season, CAA has verified the status and the amount of stock available for melting and clearing snow and ice from aircraft.

We observed that PIA was experiencing difficulties in supply with ice clearing chemicals due to the protracted administrative proceedings.

b) Protection area of the airport (PAA)

VALA operator has installed an antenna near PIA. This application, submitted to PIA, was reviewed, analysing potential interference of the antenna. Tests have proven that antenna interferes in several meters of height. The operator has shortened the antenna in order not to pose an obstacle to PAA.

In May, we were informed that, in the vicinity of the airport, three wind turbines were installed. PIA was required to analyze possible obstacles that these turbines can present in any of the protected areas of the airport or air navigation facilities. We have had a constant communication with Pristina International Airport, the Energy Regulator and the turbine operators in order to perform necessary testing. In November, the report from PIA, about the performed tests was received. This report confirms that wind turbines are not seen to pose any obstacle to the operation and the functioning of the equipment at the airport. We have informed the Energy Regulator that we have no objection to the operation of wind turbines installed in Mount Golesh, provided that, if

any obstacle is presented, PIA will seek immediate cease of operation of the turbine, so as not to violate safety of aircraft operations at the airport.

c) Birds at the airport and its vicinity

CAA has investigated 35 cases linked to the activities of birds at the airport and the risks that could be caused to the operation of aircraft. CAA has recommended a series of urgent actions which PIA is implementing. PIA has removed any kind of attraction for birds from areas of the airport and its vicinity (trees, debris, small fruit trees, water channels, etc.). PIA has also contracted a hunting association for intimidation and elimination of birds in the territory of the airport. Significant decrease of the birds presence has been noticed after the implementation of measures required from PIA.

d) Other regulatory activities in the field of aerodromes

CAA has checked, reviewed and approved changes to PIA's Services and Operations Manual.

PIA has prepared a document on procedures for removing the aircrafts which, for various reasons, can not move. CAA reviewed the document and provided comments and suggestions. CAA's comments and suggestions are reflected in the final version of the document.

EULEX has informed us that they are planning to start operations with helicopters in January 2010. For this purpose, they would use PIA facilities that were previously used by UNMIK for the same purpose. EULEX flights are planned for the chief of mission and for evacuations of medical nature. CAA has worked closely with KFOR, MTC, EULEX, MFA and PIA to ensure a safe commencement of the project.

7.4 Economic Regulation

CAA is responsible for economic regulation of airports and providers of air navigation services in the Republic of Kosovo. This implies approval of these operators' charges for the services they provide. According to ICAO principles, these charges should be related to the cost of providing service and should not be discriminatory to any user of these services. Civil aviation regulators are those that ensure the implementation of these principles.

a) Economic regulation of air transport on behalf of MTC

During the period from January to February 2009, CAA has continued to exercise economic regulation of air carriers on behalf of the MTC. Requests of operators that have operated during the Winter Season 2008/2009 were processed, and requests from over 20 operators for operating to and from Pristina airport during the summer season 2009, were received and processed. As of 1st of March 2009, MTC has taken the

responsibility over regulating its economic air carriers in accordance with the Law on Civil Aviation. Consequently, the CAA has begun training a person appointed by the MTC, in the field of economic regulation of air carriers, which means that the Regulations 2008/1, 2008/3 and 2008/4 issued by the MTC on the device operating permits to all interested operators which fulfil the technical and economic conditions, and Regulation 2008/5 on the rights of passengers, and the Regulation 2008/6 on the sharing of slots at PIA, have begun implementation. Also, the files of air carriers have been delivered.

b) Exemption from the passenger service charge

On 29 December 2008, CAA Managing Director took the decision to exempt from payment of passenger service charge all passengers departing by commercial flights from Kosovo at any airport with no greater distance than 200 air kilometres. This decision was taken after consultations between the Minister of Transport and the Managing Director of PIA, in accordance with the policy of the Government of Kosovo to deepen regional cooperation and stimulate air transport between Kosovo and countries of the region at lower fares.

Companies that benefited from this decision were Belle Air in the Pristina-Tirana route, and the Montenegrin air company Montenegro Airlines, in the routes from Pristina to Podgorica and Pristina to Tivat. The decision was valid until 31 December 2009.

c) PIA's Incentive programme

At the end of 2008, CAA has reviewed PIA application to publish the Incentive Program 2009. With this program, airlines carrying a large number of passengers or starting flights to new destinations were offered charge reductions. As it proofed that this program stimulates the growth of the volume of the air traffic and, at the same time, it is in compliance with ICAO principles on non-discrimination, transparency, and consultations with air carriers, CAA has approved this program which was valid from 1 January – 31 December 2009.

d) Illegal security tax imposed by Serbian authorities for passengers departing from PIA

On December 4, 2009, CAA has been informed by some travel agencies that the computer reservation system lists a new security tax of 3.3 Euros which would be charged to each passenger departing from Pristina International Airport after December 15 2009. Serbian authorities had asked the International Air Transport Association (IATA) and the computer reservation systems, to publish new tariffs at airports located in Serbia including Pristina International Airport. Due to the lack of state code for Kosovo allocated by ISO, IATA and the computer reservation systems published this illegal tax for PIA, listing PIA as an airport in the Republic of Serbia.

AAC has reacted immediately to remove this illegal tax from the online reservation system in order to prevent the passengers from being charged for it. We contacted organizations responsible for international aviation to make an immediate withdrawal of the illegal tax, and we contacted airlines operating in Kosovo and asked them not to collect this tax through the ticket.

After CAA's reaction, on 8 **December 2009**, IATA, based in Geneva, has removed this tax from the computer reservation system, and since then, the fee is not collected from the passengers anymore. We requested from the airline companies to reimburse the passengers who had paid this illegal tax during the two-three days before the tax was removed from the system. The number of passengers affected was very small and companies have undertaken to reimburse the amount of 3.3 Euros to each one of them.

8. LEGISLATIVE ACTIVITY

During 2009, the Director General of CAA, in accordance with the powers vested to him in the Law on Civil Aviation has issued 14 implementing regulations. In late December 2008, the Director General of CAA has issued 4 regulations, which were essential for the full exercise of the powers in regulating the safety of civil aviation in the Republic of Kosovo. Most of these regulations are instruments that transpose Regulations and the relevant EU Directives in the internal legal order of our country. CAA has also developed several other regulations that are in the 2010 legislative agenda for approval. Regulations were complemented with manuals and other relevant guidance materials, which are used by the CAA staff and aviation operators.

