

Information documents

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Reform of Local Self-Government and Public Administration in Kosovo

FINAL RECOMMENDATION

Background information

In a letter dated 1 November 2002 and addressed to Walter Schwimmer, Secretary General of the Council of Europe, Michael Steiner, Special Representative of the Secretary General of the United Nations (SRSG) called upon the expertise of the Council of Europe to develop, on the basis of United Nations Security Council Resolution 1244 and the Constitutional Framework, a proposal for decentralisation in line with modern European practice.

On 5 February 2003 the Committee of Ministers of the Council of Europe agreed that the mandate of the Council of Europe's mission in Kosovo would be to assist UNMIK and the Provisional Institutions of Self-Government in designing a framework for local self-government reform in consultation with all the relevant actors.

The Council of Europe Decentralisation Mission (CoEDM) was established on 10 February 2003 for a period of nine months and placed under the authority of the Secretary General of the Council of Europe. Ambassador Carlo Civiletti was appointed Head of Mission. Its members were : Mr György Bergou, Mr Ivo Šanc, Ms Antonella Ingravallo, Mr Adrian Moruzi and Ms Lia Tsitsuashvili, with the support of the Directorate of Co-operation for Local and Regional Democracy of the Directorate General of Legal Affairs of the Council of Europe.

The contents of the present Recommendation constitute the response to UNMIK's request for assistance. The proposals are intended to be valid regardless of the "Final Status" of Kosovo and aim to illustrate how local self-government can be organised so as to comply with the standards of the Council of Europe under the specific conditions of Kosovo.

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Reform of Local Self-Government and Public Administration in Kosovo

Final Recommendation by the Council of Europe Decentralisation Mission in Kosovo

1. Introduction

This proposal for the reform of local administration and local self-government (referred to below as the “Reform”) is being put forward in response to UNMIK’s request for a suggested strategy for the decentralisation of public administration and local self-government in Kosovo. All the basic political, administrative and other circumstances and the conditions for the Reform are briefly described in our Mission’s **Interim Report**. This proposal for a recommendation should be considered as an appendix to the Final Report of the Council of Europe Decentralisation Mission in Kosovo. For want of time and resources, it has not been possible to include a full analysis and detailed justification in the recommendation.

The proposal is designed not to depend on the “final status” of Kosovo. By and large, it should be possible to apply the principles in it with the existing provisional status, but they should also be applicable if the status of Kosovo takes a different form. We have, however, assumed in our proposal that UNMIK and other international institutions will soon complete the handover of responsibility for local self-government and local administration to Kosovan institutions, which is why we have not mentioned any role for internationals in local administration in Kosovo. We have also assumed that some of the “reserved powers” (a proportion of public property) will gradually be handed over to the local authorities.

1.1. General data on Kosovo

1.1.1. Demographic and socio-economic situation in Kosovo¹

It should first be pointed out that the demographic data in our possession provide only approximate figures for the actual population in Kosovo, since the last population census dates back to 1991 and there are currently no reliable statistics for migration in Kosovo. It should also be pointed out that the records of the Land Registry offices do not reflect the real number of births and deaths per year, since the public are not always used to registering such events, especially in the villages.

According to the Statistical Office of Kosovo, the resident population (persons living in Kosovo) is usually estimated at 1.8 million to 2.0 million². The ethnic breakdown is

¹ All the demographic data have been taken from studies by the Statistical Office of Kosovo (SOK).

estimated at about 88% Albanian, 7% Serbian and 5% other ethnic groups (Muslims/Bosniacs, Roma and Turks).

The population density is 175 people per square kilometre over an area of 10,877 square kilometres. The population is particularly dense in the seven largest towns in the municipalities (towns where the number of inhabitants exceeds 50,000). Approximate figures for the number of inhabitants and a list of municipalities are provided in **Table 1** (appended).

The combined population of the smaller towns forming the centres of the other municipalities is estimated at around 300,000, while the total population in the villages and rural settlements is about 900,000.

About a third of the population are very young - under 15 years of age. By contrast, only about 6% of the population are 65 years or older. The “active” population (people between 15 and 65 years of age) account for some 61% of the total. The dependency ratio is high, because of the large proportion of persons under 15 years of age.

