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## Kosovo: Can Decentralisation Resolve Ethnic Conflict?

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### Introduction

The reform of local government commenced immediately after the Kosovo war, which ended with a military intervention and the establishment of the international civilian and military administration. Overall, local government reform and the initiation of the decentralisation project were deemed as political tools of the international community to build a democratic, peaceful and tolerant society, considering inter-ethnic divisions between Albanians and Serbs in post-conflict Kosovo. Thus, decentralisation became a key tool for addressing ethnic coexistence and providing security for local Serbs.

In 1989, as a result of the discriminatory policies pursued by the former President of Yugoslavia, Slobodan Milošević, the autonomy of Kosovo as one of the units of the Yugoslav federation was abolished and direct rule from Belgrade was imposed (Malcolm, 1999). This was

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followed by the installation of a thoroughly Serb administration in Kosovo, despite the fact that its population was mostly Albanian. In terms of territorial organisation, two developments occurred after the abolition of Kosovo's autonomy. On 2 July 1990, in response to this policy, the delegates of the Kosovo Assembly approved a Constitutional Declaration, which proclaimed Kosovo to be a republic within the Yugoslav Federation. On 7 September 1990, Kosovo adopted its Constitution.

The September 1990 Constitution, also known as the 'Kaçanik Constitution', organised the territory of Kosovo into municipalities as territorial units. Despite the fact that these documents displayed the Kosovo Albanians' aspirations for self-government and autonomy within Yugoslavia, they did not gain international legal recognition. The Republic of Serbia refused to recognise the claims of Albanians. With the 1992 decree issued by the Republic of Serbia, its territory was divided into 29 districts, while Kosovo territory was divided into 5 districts, such as the District of Kosovo, District of Peja, District of Prizren, District of Mitrovica, and the District of Morava.

After the abolition of Kosovo's autonomy, a civil resistance movement was launched by the Democratic League of Kosovo, a political party that aimed to address the unresolved problem of Kosovo through peaceful means. Despite this civil resistance against the discriminatory measures taken by Milošević, the risk of war increased. Judah (2000, p. 59), commenting on civil resistance in Kosovo, argued that it was an 'extraordinary experiment' that failed. The brushing aside of the issue of Kosovo in the Dayton Agreement of 1995 resulted in increased frustration amongst Kosovo Albanians, in Kosovo and in the Diaspora. A military response was organised by the newly formed Kosovo Liberation Army (KLA). The increasingly bitter conflict eventually led to intervention by North Atlantic Treaty Organisation (NATO) in spring 1999 with the aim of imposing a solution by force as a last resort after exhausting all diplomatic means to resolve the conflict, following failed negotiations at Rambouillet, in France.

Following the end of the armed conflict, an international civil administration, the United Nations Mission in Kosovo (UNMIK) was established on the basis of the Resolution 1244 of the United Nations Security

Council.<sup>1</sup> After its deployment, UNMIK rearranged the territorial organisation in Kosovo with municipalities as basic units of autonomous local self-government under its supervision. United Nations international officials established new local administrations in 20 municipalities (IDEA, 2004).

Resolution 1244 did not set out an exit strategy for UNMIK and consequently the political status of Kosovo was indefinitely undefined. UNMIK, as an international civil administration in Kosovo, established new Kosovo institutions through its regulations. Thus, the process of decentralisation was, since its inception, linked with the undefined political status of Kosovo. After building an institutional basis, pursuant to Regulation 2000/39<sup>2</sup> on the Municipal Elections in Kosovo in October 2000, UNMIK organised the first municipal elections in which a proportional electoral system was adopted. Despite the municipal elections and the establishment of legitimate local institutions, the supreme authority in Kosovo, as defined by UNMIK Regulation 1999/1,<sup>3</sup> remained with the Special Representative of the Secretary-General (SRSG), who was the supreme authority of the executive, legislative, and judiciary in Kosovo. Local elections were held instead of general ones in order to deflect the discourse of political parties away from Kosovo's status, while the proportional electoral system aimed at achieving an adequate representation of women and minorities. After the generally successful local elections, UNMIK began drafting one of the main documents, called the Constitutional Framework for Provisional Institutions of Self-Government in Kosovo, through which central institutions were to be established and the groundwork for a new territorial organisation in Kosovo would be set (King & Mason, 2006).

From a theoretical point of view, decentralisation can take several forms: administrative, political, fiscal, and economic (see Chap. 1). Various scholars have argued that decentralisation of power increases the quality of public services, good governance, accountability, transparency, and local economic development (Faguet, 2012). Others stress the importance of local autonomy and discretion in raising own-source revenues (Martínez-Vázquez, 2008). It is commonly held that fiscal decisions made at the local level better reflect the citizens' preferences. In countries with high levels of cultural, ethnic, and linguistic diversity, there is even

more justification for giving different communities more control over their political and economic affairs (Tanzi, 2002). At the same time, decentralisation is considered to be a political instrument for the democratisation of local government. As an instrument for the delivery of local self-government, decentralisation aims to reduce ethnic divisions and to establish lasting peace in conflict-troubled countries. Ulrich Schneckener (2004, p. 30) considers decentralisation to be a constructive political strategy aimed at the alleviation of inter-group conflict. As he puts it, ‘the potential for group conflicts is diminished by the fact that each group in its own region makes its own decisions, leaving only very few issues to be resolved by cooperation between groups (or between majority and minority).’

This chapter will tackle how political and fiscal decentralisation of power in Kosovo has been used as a strategy and policy instrument to mitigate conflict and increase security for the Serb community. Despite the fact that the political decentralisation is considered a successful story in Kosovo, the financial decentralisation still remains unconsolidated as the newly established municipalities do not sufficient fiscal autonomy and mainly rely on central government funds.

## **Local Government Reforms and Decentralisation**

Since 1999, Kosovo has gone through two stages of local government reform. The first stage, which lasted from 2000 to 2008, established the institutional base of local governance through the Constitutional Framework for Provisional Self-Government in Kosovo<sup>4</sup> and UNMIK regulations. The second phase includes the period from 2008 to 2015. This phase is characterised by the beginning of the implementation of decentralisation, the creation of new Serb-majority municipalities, with the exception of the establishment of the municipality of northern Mitrovica. After the verdict of the International Court of Justice that the declaration of independence was not in contradiction with international law, and since 2010, under the leadership of the European Union (EU),

Kosovo and Serbia have begun a new process of negotiations on normalising their relations, an effort that was materialised with the agreement on the normalisation of relationships between Kosovo and Serbia signed on 19 April 2013. Under this agreement, additional autonomy is granted to the Serb municipalities in northern Kosovo, which are allowed the creation of the Association of Serb-Majority Municipalities.