Below is a list of approved Regulations from CAA during December 2008 and during 2009.

Regulation 1/2008 on Aerodromes

Regulation 2/2008 on Organization of Working Time of Mobile Workers in Civil Aviation

Regulation 3/2008 on Passengers Service Charges

Regulation 4/2008 on Air Traffic Controllers Licence

Regulation 1/2009 on Occurrence Reporting in Civil Aviation

Regulation 2/2009 on Aircraft Registration and Marking

Regulation 3/2009 on Common rules in the field of civil aviation and responsibilities of t European Aviation Safety Agency

Regulation 4/2009 on Laying down implementing rules for the airworthiness and environmental certification of aircraft and related products, parts and appliances

Regulation 5/2009 on Continuing airworthiness of aircraft and aeronautical products, parts and appliances, and on the approval of organisations and personnel involved in these tasks

Regulation 6/2009 on the Harmonization of technical requirements and administrative procedures in the field of civil aviation

Through Regulation 6/2009, Joint Aviation Requirements (JAR) issued by the Joint Aviation Authorities (JAA), have become applicable in the Republic of Kosovo, and the as follows:

<i>JAR-26</i>	Additional Airworthiness Requirements for Operations
<i>JAR-STD-1A</i>	Aeroplane Flight Simulators
<i>JAR-STD-2A</i>	Aeroplane Flight Training Devices
<i>JAR-STD-3A</i>	Flight and Navigation Procedures Trainers
<i>JAR-STD-4A</i>	Basic Instrument Training Devices
<i>JAR-MMEL-MEL</i>	Minimum Master Equipment List-Master Equipment List
<i>TGL-44</i>	Temporary Guidance Leaflet

Regulation 7/2009 on Conditions and procedure for acquiring, issuance, renewal and extension of licences and authorizations for aviation staff

Regulation 8/2009 on the Single European Sky

Regulation 9/2009 on the Provision of air navigation services in the Single European Sky

Regulation 10/2009 on the Organisation and use of airspace in the Single European Sky

Regulation 11/2009 on the Interoperability of European Air Traffic Management Network

Regulation 12/2009 on Laying down common requirements for the provision of air navigation services

Regulation 13/2009 on Safety oversight in air traffic management

Regulation 14/2009 on Establishing a software safety assurance system to be implemented by air navigation service

In addition to manuals that are inherited from the former Civil Aviation Regulatory Office, CAA, in 2009, will publish the following technical publications:

Reporting of events - information and guidance manual

Safety Assessment of Foreign Aircraft (SAFA) - manual of procedures

Protected areas of the airport

Manual for certification of aerodromes

CAA has developed a number of regulations and technical publications which are scheduled for approval in the action plan for 2010.

Regulation on Flight Crew Licensing (Medical).

Regulation on Use of prohibited substance for staff working on safety-sensitive functions

Regulation on Tariffs imposed by the Civil Aviation Authority of the Republic of Kosovo

Regulation on Air transport of dangerous goods

Regulation on Unmanned aircraft, the weight of which does not exceed 25 kilograms

Regulation on Gliders and motor gliders

Regulation on Ultra light aircraft licensing

Regulation on Balloons and hot air balloons licensing

Regulation on Necessary medical conditions for licensing

Regulation on Provision of air traffic

Regulation on Certification for providers of air navigation services

Regulation on Marking and lighting of high buildings

Regulation on Airport fees

Regulation on Fees of service providers of aerial navigation

Manual for monitoring the safety of service providers of aerial navigation

Guidance Manual – Constructions at the airport

Manual of airline operation inspectors

Manual of airworthiness inspectors

Aerodrome Certification Manual

Guidance Manual - Application, Review and Approval Process for Airport & Air Navigation Service Charges

During 2010, it is also planned to draft other regulations in order to fully complete the secondary legislation in the field of regulation of civil aviation safety and economic regulation of airports and providers of air navigation services.

9. ADMINISTRATION AND HUMAN RESOURCES

9.1 Human resources and administrative procedures

During 2009, a series of administrative procedures were established and continuous work was carried out in terms of administrative support for CAA staff. In addition, the CAA property was registered, as successor entity of CARO, as well as continuous update of the list of assets, preparation of new forms for all administrative procedures at CAA, maintenance and strict control of Data on use of official vehicles of CAA, etc. The CAA, in its Procedures Manual, has summarized and systematized all procedures related to the administration, including finance and procurement.

Throughout 2009, CAA has requested from the state authorities the accommodation in a public facility, in compliance with the decision of the Government of the Republic of Kosovo on transfer of all state institutions into publicly owned facilities. We, however, are aware of the lack of space and of the fact that independent agencies are not on the priority list for accommodation. The building in which CAA is located, is too small to accommodate 8 additional employees approved by the Assembly of Kosovo on the six-month review of the 2009 budget. Also, by signing the twinning agreement with the General Directorate of Civil Aviation of France, CAA takes over the provision of two offices for their permanent staff and for those who will be in Kosovo from time to time during the two years of the project.

Due to the lack of working space, CAA, has recruited only two out of 8 planned officials in 2009. Recruitment of the rest of the staff is planned for the first part of 2010, immediately after the transfer to a facility with enough working space.

9.2 Finance and budget

The budget of Civil Aviation Authority for 2009 was EUR 840,543.00, divided into major economic categories as follows:

Fig. 3 CAA Budget

Description	Amount €
Wages and salaries	425,000.00
Goods and services	406,243.00
Utilities	9,300.00
Total	840,543.00

In the six-month review of the budget of this year, CAA has requested from the Department of Budget at MEF authorization of funds for the purchase of an official vehicle. To this end, we have requested the amount of Euro 25,000.00 to be transferred from the Goods and Services to the Capital expenditure category. The request was approved by MEF and the Kosovo Assembly. As a result, we have had a change in the 2009 budget as follows:

Fig. 4 CAA Budget, 2009

Description	Amount €
Wages and salaries	425,000.00
Goods and services	381,243.00
Utilities	9,300.00
Capital expenditure	25,000.00
Total	840,543.00

9.3 Revenues

The generated revenues of CAA, during 2009, were deposited in the official bank account of the CAA established by the Director of the Treasury ; the table below shows the flow of revenues in chronological order month by month.