In contrast to other European countries, households are still particularly large. Rural households are larger than urban households. Kosovo Albanian households are larger than Serb ones. The total number of households in Kosovo is estimated at about 300,000.

The unemployment rate is estimated at 57.1% of the population of working age. Over 70% of young people aged 16 to 24 are unemployed. Some 45% of those who are working are in private business, working in small firms. About 22% work in the agricultural sector, 15% in government service, 14% in socially owned and public enterprises and 4% in international organisations and NGOs.

Poverty is widespread in Kosovo, affecting almost half the population. Average net wages are about 150 to 200 euros a month. They are higher for men than for women, and higher in the private sector than in the public sector.

²

The SOK considers that the most accurate estimate is probably around 1.9 million.

1.1.2. Central and local government in Kosovo

The Province of Kosovo is an entity under interim international administration.

On 15 May 2001, UNMIK issued Regulation No.2001/9 on a Constitutional Framework for Provisional Self-Government, which provides that the Provisional Institutions of Self-Government in Kosovo are:

- the Assembly
- the President of Kosovo
- the Government³
- the Judicial System⁴
- the Ombudsperson
- Independent Bodies and Offices⁵
- Authority of the SRSG
- Authority of KFOR.

All these institutions are to be found in the capital city Prishtinë/Priština; some of them (District Courts) also exist in the other municipalities.

The Province of Kosovo is currently divided into 30 municipalities (see appended **Table 1**). There are approximately 3,000 villages in the Province. However, the local government system is not present in the villages and rural areas.

1.2. Goals of the proposal

The reform proposal is designed to illustrate how specific administrative, political, financial and other arrangements can be organised in order to meet Council of Europe criteria with due regard to the conditions specific to Kosovo. This does not mean that these matters could not be organised differently. It will be up to the institutions responsible for implementing the Reform to decide on the details and on how to proceed. We do not insist on the details of the proposal, but some principles are imperative (establishment of a sub-municipal tier of government and handover of substantial powers and responsibilities to the relevant units).

³ Prime Minister, Ministry of Finance and Economy, Ministry of Public Services, Ministry of Agriculture, Forestry and Rural Development, Ministry of Trade and Industry, Ministry of Transport and Communication, Ministry of Health, Environment and Spatial Planning, Ministry of Culture, Youth and Sports, Ministry of Education, Science and Technology, Ministry of Labour and Social Welfare.

⁴ Supreme Court of Kosovo, District Courts, Municipal Courts and Minor Offence Courts.

⁵ Central Election Commission; Kosovo Judicial and Prosecutorial Council; Office of the Auditor-General; Banking and Payments Authority of Kosovo; Independent Media Commission; Board of the Public Broadcaster; Housing and Property Directorate and the Housing and Property Claims Commission.

1.3. Assessment of the current situation

Although the situation is described in the Interim Report, we should like to highlight some key features. Some of the municipalities are too large (Prishtina has 500,000 inhabitants and several municipalities have over 100,000). This means that there is insufficient territorial representation in democratic bodies and institutions. Moreover, the ethnic communities complain that this arrangement does not adequately protect their specific interests. Furthermore, large municipalities do not make for proper public scrutiny, and there is a great deal of suspicion that corruption is taking place and power being misused. The quality of public and administrative services has also come under criticism: people in rural areas have poor access to such services. The municipalities are inefficient in collecting municipal fees, charges and taxes. There are long queues for certain administrative services in some municipalities.

There is also uncertainty about the division of powers and responsibilities between the central and municipal levels. Municipalities do not have proper rights and powers in respect of the management of public property and law enforcement at local level. These factors are further justification for the Reform.