The decentralisation process in Kosovo differs from other cases in Southeastern Europe. Three factors should be taken into account. First, decentralisation in Kosovo started before the international settlement of the country's political status, meaning, before the centralisation of authority in the provisional self-governance central institutions. Second, after the deployment of NATO troops and the UNMIK administration, Kosovo Serbs created parallel institutions in breach of Resolution 1244 and refused cooperation with the UNMIK administration and the interim self-governing institutions in Kosovo. Third, in order to attract them into Kosovo institutions, decentralisation became a key tool to address inter-ethnic strife in Kosovo, establish lasting peace, and provide assurances that after independence Kosovo Serbs would not be persecuted, but would enjoy self-governance and extensive autonomy in their municipalities. In other words, the decentralisation of power in Kosovo aimed at legitimising Kosovo's international state building on the one hand, and local peace building between Serbs and Albanians on the other. Despite both goals being legitimate, from the outset the costs and financial viability of such decentralisation were neglected.

## **The Political Dynamics Before Independence**

The UNMIK international administration was installed with the aims of stopping the conflict in Kosovo, enabling refugee return, restoring order, and consolidating a democratic and multi-ethnic society. In order to achieve these objectives, UNMIK established the institutional framework, initially at the local level. UNMIK was aware that the issue of independence would be the number one topic of the election campaign of the political parties. UNMIK delayed the announcement of the election date for as long as possible in order to minimise the success of the

political forces that emerged from the KLA (Mitchell, 2000; Tansey, 2009). UNMIK did not want the generals of the KLA, as had happened in Bosnia, to become politicians and lead the country. Their policy was based on the perception of the Democratic Party of Kosovo (PDK) as a more radical party, while the Democratic League of Kosovo (LDK) was perceived as a more moderate party.

While this classification may have had some value in terms of the background, manner of establishment, as well as programmatic and rhetoric approaches of both parties, when it came to the independence of Kosovo, all Albanian political parties were at least as 'nationalist' as the PDK itself. All political parties, including Ibrahim Rugova's LDK, considered Kosovo's full independence as the only option for compromise. Paris (2004, p. 216) noted that the concept of political moderation is a relative concept in Kosovo. However, UNMIK's greatest fears related to the tools used to realise the political demands of Kosovo Albanians, that is, the allegedly peaceful LDK tools or the non-peaceful ones of the PDK. On the other hand, Kosovo Serbs refused to cooperate with UNMIK and established parallel structures providing public services in education and health in breach of Resolution 1244 (OSCE, 2007, p. 24). Over time, these parallel structures were strengthened, especially in the northern part of Kosovo.

Before organising the elections, UNMIK put in place a set of consultative mechanisms. UNMIK established the legal infrastructure for the smooth running of elections,<sup>5</sup> constructing democracy from the ground up. This implied a new administrative and territorial organisation. UNMIK Regulation 2000/43 on the number, names, and boundaries of municipalities in Kosovo<sup>6</sup> laid out the composition of Kosovo into 30 municipalities: Deçan, Gjakovë, Glogovc, Gjilan, Dragash, Istog, Kaçanik, Klinë, Fushë Kosovë, Kamenicë, Mitrovicë, Leposaviq, Lipjan, Novobërd, Obliq, Rahovec, Pejë, Podujevë, Prishtinë, Prizren, Skenderaj, Shtime, Shtërpce, Suharekë, Ferizaj, Viti, Vushtrri, Zubin Potok, Zveçan, and Malishevë. Municipal boundaries were drawn based on cadastral zones.

The UNMIK Regulation on Municipal Elections in Kosovo specified that 'the elections for municipal assemblies will be held under the system of proportional representation based on lists of candidates of political

parties, citizens' initiatives and coalitions and independent candidates' and that 'each list of candidates must include at least 30 per cent women candidates within the first 15 candidates' (Chesterman, 2004). In July 2000, the Central Election Commission headed by UNMIK unilaterally imposed an electoral system based on proportional representation. In accordance with Lijphart's (1969, 2004) idea on consociational democracy, after the elections political parties were forced to sit with each other, build post-electoral coalitions, and cooperate among themselves, whether they liked it or not. In other words, the proportional electoral system was one of the key methods used by UNMIK to engineer political representation, political culture, and construct democratic and multi-ethnic institutions.

The organisation of the first elections was probably UNMIK's most important political activity after its deployment. Linz and Stepan (1992) argue that in post-conflict societies general elections must precede local ones. This did not happen in the case of Kosovo, where general elections were not on UNMIK's agenda. From UNMIK's perspective, five advantages were expected from holding local elections before general elections: first, they would serve as a 'pilot project' to test the procedures, infrastructure and institutions that would manage the elections; second, a counterbalance to the political legitimacy of political structures emerging from the KLA would be created; third, the participation of Kosovo Serbs would change their negative prospects after 1999; fourth, local governments would become functional and would begin to provide services; and fifth, local elections would enable UNMIK to assess the configuration of power after the conflict in Kosovo (Beha, 2017; Taylor, 2002).

In October 2000, UNMIK organised local elections in Kosovo and although the electoral platforms of the political parties should have dealt with economic development and local democracy, the electoral platforms of the Albanian political parties focused on a demand for independence. Despite international concerns that the local elections would be won by the PDK, 58 per cent of the electorate voted for the LDK, and only 27 per cent for the PDK. Kosovo Serbs boycotted the local elections, which was seen by many as a failure of the UNMIK administration. UNMIK, under the leadership of Michael Steiner, began negotiations with local Serbs on the decentralisation of power on condition

that they participated in the next general elections. Resolution 1244 had authorised UNMIK to establish the Provisional Institutions of Self-Government and build a multi-ethnic society and the Serb boycott hampered the realisation of this mission. Thus, decentralisation turned into a major political priority for UNMIK in order to attract Serbs to Kosovo's institutions. The logic behind decentralisation in Kosovo and the establishment of institutional structures of local government before the formation of central institutions was based on the idea of building democracy from the ground up.

When UNMIK took over the administration of Kosovo in 1999, it decided to create local government institutions before central institutions in order to build democracy from the ground up. These legal acts divide Kosovo into 30 municipalities with the boundaries of each municipality 'delineated by its component cadastral zones' rather than on the basis of the pre-conflict local government units (USAID, 2007, p. 9)

After the adoption of the Constitutional Framework, general elections were held in 2001. Although the Kosovo Serbs had boycotted the local elections of 2000, the fall of the Milošević regime opened the possibility of cooperating with Serbia, so that it would not appeal for a boycott of the elections to be organised in 2001. Many Serbs had deep reservations about participating in these elections. Those who were displaced in northern Kosovo were most reluctant, as they had already created de facto several 'parallel institutions' and enjoyed the direct support of Serbia. The Serbs living in Graçanicë/Gračanica were more pragmatic over their participation in the elections (Sörensen, 2013, p. 275). Serb participation in the general elections became possible after an agreement was signed on 5 November 2001, between the UNMIK Special Representative, Hans Haekkerup, and the President of the Federal Republic of Yugoslavia Coordination Centre for Kosovo, Nebojša Čović. The LDK emerged as the winner of the election, with 45.7 per cent of the total vote. Compared to the 2000 local elections, when the LDK received 58 per cent of the votes, the results marked a decline in the general support for this political party. The LDK, entered a coalition with the PDK and the Alliance for the Future of Kosovo to form the



central government. Soon after the creation of the institutions, tensions between Albanian political parties and the UNMIK administration surfaced. These tensions were related to the fact that UNMIK had no clear exit strategy from Kosovo.