Fig. 5 CAA revenues, 2009

Description	Amount €
January	70,072.00
February	96,256.00
March	68,672.00
April	75,872.00
May	83,234.00
June	87,432.00
July	77,513.00
August	105,100.00
September	194,598.00
October	104,446.00
November	96,810.00
December	80,576.00
Total	1,140,584.00

9.4 Budget expenditure

In 2009, EUR 482,963.87 were spent to finance CAA's activities. See the expenditure table below according to economic classification.

Fig. 6 Budget spent in 2009

Description	Amount €
Wages and salaries	250,511.58
Goods and services	201,509.20
Utilities	7,943.09
Capital expenditure	23,000.00
Total	482,963.87

The following table presents CAA's budget expenditure for 2009, in percentage (%).

Fig. 7 Budget expenditure in 2009, in percentage %

Description	Budget	Expenditure	Expenditure in %
Wages and salaries	425,000.00	250,511.58	59%
Goods and services	381,243.00	201,509.20	53%
Utilities	9,300.00	7,943.09	85%
Capital expenditure	25,000.00	23,000.00	92%
Total	840,543.00	482,963.87	57%

The following tables reflect the expenditure of CAA for 2009, according to major economic subcategories.

In the category Wages and salaries, in addition to CAA staff, compensation for the Board Members is also included.

Fig. 8 Wages and salaries, 2009

Wages and salaries	Amount €
Net wages	207,673.20
Personal income tax	18,980.12
Pension contributions of the employer	11,929.13
Pension contributions of the employee	11,929.13
Total Wages and salaries	250,511.58

Fig. 9 Goods and services, 2009

Description	Amount
Travel expenses abroad	16,711.26
Internet	2,718.83
Other telephone expenses	2,751.28
Educational and Training Services	70,037.98
Other contractual services ¹	38,136.59
Other equipment	1,103.00
Office supply	4,896.54
Food and drink supply	367.00
Cleaning supply	459.23
Fuel for central heating	4,496.15
Fuel for generator	384.80
Fuel for cars	1,288.24
Petty Cash advance	3,685.43
CASCO registration and insurance	4,876.59
Buildings security	9,897.49
Maintenance and repair of the vehicles	1,430.83
IT maintenance	264.76
Rent for buildings	36,000.00
Advertisements - Announcements and Publications	1,594.00
Representation costs	409.20
Total Goods and services	201,509.20

Fig. 10 Capital expenditure, 2009

Description	Amount
Capital expenditure	23,000.00
Total Capital expenditure	23,000.00

Fig. 11 Utilities, 2009

Description	Amount
Power supply	1,739.98
Water supply	1,750.94
Landline phone costs	4,452.17
Total Utilities	7,943.09

¹ Liabilities remaining from 2008 in compliance with the UNMIK agreement with Civil Aviation Authority of Iceland

9.5 Justification for the budget surplus in 2009

The tables above show that the expenditure of allocated budget for CAA in 2009 is only 57%. While budget expenditure in the categories of utilities and capital expenditure is 85%, respectively 92%, in the category Wages and Salaries, and in category Goods and Services it is 59%, respectively 53%. The reasons for the surplus of the budget allocated in these two categories are presented below.

Budget request for 2009 for Civil Aviation Authority was made by former Civil Aviation Regulatory Office, based on a reasonable assessment of the operational needs of the new Authority, which was scheduled to be established, but was still not established. In this request, which was approved by MEF and the Assembly, it was foreseen that the CAA commences its activities on January 1, 2009 with 21 employees and an appointed Board. Also, in 2008, demand for accommodation in state office was made in time, in a space sufficient for 21 employees of the CAA and the Supervisory Board.

After the coordination with MTC and MEF, in late December 2008, the Director of CAA offered job at CAA for all staff of former Civil Aviation Regulatory Office (CARO). All former employees of CARO accepted the offer and began work as CAA officials, on January 1, 2009. In compliance with the Law on Civil Aviation, the Minister of Economy and Finance approved the salaries for 12 CAA employees, while the salary of the Director General was approved by the Government of the Republic of Kosovo.

However, the Minister of Finance, in order to start as soon as possible with the payment of salaries for the existing CAA staff, decided that the hiring of new employees should start after the six-month review of the 2009 budget. So, the budget was allocated for 21 employees and 5 members of CAA board, while the CAA continued having only 13 employees, legally unable to hire eight more planned employees. The Supervisory Board began work on October 7, 2009. The lack of Board for 9 months also significantly reflected in the level of expenditure in the category of Wages and Salaries.

Moreover, an employee of the CAA was awarded government scholarship to study abroad for master degree and he is on unpaid leave since October 1, 2009. After the six-month review of the 2009 budget, we opened a vacancy for two positions, which is what we could afford due to limited office space in the current facility. In summary, if we were allowed to employ as much employees as planned and if the Supervisory Board was appointed in early January 2009, as scheduled, budget expenditure in the category of Wages and Salaries would be close to 100%.

The inability to hire eight additional employees as scheduled and the non-functioning of the Supervisory Board until October 7, 2009, has caused repercussions of the unsatisfactory surplus of the budget in the category of Goods and Services. We have planned budget for intensive training abroad for every new employee. Furthermore, it is

planned for each employee to have the necessary planning tools to work (computer, office furniture, etc.). The same applies to planned expenditures in the category of Goods and Services to members of the Supervisory Board, which were not realized due to delay in its appointment.

If the above mentioned obstacles, which have been completely out of power and possibilities of CAA, were not to appear, budget expenditure in these two categories would be 90%.

9.6 CAA Budget, 2010

CAA has made budget request for 2010 on June 10, 2009, in compliance with the terms and procedures of the Republic of Kosovo budget. According to Law on Civil Aviation, the budget request is prepared by the CAA, and is submitted to MEF by the Supervisory Board of the CAA. Since, at that time, the Supervisory Board was not yet established, the request was made directly by the CAA.