1.4. Political and other conditions and circumstances

The political, economic and social situation in Kosovo has been extremely difficult since the war. Despite substantial progress in many areas, including inter-ethnic relations, there is still the basic problem of relations between the Albanian majority and the Serb community in Kosovo. Some Serbian leaders are calling for separate self-government of the Serbian community in Kosovo, with strong links with Serbia, while Kosovo Albanian leaders object to these demands. There are obviously other negative factors: a wave of violence, which was probably ethnically or politically motivated, statements by the Serbian authorities, tension and violence in neighbouring countries (especially Macedonia), slow economic progress, etc. The internationals and local politicians and leaders are, however, endeavouring to establish the conditions needed for Kosovo to become integrated in the European institutions. The necessary standards have been drawn up. All the politicians involved have orally supported decentralisation and the fulfilment of European democratic criteria (as set out in the European Charter of Local Self-Government). This means that there is a chance that the Reform will be successfully implemented.

Local Kosovo Albanian politicians very often claim that decentralisation is not possible until centralisation has taken place, ie until power has been transferred from UNMIK to local bodies, and without the establishment of a strong independent state. These preconceptions must be rejected. Decentralisation, the principles of local democracy and quality administrative services are important aims, regardless of the final status of Kosovo. The Reform which the CoEDM is proposing could be applied whatever option is chosen for the final status of Kosovo. Political constraints could be overcome more easily than economic obstacles and certain social problems (a lack of confidence in democratic institutions and failure to observe the rules of democratic society and the law in general).

1.5. Reform options and their evaluation

There are various possible models for the reform of local self-government and public administration in Kosovo. The CoEDM has been considering several strategic options for the territorial administrative structure, which is the key element of any local government reform. These options are semi-quantitatively analysed in Section 1.5.1. (see below). The following scenarios, in particular, have been considered:

- a. Maintaining the existing number of municipalities whilst strengthening their position by giving them additional powers and responsibilities. The sub-municipal units would continue to play a minimal role under this option. No structural changes.
- b. Establishment of new municipalities within the current large ones. No new arrangements regarding the sub-municipal level. Municipalities would continue to act as the main units of local self-government.
- c. The sharing of responsibilities and decision-making powers between the municipal and the sub-municipal levels through the establishment of democratically elected local councils (ie a new tier of local government), with their gradually being empowered to manage local affairs. The existing municipalities would continue to be the key units of public administration, but their powers would be shared with the sub-municipal units. Some special powers and responsibilities would be delegated by higher-tier authorities to lower-tier units (by central government to some municipalities, by municipalities to some sub-municipal units).
- d. Establishment of a regional level of self-government and a limited number of new municipalities. There would be regional assemblies (in the seven largest towns) deciding on some affairs that are important on a broader-than-municipal scale. Some administrative services which are now the responsibility of central government would be transferred to the regional centres. No new arrangements regarding the sub-municipal level.
- e. Establishment of a regional tier of self-government centred on the five to seven largest towns in Kosovo. This would establish a new tier between the central and the municipal level. New municipalities could be established under this option and sub-municipal units would be set up.

There is obviously a wide range of other solutions in addition to these options. We also considered the possibility of setting up sub-municipal units in each village. Such a solution would be very democratic and would also respect the natural tendency towards self-organisation and self-government in the smallest compact units (villages and neighbourhoods). However, the establishment of thousands of such units (Kosovo has 3,000 villages!) would not be at all sustainable in economic and organisational terms. Instead, we suggest setting up sub-municipal units in clusters of villages and providing the villages with other means of organising themselves (see below).

There is also another option: a complete change in the structure of local administration in Kosovo, involving the establishment of new regions, new municipalities and a new sub-municipal level. Such a solution would probably be the most democratic one and it might provide the best quality in terms of administrative and public services. The costs

of this hypothetical option would, however, be enormous. Moreover, it is not realistically feasible in organisational terms (it would involve setting up and relocating offices, selecting and training staff, establishing new links and channels for reporting and for the flow of information, etc). We have therefore not considered this option or similar ones in our assessment.

In the course of our Mission's work, local partners came to us with their ideas or proposals. The government (Ministry of Public Services) and the Prime Minister's Office informed us of their vision of the reform, which is based largely on the establishment of a regional tier of self-government. We expressed misgivings about this approach, because it is not in keeping with the principle of subsidiarity, ie it does not bring decision-making power and public services closer to the people, nor does it meet the real need for governance at a level intermediate between the municipal and central levels. Neither the Prime Minister's Office nor the Ministry of Public Services, however, has submitted any detailed, specific proposals for a decentralisation reform. We received a proposal from the Serbian government ("The basis of the political platform...", the so-called "Covic proposal"), which was quite concrete et detailed, but completely at variance with the idea of a multi-ethnic Kosovo. The proposal envisaged completely separate administration for the Kosovan Serb community, with strong links with the Serbian authorities. This is not compatible with a multi-ethnic approach.