In lieu of an 'exit strategy', UNMIK set a number of standards that Kosovo had to meet before opening discussions on its final status. Incidentally, this policy known as 'standards before status' was used as a strategy to delay the talks on Kosovo's status, rather than to provide a clear exit strategy. Meeting these standards, especially in relation to the return of displaced Kosovo Serbs and their integration into Kosovo institutions through free and fair elections, was hostage not only to the policies of the institutions of Kosovo, but also to the insistence of Serbia that Kosovo Serbs boycott the elections and refuse to participate in Kosovo institutions. UNMIK, under the leadership of Michael Steiner, promised to Serbs decentralisation for the northern Kosovo if they would accept to participate in the 2002 local elections. Northern Kosovo was almost beyond the control of UNMIK, and Steiner proposed a seven-point plan to establish local authorities there. In this plan, Steiner argued that there would be no decentralisation of power without political participation and 'there would be no investments without legitimate institutions' (Beha, 2013, p. 271).

Despite the Serb boycott of the second local elections and of all the other elections up to Kosovo's declaration of independence in 2008, Steiner invited the Council of Europe to lead the process of decentralisation. In February 2003, The Council of Europe sent to Kosovo a mission composed of experts on decentralisation. Besides many other options, this mission recommended the creation of new municipalities within the existing ones (Osmani & Manaj, 2014, p. 57). In 2005, the Kosovo Assembly adopted the Framework Document on Local Government Reform. The document foresaw the creation of five additional municipal units: two of them for Kosovo Albanians, two for Kosovo Serbs, and one for the Kosovo Turks. These municipalities will be known as the 'pilot municipal units.' Graçanica/Gračanica and Partesh/Parteš will be the Serb municipalities, Mamusha the Turkish one, and Hani i Elezit/Elez Han and Junik the Kosovo Albanian ones. Previous to the negotiations on the future status of Kosovo that were going to take place in Vienna,

the international community engineered decentralisation as a policy that aimed to improve the inter-ethnic relations and the integration of minority communities into Kosovo institutions (Tahiri, 2008, p. 31).

## Legal Framework

The founding document upon which the whole institutional architecture of post-war Kosovo has been built is the Constitutional Framework for Provisional Self-Government in Kosovo, signed on 15 May 2001 by the UNMIK SRSG, Hans Haekkerup. The provisional executive, legislative, and judicial institutions of Kosovo were established through this document, and Kosovo was considered an 'indivisible territory' and an 'entity under interim international administration.' However, the Constitutional Framework did not define the final political status of Kosovo. This document protected individual and collective rights of national communities (i.e. minorities) in Kosovo. Serbs and other minorities were guaranteed 20 seats in the Kosovo Assembly, regardless of the number of votes they would be able to win in elections. Likewise, they were guaranteed representation at government and municipal levels and at the institution of the President (Beha, 2014).

The fundamentals of local self-government in pre-independence Kosovo were set in the Constitutional Framework and UNMIK Regulations.<sup>7</sup> Under the Constitutional Framework, 'Kosovo is composed of municipalities, which are the basic territorial units of local self-government with responsibilities as set forth in UNMIK legislation in force on local self-government and municipalities in Kosovo.'<sup>8</sup> The municipal responsibilities were established with UNMIK Regulation No. 2000/45. The UNMIK Regulation on Local Self-Government of Kosovo Municipalities was the first to regulate local self-government based on the European Charter on Local Self-Government, the European Conventions for the Protection of Human Rights and Fundamental Freedoms and its Protocols, and the European Charter for Regional or Minority Languages. For the municipalities, as basic territorial units of self-government, this regulation devolved powers that were not expressly reserved for central

bodies. According to this regulation, 'central power' was vested in UNMIK.

First of all, the regulation determined that municipalities should promote coexistence between their inhabitants and create conditions for all communities to express, preserve and develop their ethnic, cultural, religious and linguistic identities.<sup>9</sup> According to this regulation, members of national communities had the right to use their own language in all municipal bodies, and public meetings were to be held in two languages: Albanian and Serbian. Likewise, the names of cities, towns, villages, streets, and public places were to be displayed in both languages.

This regulation gave municipalities 16 powers. *Inter alia*, municipalities were responsible within their territory for the provision of the basic local conditions for sustainable economic development, urban and rural planning and land use, licencing of construction works and other development, local environmental protection, provision of local utilities and infrastructure, including water supply, sewers and drainage, sewage processing, maintenance of local roads, local transportation, management of local assets, preschool, primary and secondary education, primary health care, social services and housing, and the safety and maintenance of parks.

The highest representative body of the municipality was the Municipal Assembly, whose members were directly elected. The Assembly was responsible, *inter alia*, for the adoption of the budget, approval of the statute of the municipality, adoption, amendment or repeal of local laws, election of the president and deputy president of the municipality, appointment of the chief executive officer and the appointment of the board of directors. The meetings of the Assembly were to be chaired by the president. The president and deputy president were elected by secret ballot by the members of the Municipal Assembly and could be removed from the same body by a vote of more than two-thirds of the elected members. In connection with municipal financial management, this regulation established the general principles that the municipal budget should cover all activities undertaken within each fiscal year and that it should be drafted transparently. Also, it provided that municipal financing

was to be achieved through central government financial transfers to municipalities as well as municipal revenues collected through licences and fees set by the municipality, the proceeds from municipal assets and a share of fines or penalties.

In order to monitor the activities of municipalities, UNMIK Regulation 2000/45 provided two methods of supervision. First, oversight was to be provided by UNMIK, which supervised the implementation of the regulation in accordance with the legal framework. Second, the SRSG could overrule any decision of a municipality that clashed with Resolution 1244 of the Security Council and the applicable law. Specifically, the regulation provided that every activity that did not take into account the rights of non-majority communities a municipality would be repealed by the SRSG.

The last UNMIK Regulation on local government before Kosovo's declaration of independence was Regulation 2007/30, which amended the previous Regulation 2000/45. Unlike the Law on Local Government, which was approved immediately after the declaration of independence, the two prior regulations on local government did not refer explicitly to own and delegated powers. The terminology of own and delegated powers appeared for the first time in 2005, in an administrative instruction of the Ministry of Local Government that tried to fill the gaps in UNMIK Regulation 2000/45 (OSCE, 2008, p. 10). Under UNMIK Regulation 2007/30, the powers of municipalities did not differ from those of the previous regulation and were divided into activities that the municipalities 'shall be responsible for' and activities that the municipalities 'may take action'. The first included public services, management of municipal assets, primary health care, preschool, elementary, and secondary education, housing, and naming roads, while the latter included tourism, cultural activities, sports, and youth activities. This second regulation established three types of committees to be established within the Municipal Assembly: a Policy and Finance Committee, a Communities Committee, and a Mediation Committee. The Policy and Finance Committee proposes the municipal budget and was chaired by the mayor of the municipality.