Budget Law for 2010 was approved by the Assembly of the Republic of Kosovo on December 28, 2009. The Assembly has approved almost entirely the budget request of CAA for 2010. Only a small budget cut was made as presented in the table below:

Fig. 12 Utilities, 2009

Description	Budget for 2010
CAA Budget request for 2010	862,635.00
Approved budget by the Kosovo Assembly	840,543.00
Difference	22,092.00

9.7 Procurement

The following table presents procurement activities during 2009:

Title of procurement activity carried out	Name of Economic Operator to whom the contract was awarded	Date of contract signing	Contract Value
1. Supply of expendable material and office material	SH.P. "Talens"	23.03.2009	2,664.37
2. Supply of laser meter	N.T. "Te Ismeti"	22.01.2009	240.00
3. Development and design of	SH.P. "Karrota"	20.05.2009	2,822.28

	CAA website			
4.	Translation and interpretation services	N.SH. "Professional Language Associates"	25.05.2009	Lot1.-11.30 Lot2.-12.30 Lot3.-12.30
5.	Supply of petroleum products	"Petrol Oti-Slovenija"	31.08.2009	Operators benefit of 8 cent per litter as per bursa price
6.	TPL and TPL+ insurance for CAA vehicles	"Siguria"	04.08.2009	470.19 €
7.	Supply of television for conference room	"Daxa electronic"	04.08.2009	545.00 €
8.	Annex Casco contract for two CAA vehicles	K.S. "Siguria "	27.10.2009	2,650.00 €
9.	Supply of one vehicle for CAA	Auto Shtëpia "Siqani"	16.11.2009	23,000.00 €
10.	Maintenance and servicing for two CAA vehicles	D.P.Z."Besi"	20.11.2009	9,977.50 €
11.	Office printing material	"Ricoh-1"	13.10.2009	243.00 €
12.	Supply of laptop (nettop)	SH.P.K."Ilir Kosova	22.10.2009	863.04 €
13.	Supply with USB	"Daxa electronic"	22.11.2009	229.00 €
14.	TPL and TPL+ for one CAA vehicle	K.S. "Siguria "	16.11.2009	195.92 €
15.	Casco for one CAA vehicle	K.S. "Siguria "	10.12.2009	1,560.78 €
Ongoing activities				
17.	Rented facility		ongoing	
Termination of contract				
18.	Contract for internet was terminated	Dardanet	01.09.2009	Reason: free of charge connection with governmental network

10. PROFESSIONAL TRAININGS

CAA is investing on capacity building and maintaining professional capacities of its staff, in compliance with standards and recommended international practices. During 2009, the CAA staff has attended trainings sponsored by donors as well as trainings funded by CAA budget.

A safety officer in the CAA has been awarded scholarship for master studies by the European Commission and the Government of the Republic of Kosovo through Young Cell program. He is doing a master degree in France, in aviation safety and airworthiness of aircraft. CAA is trying to provide him professional practice in EASA.

Below is the list of all trainings attended by the CAA staff during 2009.

- From 19th to 23rd of January 2009, Oslo, Norway, Working Group “Capacity Building for the Authority of National Supervisors”. This working group is part of the “ISIS” project (Implementation of Legislation for a Single European Sky in Eastern Europe);
- From 26th to 30th of January 2009, The Institute of Air Navigation Services in Luxembourg, “Air Traffic Management/Methodology of Safety Assessment 1 - Assessment of potential functional risks” ATM/SAM-FHA;
- From 16th to 19th of February 2009, in Hoofddorp, The Netherlands; “Safety Inspections of Foreign Aircraft” organized by JAA TO (Joint Aviation Authorities Training Organization);
- From 23rd to 27th of February 2009, The Institute of Air Navigation Services in Luxembourg, “Air Traffic Management /*Audit Techniques (First part)*, ATM/SAF-AUDIT (Stage 1)”;
- From 2nd to 5th of March 2009, Institute of Air Navigation Services in Luxembourg, “Air Traffic Management / *Safety Tools*, ATM/SAF-TOOL”;
- From 16th to 20th of March 2009, in Hoofddorp, The Netherlands, Training Course on Airworthiness, organized by JAA TO (Joint Aviation Authorities Training Organization);
- From 23rd to 24th of March 2009, in Hoofddorp, The Netherlands, Implementing Rules for Part-M (Continuing airworthiness), organized by JAA TO (Joint Aviation Authorities Training Organization);
- From 23rd to 27th of March 2009, The Institute of Air Navigation Services in Luxembourg, “Air Traffic Management / Safety in Air Traffic Management - Methodology of Safety Assessment ” ATM/SAF-SAM;
- From 22nd to 24th of April 2009 The Institute of Air Navigation Services in Luxembourg, “Air Traffic Management / *Audit Techniques (Second and third part)* ATM/SAF-AUDIT (Stage 2, 3);

- From 11th to 15th of May 2009, Skopje, The issuing of AOC (Air Operator Certificate) (Part-M/Subpart G) - CAME (*Continuing Airworthiness Management Exposition*), organized by AirEurosafe, as part of the Regional Project of Aviation CARDS 2006 Implementation of the agreement of European Common Aviation Area (ECAA)
- IR-PART 145, organized by Joint Aviation Authorities (JAA) on 14th and 15th of May 2009, in Hoofddorp, The Netherlands;
- From 15th to 19th of June 2009, ACI Training Centre in Geneva, Switzerland, 'ICAO/ACI Airport User Charges Course' training (ICAO/ACI);
- From 22nd to 24th of June 2009, in Hoofddorp, The Netherlands, Flight Crew Licensing – 3, Medical requirements, organized by Joint Aviation Authorities (JAA);
- From 29th of June to 3rd of July 2009, Joint Aviation Authorities Training Organization (JAA-TO), in Hoofddorp, The Netherlands, "Maintenance Programme (Large Aircraft)" Training Course;
- From 27th to 31st of July 2009, JAA London, "Flight Operations Inspector Overview Course);
- From 7th to 11th of September 2009 and 14th – 18th of September 2009, EUROCONTROL The Institute of Air Navigation Services in Luxembourg, "Air Traffic Management/Safety in Air Traffic Management- Preliminary Assessment of System Safety" **ATM/SAF-PSAA**;
- From 21st to 22nd of September 2009, organized by JAA in Hoofddorp, The Netherlands, "IR-PART 66/147";
- From 26th to 30th of September 2009, organized by (JAA) in Hoofddorp, The Netherlands, "Workshop on Safety Management System" (SMS workshop);
- From 17th to 20th of November, Work visit in Spain, at Civil Aviation Authority of Spain as well as at the Air Navigation Service Providers. This visit was organized by AirEuroSafe project;
- On the 18th of November 2009, JAA TO - Joint Aviation Authorities Training Organisation, in Hoofddorp, The Netherlands, "Aircraft Registration" course;
- From 23rd to 27th of November 2009, "On-job training in Airport Certification" organized by AirEuroSafe in Villepinte-Paris, France;
- From 24th to 26th of November 2009, European Agency of Safety in Aviation (EASA), in Köln, Germany, "Workshop on Part 145 and Part-M".
- From the 30th of November to the 4th of December 2009, EUROCONTROL Institute of Air Navigation Services in Luxembourg "Air Traffic Management /Safety in Air Traffic Management – Safety System Assessment" **ATM/SAF-SSA**;
- From 7th to 11th of December 2009, International Air Transport Association in Geneva, Switzerland, Training on Safety Management System in Airports (*Airport SMS*);

- From 14th to 18th of December 2009, EUROCONTROL Institute of Air Navigation Services in Luxembourg “Air Traffic Management / Safety in Air Traffic Management – Safety System Assessment” **ATM/SAF-SSA**.