Unlike the previous regulation, Regulation 2007/30 directly empowered the mayor (Schultze-Kraft & Morina, 2014), who was elected by

the direct votes of citizens rather than by the Municipal Assembly. This regulation restricted the service of the mayor to two terms. The mayor has the authority to appoint municipal directors, chairs the Board of Directors, proposes the annual budget to the municipal assembly, and reports every three months to the municipal assembly. Municipalities could establish a number of municipal directorates, including, *inter alia*, the Administration and Personnel Directorate, the Health and Social Welfare Directorate, the Education and Culture Directorate, the Finance, Economy and Development Directorate, the Urbanism, Cadastre, and the Environmental Protection Directorate. Directors appointed by the mayor were considered political staff.<sup>10</sup>

After two rounds of general elections and the establishment of central institutions, the Ministry of Local Government Administration, established in 2005, was tasked with directly supervising the activities of municipalities. According to UNMIK Regulation 2007/18, the executive powers of the Ministry were extended to allow it to suspend or set aside any municipal decision or action that did not comply with the law.<sup>11</sup> The new regulation, Regulation 2007/30 enabled UNMIK to invalidate any decisions of municipalities opposed to Resolution 1244 of the Security Council.

## Fiscal Decentralisation

Fiscal decentralisation was deployed as a policy for the first time in Kosovo in 1999. Fiscal policies were established by the central banking authority. Initially, municipalities had the right to tax small businesses and collect a levy on agricultural land. Initially, local government revenues constituted only 0.35 per cent of state revenues, distributed to local authorities through unconditional grants (MLGA, 2012). In 2001, local municipalities spent 6 per cent of the total budget of Kosovo, rising to 27 per cent in 2003; thereafter the expenditure share stabilised at 24 per cent of the budget (see Table 8.1). The main municipal expenses were education (47.6 per cent of total municipal expenditure), health (12.4 per cent), and general municipal administration (37.7 per cent).

**Table 8.1** Expenditure by different government levels (€ millions)

	UNMIK	PISG	Municipalities	Total	% Municipalities in total
2000	49.8	152.8	0.0	202.6	0
2001	70.7	154.3	14.6	239.5	6
2002	144.1	169.0	89.0	402.1	22
2003	138.5	234.5	141.8	514.9	27
2004	167.5	430.8	188.9	786.9	24
2005	0.0	531.6	164.5	696.1	24

Source: Péteri and Vaillancourt (2007, p. 25)

**Table 8.2** Revenue of municipalities by function (per cent of total municipal revenues)

	2003	2004	2005	2006	2007
General grant	27.6	28.9	21.9	22.7	24.2
Education grant	42.2	41.6	46.3	45.4	47.4
Health grant	10.6	10.1	11.2	10.9	11.4
MOSR (municipal own-source revenues)	19.6	19.3	21.5	21.1	17.0
Total	100.0	100.0	100.0	100.0	100.0

Source: USAID (2007), Municipal budget allocation 2003–2007, p. 43

The largest grant municipalities receive from the central level is the Education Grant, followed by the General Grant and the Health Grant (see Table 8.2). The total revenues increased from €142 million in 2003 to €164 million in 2007. These grants account for almost 90 per cent of the financial resources of the municipalities.

Over the period 2000–2008 Kosovo municipalities had little financial autonomy, but relied heavily on the financial resources of the central government. While the municipalities accounted for a quarter of total general government expenditures and employed half of all government employees, they increased their own-source revenues within the municipality by only 4 per cent (USAID, 2007). Collecting taxes at municipal level is one of the main problems facing the municipalities. Larger municipalities like Pristina, Prizren, Peja, Gjilan, Gjakova, Fushë Kosova, Ferizaj, and Kaçaniku have collected more revenues than other municipalities. During the period 2003–2006, the municipality of Pristina collected €79.8 million on average, the municipality of Prizren collected €5.1 million, and the municipality of Peja €4.1 million from income taxes and value-added tax (VAT) (see Table 8.3).

**Table 8.3** Large municipalities' share of all municipal income taxes and VAT (2003–2006)

Municipality	Share (%)	Million euros
Pristina	72.0	79.9
Prizren	4.6	5.05
Peja	3.7	4.07
Ferizaj	2.3	2.57
Fushë Kosova	2.3	2.55
Gjilan	2.1	2.29
Gjakova	2.0	2.22
Kaçanik	1.8	2.05
Eight largest municipalities	90.8	100.58

Source: USAID (2007), *Municipal budget allocation 2003–2007*, p. 16

## Local Government after Independence

### Political Dynamics

As a result of the dissatisfaction of the local population with the international administration of Kosovo and a lack of economic growth, major riots took place in 2004 (Beha, 2011). In March, Albanian crowds attacked UNMIK assets and facilities and Serb Orthodox religious sites. These events accelerated the discussion on the status of Kosovo, and in 2005 the UN appointed a special envoy to launch negotiations on Kosovo's status. These events transformed the debate on the decentralisation of government and the creation of new Serb municipalities into discussions about providing security for Serbs, and on Kosovo's future status. In October 2005, the Contact Group for Kosovo adopted the 'Ten Guiding Principles on the Future Status Talks of Kosovo'. These included the principles that the existing territory of Kosovo could not be divided, that there would be no return to the situation before 1999 and that Kosovo could not join any other state. The principles also included the decentralisation of power as a substantial element in future talks on status and that the decentralisation process should support the coexistence of different communities (Gjoni, Wetterberg, & Dunbar, 2010). After nearly two years of negotiations between the international community, Kosovo and Serbia in Vienna, mediated by the UN chief negotiator Martti Ahtisaari, the latter recommended supervised independence for Kosovo, in February 2007.

The essence of the Vienna talks centred on the decentralisation of power and the establishment of Serb-majority municipalities in Kosovo (Perrit, 2010), as the instruments through which minority communities in Kosovo, especially the Serbs, would feel protected. Considering it a political project rather than an instrument for reform and democratisation of local governance, 'Kosovo's authorities seem to have adopted the position that accepting the Ahtisaari Plan, including its core provisions on decentralisation, was the price they had to pay for independence from Serbia' (Schultze-Kraft & Morina, 2014, p. 6). Decentralisation, besides being initially rejected by the Serb side, was accompanied by dilemmas and scepticism from the opposition parties. For example, the Self-Determination Movement opposed decentralisation, arguing that it is based on principles of ethnic division and therefore it fails to integrate the delivery of services to the citizens.

On 17 February 2008, unilaterally Kosovo declared its independence in accordance with the Ahtisaari Plan. Ahtisaari proposed a new system of local government that turns Kosovo into a highly decentralised state. His plan proposed the creation of five new Serb-majority municipalities (Gračanica/Gračanica, Ranillug/Ranilug, Partesh/Parteš, Klllokot/Klokot, and Mitrovica/Mitrovica North) and the expansion of the territory of another municipality (Novobërd/Novo Brdo) (Beha, 2011). The Ahtisaari Plan foresaw the withdrawal of UNMIK from Kosovo and its replacement with a European Union Rule of Law Mission (EULEX) as well as an International Civilian Office (ICO) that would oversee the independence of Kosovo.<sup>12</sup>

Two months after the declaration of independence of Kosovo, in May 2008, Serbia organised local elections in Kosovo in 23 municipalities out of a total of 30, in breach of Resolution 1244. By organising these elections, Serbia openly opposed Kosovo's independence and challenged the authority of Kosovo institutions. With the support of Serbia, Serb parallel structures refused to cooperate with local and international institutions for the implementation of decentralisation under the Ahtisaari Plan for the creation of new Serb municipalities with extended powers. At the same time, Serbia continued to financially support Serb parallel structures,



allocating €500 million to fund them. Municipalities in northern Kosovo have continued to refuse to cooperate with Kosovo institutions, EULEX and ICO.

One of the main challenges in Kosovo after the declaration of independence has been the implementation of decentralisation and the creation of new municipalities under the Ahtisaari Plan. On 15 November 2009, under the auspices of the ICO, Kosovo held its first local elections after independence in 38 municipalities, including the former pilot municipal units and new Serb municipalities that were to be established in accordance with the Ahtisaari Plan. These elections were of exceptional importance since new municipalities would be established through them, and the lack of Serb participation would have marked a backward step in the consolidation of statehood and democracy. Serbs participated in the elections and won in four municipalities: Graçanica/Gračanica, Klllokot/Klokot, Ranillug/Ranilug, and Novobërd/Novo Brdo. On 20 June 2010, elections were organised for the establishment of the municipality of Partesh. Serb participation in these elections was very high. However, in the three northern Kosovo municipalities, they boycotted the elections. In 2010, the ICO, in cooperation with the institutions of Kosovo, drafted a document called 'Strategy for the North of Kosovo', which aimed to integrate the Serbs of northern Kosovo into the Kosovo institutions, dissolve the parallel structures, and carry out elections in the municipalities as a prelude to the implementation of the Ahtisaari Plan (Visoka & Beha, 2013).

After the establishment of the new municipalities and the transfer of powers from the central level to the local level, the main challenge was financial decentralisation. The estimated cost of implementation of decentralisation was around €30 million. Mayors of Albanian municipalities complained that the new powers of municipalities, through the Law on Local Self-Government, were not accompanied by sufficient funds (KLG, 2009). Likewise, since 2010, the five new Serb-majority municipalities with the exception of the municipality of North Mitrovica, which is yet to be established in accordance with the Ahtisaari Plan, have continued to receive general grants from the central budget of the Kosovo government including capital investments (see Table 8.4).

**Table 8.4** Financing Serbian municipalities in Kosovo (€ million)

	MLGA capital investments during 2010	Grants by central govt. budget (2011)	Own-source revenues 2011	Capital investments (2011)
Gračanica	766,478	4,138,780	400,00	1,486,688
Novobërd	285,668	2,121,265	29,063	522,653
Ranillug	230,000	957,071	40,000	92,791
Klllokot	230,000	847,355	8,390	211,446
Partesh	230,000	905,424	0	228,306
North Mitrovica	86,000	N/A	N/A	N/A

Source: Tahiri (2011, p. 18). Available at: <http://library.fes.de/pdf-files/bueros/kosovo/09762.pdf>

## Legal Framework

Kosovo's new Constitution of June 2008 established the general principles and the organisation and functioning of local self-government.<sup>13</sup> It is based on the European Charter of Local Self-Government, as were the various laws and by-laws adopted later. Two fundamental principles underpin local government under this Constitution: providing local public services based on the principles of good governance, transparency and effectiveness and addressing the concerns of the minority communities.

Municipalities have remained the basic units of local self-government, the boundaries of which are regulated by the Law on Municipal Administrative Boundaries.<sup>14</sup> This law regulates the territorial organisation of local self-government and establishes new municipalities and their territory. Eight new municipalities were established under this law, in addition to the 30 municipalities that were established immediately after the conflict by UNMIK. The territory of the Novo Brdo municipality was to be expanded, while two new municipalities were to be established from the territory of the municipality of Mitrovica: the municipality of Mitrovica North and the municipality of Mitrovica South. Also, this law turned the Pilot Municipal Units that had operated since 2005 into the municipalities of Junik, Mamusha, and Hani i Elezit. In addition, three new laws were approved from the package of laws that were adopted under the Ahtisaari Plan: the Law on Local Self-Government,<sup>15</sup> the Law on Inter-Municipal Cooperation,<sup>16</sup> and the Law on Local Government Finances.<sup>17</sup>

The Law on Local Self-Government was adopted only three days after the declaration of independence of Kosovo under an accelerated procedure. It bases its principles on the European Charter of Local Self-Government and the Framework Convention for the Protection of National Minorities. Under this law, the assembly and the mayor comprise the municipal authorities. The highest body of the municipality is the Municipal Assembly, whose delegates are directly elected for a four-year term. It approves the statute and rules of procedure, approves the budget and investment plans, and defines municipal fees, among other functions. The mayor is elected directly, and municipal directors are political staff directly appointed by the mayor. The new legislation provided mayors with substantial powers and turned them into key political figures over whom the Municipal Assembly lacks sufficient mechanisms to hold the mayor accountable to the citizens of the municipality. The Municipal Assembly cannot dismiss the mayor unless a call for his or her dismissal receives a majority of the votes of all potential voters, making removal from office almost impossible given the low turnout in local elections (Tahiri, 2012). This has created some ambiguities concerning the division of responsibilities in the municipalities.

Kosovo municipalities exercise their powers based on the principle of subsidiarity including own, delegated and enhanced powers. Own powers are the full and exclusive powers of the municipalities, of which there are 18 covering areas such as local economic development, urban and rural planning, land use and development, implementation of construction regulations and construction control standards, provision of primary health care, public health care, naming of roads and public places and public housing. The powers that are delegated by the central government include cadastral notes, civil registration, voter registration, business registration and licencing, distribution of social assistance payments, and protection of forests.

Meanwhile, Serb-majority municipalities have been awarded enhanced municipal powers that include secondary health care, higher education, and selection of local police commanding officers. For example, the municipalities of Mitrovica North, Graçanica/Gračanica, and Shtërpca/Strpce have enhanced powers to provide secondary health care, including registration and licencing of health care institutions, recruitment,

payment of salaries, and training of health care personnel and administrators (Article 20). The municipality of Mitrovica North has enhanced powers in higher education, including the licencing of educational institutions (Article 21). The new law, just as the previous UNMIK Regulation 2007/30, provided for the direct election of mayors for four-year terms. Mayors lead the municipal government and oversee the financial management of the municipality. Unlike the previous UNMIK regulations, the law gives the mayor greater responsibility and increases his or her autonomy to make decisions. Under the same law, individual municipalities have the right to cooperate under representative associations that provide services such as training and increasing the technical capacities of municipalities. They may cooperate with other international associations, but do not have executive powers.<sup>18</sup>

The Law on Inter-Municipal Cooperation and partnership<sup>19</sup> regulates relationships between municipalities as well as international municipal cooperation. According to this law, inter-municipal cooperation can be conducted through joint working groups, joint administrative bodies, joint public institutions, public joint enterprises, and joint public-private partnerships.