11. STATISTICS

PIA has had a steady increase of the number of passengers and flights since 2009. Same trend of increase was also during 2009, despite the global crisis and decreasing number of passengers and flights at most airports in the region. In 2009, around 1.2 million passengers have flown through PIA. If you compare this number with the number of passengers in 2001, it is clear that we have 300% more passengers in only 8 years.

The number of passengers in 2009 has increased by 5.43% compared to 2008, while the number of flights increased by 16%. To illustrate this, Ljubljana has had -14%, Sofia and Belgrade - 10%, Zagreb and Bucharest - 7%. The Airport of Tirana has also had a positive trend.

As it happened previously, the largest number of passengers has flown to and from Switzerland, a total of 29.2%. Germany is second with 24% of passengers, followed by Austria with 9.6%, Turkey with 8.8% and Slovenia with 7.3%. Only to and from Zurich, 26% of the total number of passengers has flown in 2009.

Months with most air traffic of the year were July and August, with 150 thousand, respectively 160 thousand passengers, while the month with the lowest number of passengers in 2009 was February with less than 71 thousand passengers.

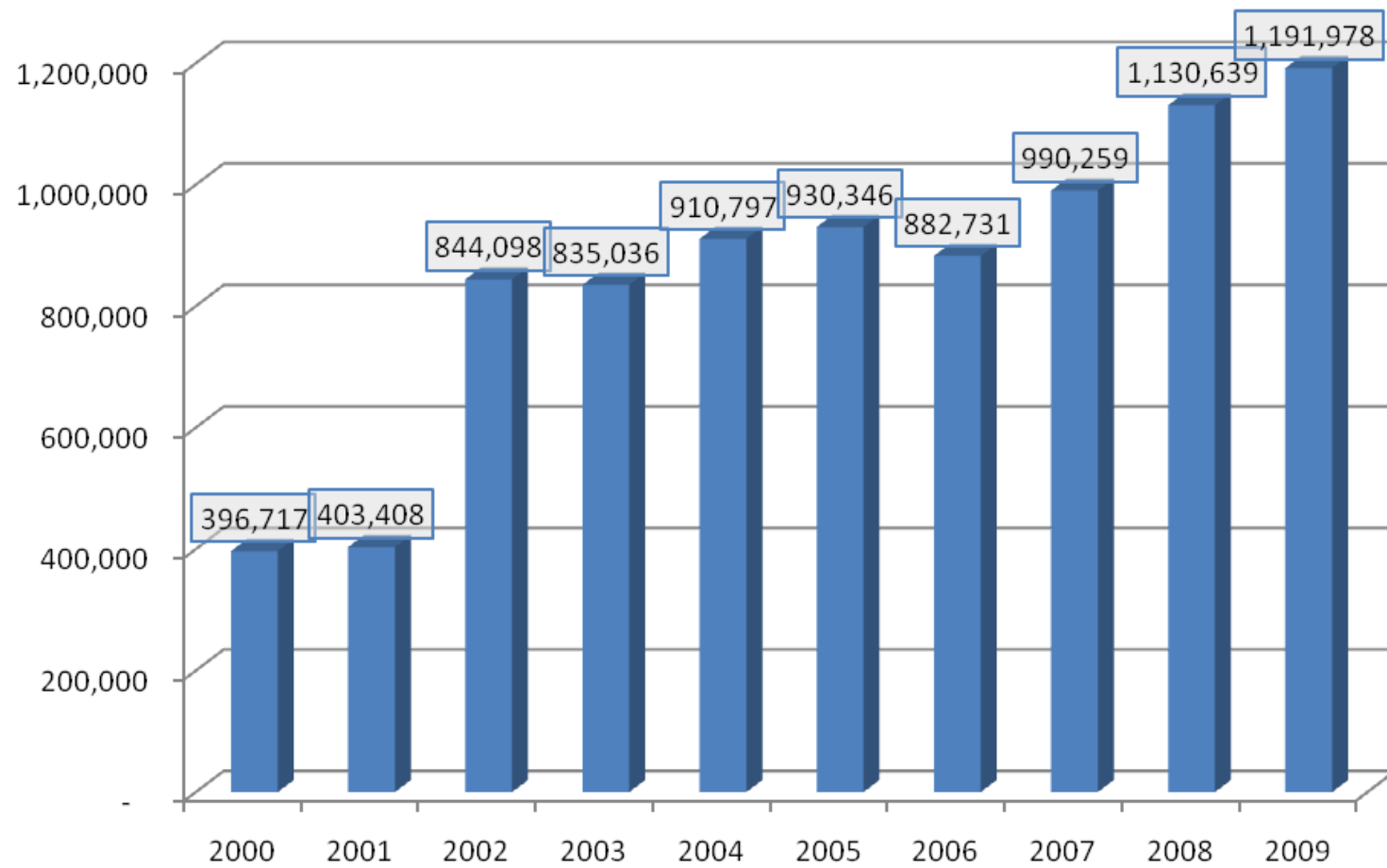
The Company with the largest number of passengers, a total of 130,442, was Edelweiss from Switzerland, followed by Austrian Airlines, Swiss International Airlines and Air Berlin.

51.1% of passengers have travelled with scheduled airlines, and 48.9 with charter flights.

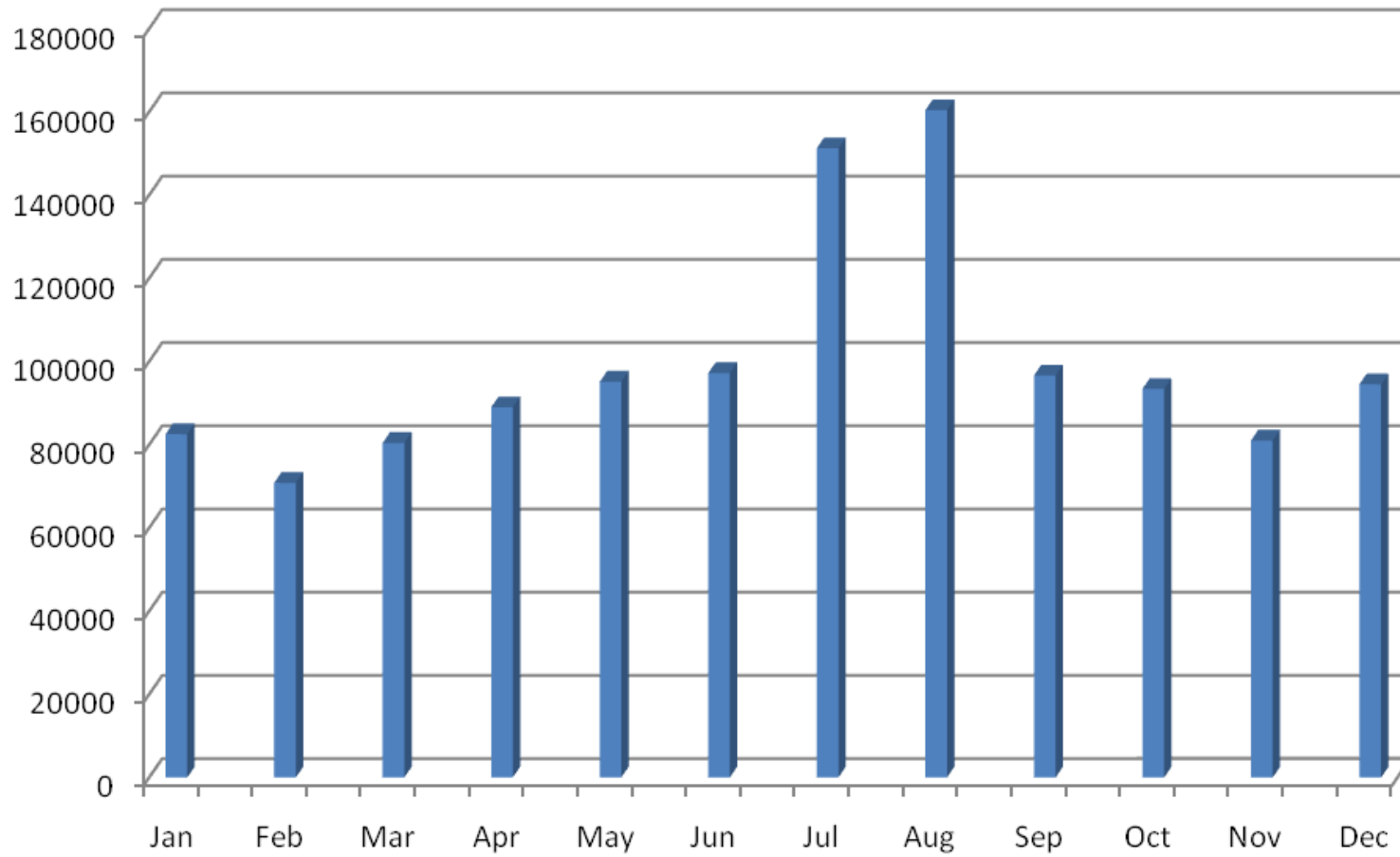
The only category with a decrease in 2009, compared to 2008, is cargo. The decline, however, is small, only 1.6%.

Detailed tables with statistical data on PIA flights and passengers during 2009 are provided below.