Two laws governing local finances: the Law on Public Financial Management and Responsibilities and the Law on Local Government Finances.<sup>20</sup> The latter determines the financial resources of the municipalities, including revenues, grants, and other financial resources. It regulates the financial independence of the municipalities in accordance with their powers, but restricts this independence by to the collection of the tax on immovable property within its borders (Article 3). Municipal financial resources consist of municipal revenues, grants for enhanced powers, transfers for delegated powers, extraordinary grants, financial assistance from Serbia (for Serb municipalities) and proceeds from municipal borrowing. Municipal own-source revenues are divided into eight categories including municipal taxes, rents on immovable property, proceeds from the sale of municipal assets, revenues from undertakings wholly or partly on the municipal property, and grants or donations from foreign governments (except for financial assistance from Serbia). Municipalities are also financed through operational

grants from the Kosovo Consolidated Budget. The so-called Operational Grants include General Grants, Specific Grants for Education, and Specific Grants for Health.

According to the Law on Local Government Finances, municipalities are entitled to receive a General Grant that they may use to finance any of their municipal competencies. It is meant to provide stability of municipal income, a measure of equalisation between municipalities, be proportionate to the provision of public services, and provide an adequate allocation of resources for the minority communities. The General Grant accounts for about 10 per cent of central government revenues. In order to equalise low own-source revenues of the smaller municipalities, each such municipality receives €140,000 per annum less one euro for each member of the population, or zero euro for municipalities with populations equal to or greater than 140,000. The Specific Grant for Education is allocated to municipalities according to a formula based on effective student enrolment and the normalised number of teachers. It takes into account the national curriculum, special needs education, non-wage operating expenses, class size norms, and location. Minority students are given higher weights. The Specific Grant for Health is allocated to municipalities according to the age and gender distribution of the population registered with primary health care providers, and the number of elderly persons and of persons needing special health care.

## **Fiscal Decentralisation**

After declaring independence, Kosovo became the most decentralised state in the region in terms of the transfer of powers from the central to the local level. However, the financial stability and autonomy of municipalities remain problematic. Most municipalities rely on grants and financial transfers from the central government. During 2015, €421 million out of €1.2 billion, that is, 33 per cent of the total budget, was planned to be distributed to the municipalities of Kosovo (INPO, 2015). According to NALAS, 'in 2014, Kosovo local government derived 40 per

cent of their revenues from block grants for Education (31 per cent), and Primary Health Care (nine per cent). They also receive a General Grant which in 2010 constituted 40 per cent of their revenues. Of the rest, about 15 per cent comes from own-revenue, and 15 per cent from the shared Property Transfer Tax' (NALAS, 2016, p. 76). Two of the most important taxes collected by municipalities as own-source revenue are Construction Permits and the Property Tax. Between 2006 and 2014, 'the yield of the property tax remained stable and generated revenues equal to about 0.32 per cent of Gross domestic product (GDP). In 2014, the property tax constituted about 30 per cent of local government own-revenue and about 3.5 per cent of total revenues' (NALAS, 2016, p. 77). The municipal tax rate for property is charged in three bands, from 0.05 per cent to 0.15 per cent, from 0.15 per cent to 0.20 per cent, and from 0.20 per cent to 0.30 per cent.

From 2010 to 2015, the share of municipal revenues in total government revenues averaged 4.2 per cent. The share fell from 4.2 per cent in 2010 to 3.7 per cent in 2011, and then increased gradually to 4.2 per cent in 2014. From the internal point of view, the share of own-source revenues in general municipal revenues averaged 16.5 per cent from 2010 to 2014. The highest share of own-source revenues in the total municipal revenues was achieved in 2010, and the lowest in 2012.

The average share of own-source revenues in total municipal ranges from 35.8 per cent in Pristina to 2.5 per cent in Partesh/Parteš (MLGA, 2015). Four of the five newly created municipalities of the Ahtisaari Plan are in the group of municipalities with the lowest share of own-source revenues in total municipal revenues. The exception is the municipality of Graçanica/Gračanica, which is in the group of municipalities with the largest share of own-source revenues in total municipal revenues.

From 2010 to 2014, the trend of direct revenues collected by municipalities increased by 3.5 per cent on average and that of indirect revenues by 23 per cent. In 2010, direct revenues collected by municipalities were €46.2 million, increasing to €52.5 million in 2014. The trend of own indirect municipal revenues has also increased from €5.9 million in 2010 to €8.5 million in 2014 (see Table 8.5).

**Table 8.5** Direct and indirect own-source revenues

	Revenues (€ million)										Change in revenues (%)				
	2010	2011	2012	2013	2014	2014/13	2011/10	2012/11	2013/12	2014/13	2014/10	Average 2010/14			
Direct revenues	46.2	49.8	55.8	52.2	52.5	7.9	12.2	-6.5	0.5	13.7	4.5				
Indirect revenues	5.9	6.0	3.6	3.7	8.5	-0.5	-38.0	1.4	131.2	44.4	14.7				
Total	52.0	55.6	59.4	55.6	61.0	6.9	6.9	-6.1	9.1	17.2	5.8				

Source: MLGA (2015), Collection of own-source revenues and trends by year for period 2010–2014, p. 17

Local government revenues increased on average by 4.5 per cent per annum from 2010 to 2014. However, own-source revenues have been low as a percentage of GDP, reducing the potential financial autonomy of municipalities, a crucial aspect of fiscal decentralisation. The composition of own-source revenues changed over the period 2010–2014, being dominated by property taxes, construction permits, fines, and fees of property registration in the earlier years. In 2013, restrictions on construction permits were reduced, leading to a growth of this category (see Fig. 8.1).

While over half of municipal expenditure is devoted to salaries, municipalities have dedicated a substantial 35 per cent of their total expenditure to investments (NALAS, 2016). The composition of municipal expenditure between investment, wages, goods and services, grants and transfers, and other items of expenditure changed little over the period from 2006 to 2012 (see Fig. 8.2).