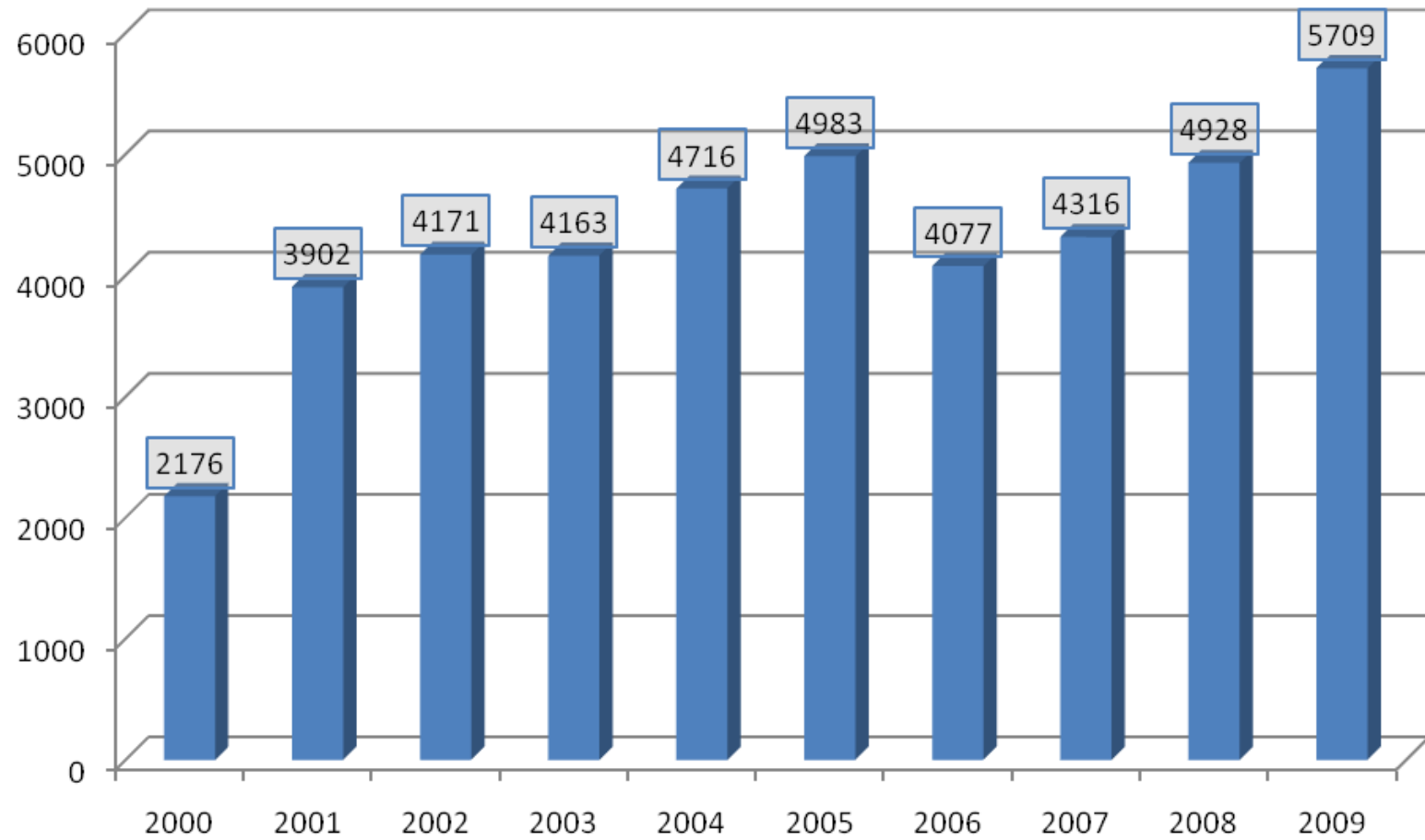
Passenger traffic at PIA 2000-2009



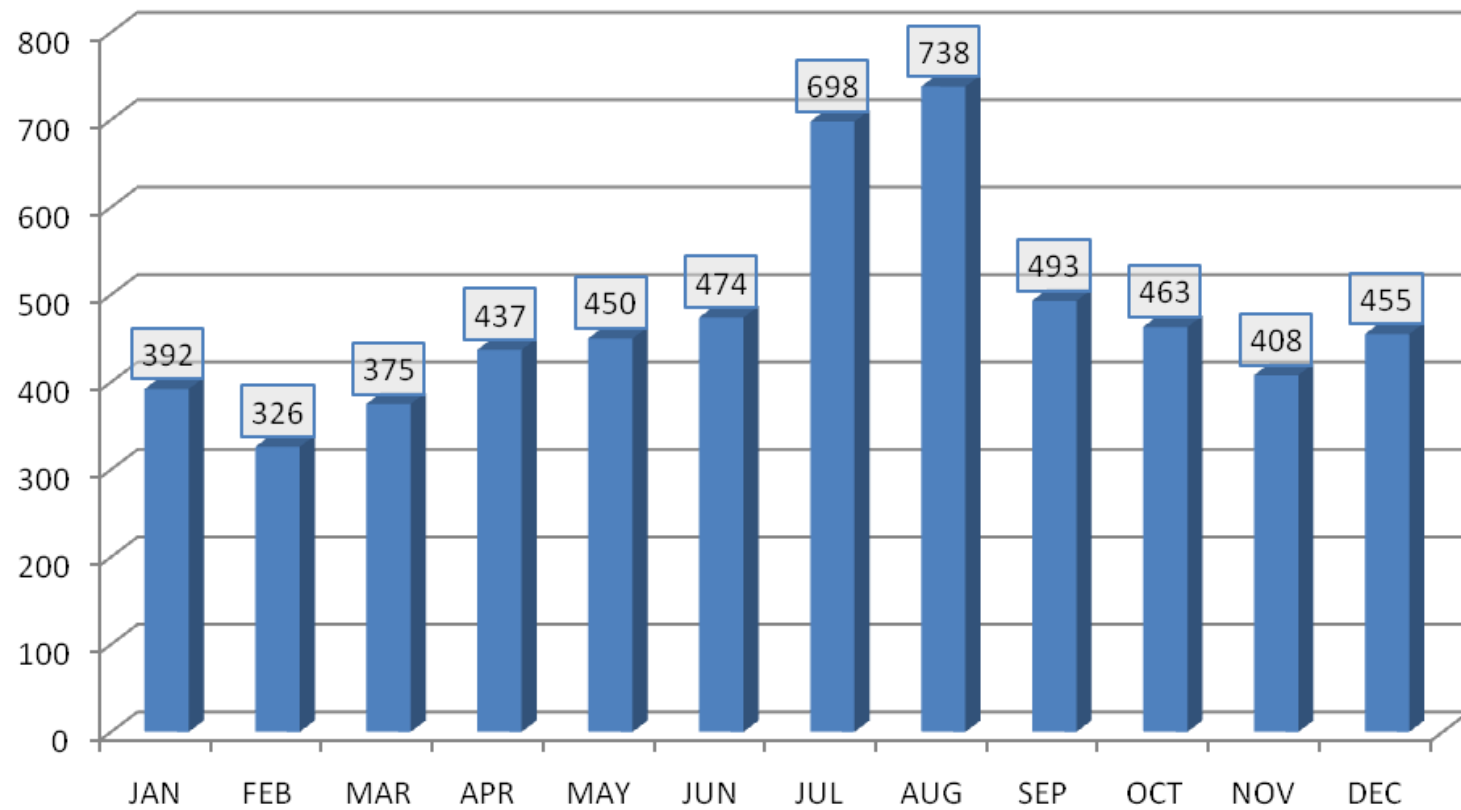
Passengers by month 2009



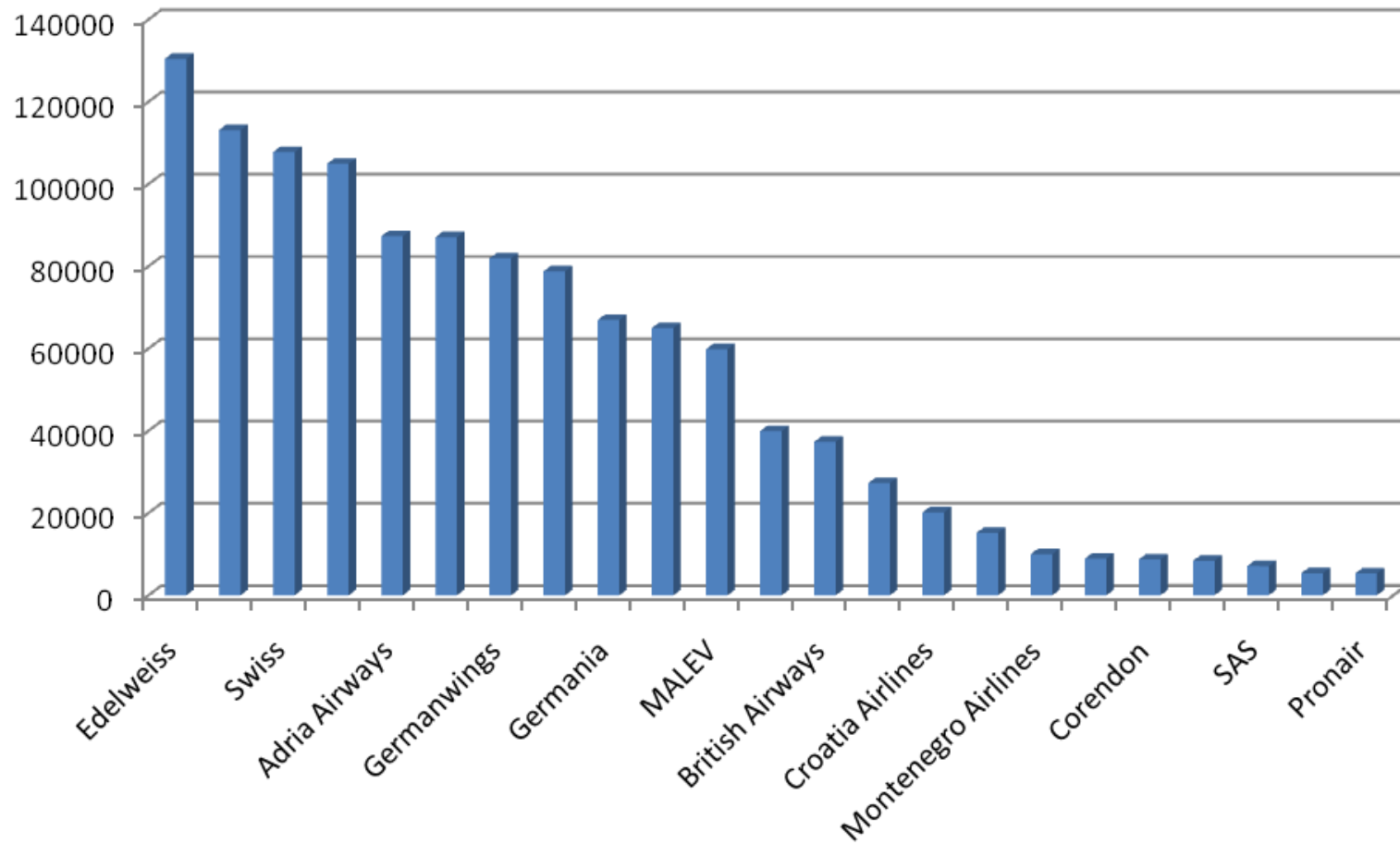
Flight movements at PIA 2000-2009



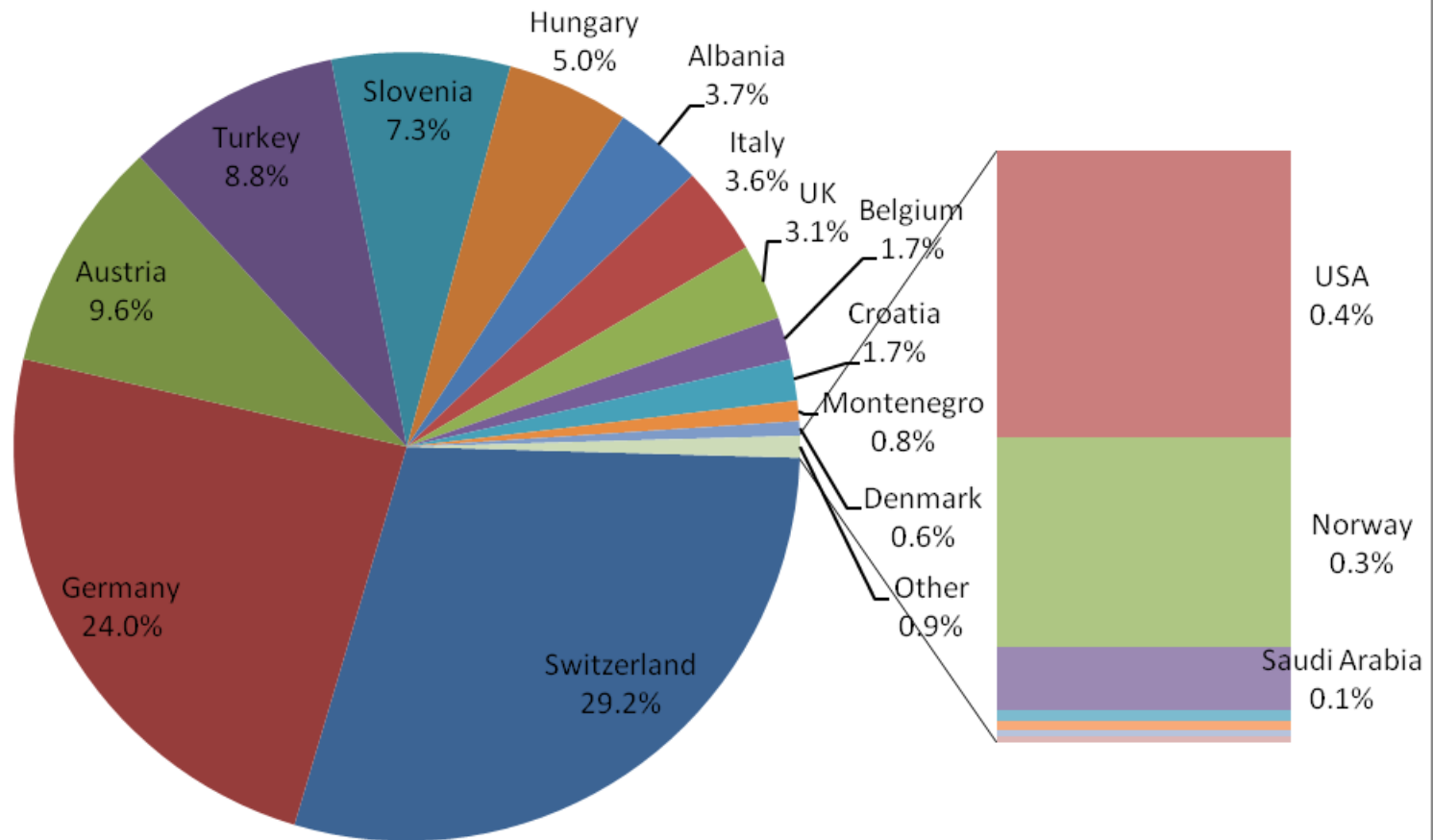
Flight movements at PIA 2009



Passangers by airline 2009



Passengers by country



Passengers by route 2009