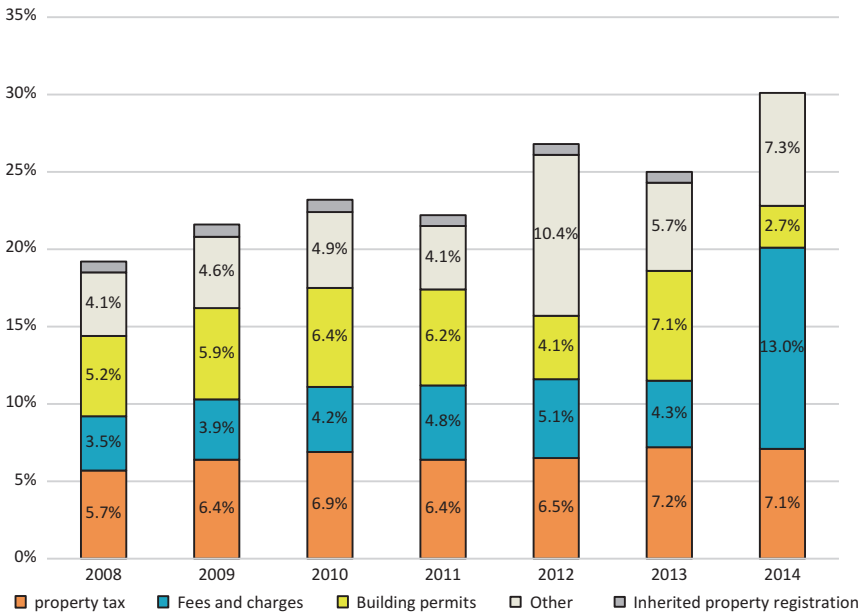
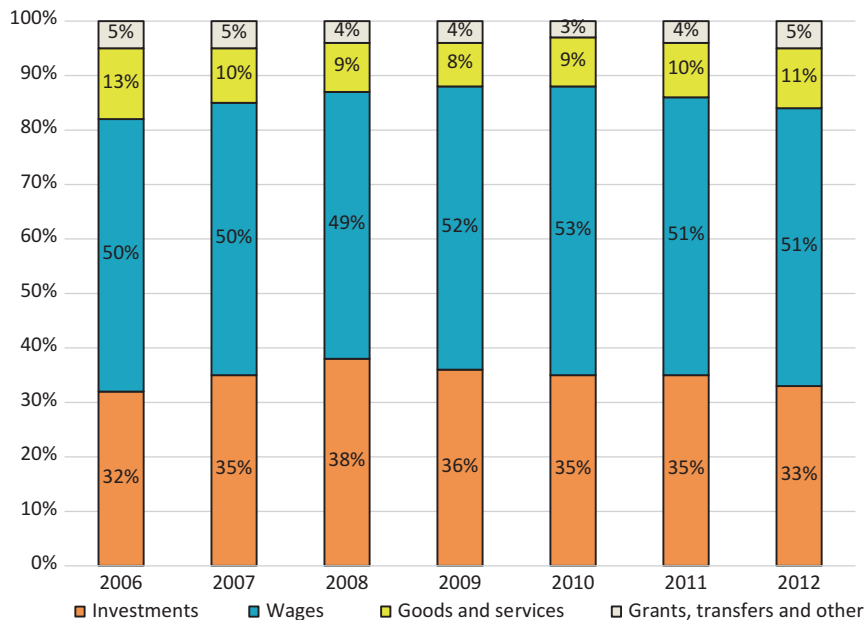


Fig. 8.1 Composition of own-source revenues, 2010–2014 (per cent of total revenues). Source: NALAS (2016, p. 82)





**Fig. 8.2** The composition of municipal expenditure (2006–2012). Source: NALAS (2016, p. 82)

## Challenges Ahead

### Establishment of the Association of Serb-Majority Municipalities

The first challenge remains the creation of the Association of Serb-Majority Municipalities and the implementation of decentralisation in northern Kosovo. After the declaration of independence, in addition to EULEX, which was deployed to increase capacities in the field of rule of law, the ICO was also installed in Kosovo. The latter was intended to oversee the implementation of the Ahtisaari Plan, including the adoption of new legislation on local self-government and the protection of minorities, which derived from this plan. In September 2012, ICO concluded its mission on the grounds that the Kosovo authorities met most of the obligations that derived from the Ahtisaari Plan, especially those

pertaining to the creation of new Serb municipalities. Even so, the Ahtisaari Plan was not implemented in full in some respects. First, Kosovo authorities had and still have difficulty in extending their authority in northern Kosovo, which has been out of their control since 1999. Second, the municipality of Mitrovica North, which was to be established in accordance with the Ahtisaari Plan, was not created because of the refusal of Serbs to participate in the November 2009 and 2010 elections. The implementation of decentralisation in northern Kosovo and the installation of local democracy remain a test, not only for international state building in Kosovo but also for the successful consolidation of democracy and peace building.

Unfortunately, relationships between Kosovo and Serbia remain blocked. In March 2011, the UN General Assembly adopted Resolution 64/298, which obliges the EU to facilitate a dialogue between Kosovo and Serbia (Beha, 2015; ICG, 2013; KIPRED, 2013). This resolution aimed at normalising relationships between the two countries. With the mediation of the EU, Kosovo and Serbia held ten rounds of negotiations. In April 2013, Kosovo and Serbia signed the 'First Agreement on Principles Governing the Normalisation of Relations'. The deal has 15 points and is intended to address the concerns of northern Kosovo Serbs in Zvečan/Zvečan, Mitrovica/Mitrovica North, Leposaviq/Leposavič, and Zubin Potok who have refused to accept the authority of the Kosovo Government in that area. According to the agreement, northern Serbs will be allowed to establish an Association/Community of Municipalities, with a membership mechanism open to other Serb municipalities in southern Kosovo. Representatives of the association will have a seat on the Communities Consultative Council, which is not the case with the Association of Kosovo Municipalities. In addition, the agreement provides that the regional commander of the police in the four northern municipalities will be a Serb. The agreement was ratified by the Assembly of Kosovo and was established in law.<sup>21</sup>

One of the points of the April agreement was the organisation of elections in the four Serb municipalities in northern Kosovo. For the first time since 1999, Serbs took part in the local elections, which were held in November 2013. The Serb Civic Initiative, directly supported by Serbia, won in four northern Serb municipalities: Mitrovica North,

Zubin Potok, Zvečan/Zvečan, and Leposaviq/Leposavič and in five municipalities in other parts of Kosovo, including Graçanica/Gračanica, Raniullug/Ranilug, Partesh/Parteš, Shtërpc/Strpce, and Novobërd/Novo Brdo. The Serb Liberal Party in Kosovo, which had been supported by the government since the local elections of 2008, emerged as the loser. The main concern of civil society and opposition parties is that the Serb Civic Initiative may legally sabotage and render dysfunctional the state by blocking decisions of the Assembly of Kosovo, since important decisions in the Assembly require a two-thirds majority and also support of two-thirds of the minority communities.

In August 2015, two years after signing the April agreement, Kosovo and Serbia agreed and signed a document that would precede the implementation of the April agreement. The Office of the President of Kosovo challenged the signed document called 'Association/Community of Serb-Majority Municipalities in Kosovo—General Principles/Main Elements' in the Constitutional Court. In its decision, the Constitutional Court stated that the document violates the following constitutional principles: equality before the law, human rights and fundamental freedoms, and the rights of communities and their members. In other words, the Constitutional Court contested the mono-ethnic character of the Association of Serb-Majority Municipalities and its executive powers. Since the Constitutional Court listed the unconstitutional parts of the August agreement, what remains to be done is for the drafters of the Statute of the Association of Serb-Majority Municipalities to take into account the assessment of the Constitutional Court. Four years after the signing of the April agreement, the statute of the Association of Serb-Majority Municipalities has not been drafted and the mechanism has not been established. The creation of this association in accordance with the Constitution of Kosovo and the laws on local self-government is one of the main challenges in relation to local government.

## **Demand for New Municipalities and Financial Self-Sustainability**

The second largest challenge to local government relates to increased demands for the creation of new municipalities and their budgetary

implications. Based on the Law on Administrative Boundaries of Municipalities of Kosovo, 11 communities of villages have applied for the status of municipality (Has of Gjakova, Has of Prizren, Hogosht, Janjeva, Llapjasi, Komorani, Krusha e Madhe, Orllani, Zhegra, Pozherani, and Reçan). These communities of villages justify their requests by the lack of capital investment in their locations and the distance from existing municipal administrations and difficulties in obtaining municipal services. For most of these claims, no financial sustainability or feasibility studies have been carried out. However, one study that shows that the creation of new municipalities would reduce the general budget of all municipalities, since the total grant allocated to municipalities by the central government would be shared with the potential new municipalities.

The establishment of new municipalities will reduce the overall budget allocated to municipalities. The impact will be greater in the municipalities within which new municipalities will emerge. The establishment of new municipalities will significantly increase the number of civil servants, thus increasing expenditures for salaries and consequently decreasing the budget for capital investments and subventions. Each new municipality will have at least 55 civil servants. The majority of potential new municipalities have relatively small number of households and businesses, thus the base for their own source revenues is very small. Consequently, new municipalities will remain largely dependent on government grants. (GAP, 2013, p. 3)

In the case of establishing new municipalities, the difference as a percentage of the current grant for existing municipalities may be as much as 41 per cent for the Drenas municipalities where the Komorani municipality may be created, -21 per cent for Gjakova where the Has municipality may be created, and -21 per cent for Kamenica where the municipality of Hogosht may be created. On the other hand, the general grant that would be received by the new municipalities would be insufficient for their financial sustainability. The only justifiable request from all potential new municipalities comes from Komorani, since this municipality could potentially generate more own-source revenues since 903 businesses are registered there.

In 2017, the total budget planned for municipal expenditures is €18 million more than in 2016, reaching €440 million. However, the municipalities expect around one million euros less in own-source revenues than in the previous year. This goes against a recommendation by the International monetary fund to reduce municipalities' dependence on the central budget (GAP, 2017).

## Conclusion

The decentralisation of power and the establishment of new municipalities were two of the explicit requirements of the international community in order to build a multi-ethnic and democratic society in Kosovo. Decentralisation sought to legitimise international state building from the top down and peace building and democratisation from the bottom up. All UNMIK regulations on local government sought to provide more effective and efficient services to the citizens of Kosovo and to promote and protect the rights of minority communities.

After its declaration of independence, Kosovo became one of the the most decentralised countries in Southeastern Europe. The Ahtisaari Plan was accepted by Kosovo institutions, which provided the basis for the declaration of an independent and sovereign state, and for the establishment of six Serb-majority municipalities. Kosovo adopted new legislation accepting international commitments to establish new Serb municipalities, the expansion of their powers, and the provision of their security.

Although decentralisation in Kosovo has proven to be relatively successful in political terms, since so far five of the six municipalities planned by the Ahtisaari Plan have been established, the financial support for enhanced municipal powers has been insufficient. Even though the international community has invested in the decentralisation process in Kosovo over the past 15 years and the autonomy of local governments has significantly increased, local government remains unconsolidated and does not enjoy sufficient financial autonomy since Kosovo municipalities still rely heavily on central government funds. The implementation of decentralisation in northern Kosovo and the poor prospects for the financial sustainability of

many municipalities remain two of the main challenges facing local government in Kosovo.

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## Notes

1. Security Council Resolution 1244, 10 June 1999, S/RES/1244.
2. UNMIK Regulation No. 2000/39 on Municipal Elections in Kosovo, UNMIK/REG/2000/39, 8 July 2000.
3. UNMIK Regulation/1999/1 on the Authority of the Interim Administration in Kosovo, UNMIK/REG/1999/1, 25 July 1999.
4. UNMIK Regulation No. 2001/9 on a Constitutional Framework for Provisional Self-Government in Kosovo, 15 May 2001.
5. UNMIK Regulation 2000/16 on the Registration and Operation of Political Parties in Kosovo, UNMIK/REG/2000/16. 21 March 2000; UNMIK Regulation 2000/21 on the Establishment of the Central Election Commission, UNMIK/REG/2000/21. 18 April 2000.
6. Section 2 of the UNMIK Regulation 2000/43 on the Number, Names and Boundaries of Municipalities, UNMIK/REG/2000/43. 27 July 2000.
7. UNMIK/Regulation 2000/45 on Self-government of Municipalities in Kosovo, UNMIK/REG/2000/45. 11 August 2000 and UNMIK Regulation 2007/30 amending Regulation 2000/45 on Self-government of Municipalities in Kosovo, UNMIK/REG/2007/30, 16 October 2006.
8. Basic Provisions 1.3 of the UNMIK Regulation 2001.
9. Article 2.3 of the UNMIK/Regulation 2000/45, 11 August 2000.
10. Article 30 of the UNMIK Regulation 2007/30 Amending UNMIK Regulation No. 2000/45 on Self-Government of Municipalities in Kosovo, UNMIK/REG/2007/30, 16 October 2006.
11. Section 1 of the UNMIK Regulation 2007/18 amending UNMIK Regulation No. 2001/19 on the Executive Branch of the Provisional Institutions of Self-Government in Kosovo, UNMIK/REG/2007/18, 9 May 2007.

12. This whole scenario was complicated by the fact that the Russian Federation refused to accept this development in the Security Council.
13. Chapter X of the Constitution of Kosovo, Articles 123 and 124 on Local Government and Territorial Organisation in Kosovo.
14. Law on Municipal Administrative Boundaries, Kosovo Official Gazette, No. 26/2008.
15. Law on Local Self-Government, Kosovo Official Gazette, No. 28/2008.
16. Law on Inter-Municipal Cooperation, Kosovo Official Gazette, No. 7/2011.
17. Law on Local Government Finances, Kosovo Official Gazette, No. 27/2008.
18. Law on Local Self-Government, Kosovo Official Gazette, No. 28/2008.
19. Article 9 of the law No. 04/L-010, on Inter-municipal Cooperation and Partnerships, Kosovo Official Gazette, No. 7/2011.
20. Law No. 03/L-049 on Local Government Finance, Kosovo Official Gazette, No. 27/2008.
21. Law No. 04-L-199 on the ratification of the first international agreement for the normalisation of relationship between The Republic of Kosovo and The Republic of Serbia, available at: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8892>

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