1.5.1. Semi-quantitative evaluation of the Reform options

The five basic options have been assessed in accordance with the following main Reform **criteria**:

□ **Respect for the principles of the European Charter of Local Self-Government and subsidiarity:** We took into consideration the need to respect the main principles of the European Charter of Local Self-Government, ie local authority rights, as many opportunities as possible for citizens to take part in the conduct of public affairs, the decentralisation of power, etc. We paid a great deal of attention to compliance with the principle of subsidiarity (decisions must be taken as close to the citizen as possible, ie by the lowest possible tier of self-government).

□ **Financial feasibility:** The reform should not entail excessive costs. Capital expenditure (construction or rebuilding of premises, equipment) and running costs (personnel expenses, goods and services, utilities, etc) are considered in connection with this criterion. The possibility of generating local income is also envisaged.

□ **Organisational feasibility:** Substantial changes in territorial organisation and the establishment of new offices and institutions could be quite complicated and necessitate considerable time and resources. It is desirable that the Reform should be as simple as possible. The availability of human resources is also a very important factor. By and large, there is a shortage of people with the qualifications needed for modern public administration purposes.

□ **Political acceptability:** The Reform should be politically acceptable to Kosovo's institutions and citizens. The opinions of the Kosovo Albanian and Kosovo Serb leaders differ significantly. There are also very divergent views at local, municipal and central government levels. The opinions and requirements of the main political groups are mentioned in our Interim Report.

□ **Quality of services:** There should be a resulting improvement in the quality and efficiency of public, administrative and social services. Although smaller units can deliver services closer to the citizen, they may be inefficient and lack human and other resources.

The five options have been assessed in accordance with the five criteria mentioned. The evaluation has been carried out semi-quantitatively on a scale of 0 - 25 - 50 - 75 - 100 for each criterion. A more precise evaluation would obviously be possible, but would require detailed financial and other analyses. A weighted analysis based on a number of criteria would also be useful for an accurate, detailed assessment of the options. Given the CoEDM's limited capacity, we have carried out only an approximate, semi-quantitative evaluation, the results of which are shown in **Figure 1** (appended).

Some comments on the options considered:

1st option (A stronger role for existing municipalities; no structural changes): *This option would be the easiest because it entails minimal costs and minimal changes. The principles of the European Charter, however, require smaller units of local self-government than the ones recently created (which cover a population of over 100,000 in several cases). The lack of territorial representation is another objection. This option would not be politically acceptable because of insufficient representation of local (which also means ethnic) communities.*

2nd option (Establishment of new municipalities within the existing large ones): *The success of the option would depend on the number of new municipalities. If the number were high, ie if a large number of new self-government units (with, say, 20,000 citizens per municipality) were set up, this option would be acceptable from the point of view of democratic principles. In that case, however, the reform would hardly be feasible in financial and organisational terms. If a small number of new municipalities were set up, the principles of the Charter would not be respected. Such a solution would also be politically problematical because of the likelihood of disputes over ethnic issues (there would, for instance, be allegations that ethnically "clean" municipalities were being created).*

3rd option (Establishing sub-municipal units and transferring some municipal powers and responsibilities to them...): *This option complies with the basic principles of the Charter (subsidiarity being achieved through the sub-municipal units). From the point of view of financial and organisational sustainability, this option is not the best one, but it is acceptable. The only burden is the establishment of new sub-municipal units, but they would be limited in size. Wherever possible, the sub-municipal units would use existing capacity. This solution could also be considered an acceptable compromise between the main political groups (Kosovo Albanians and Kosovo Serbs): the establishment of a sub-municipal tier of government would make for enhanced self-government of the ethnic communities, but with due regard for the territorial integrity of Kosovo, and the communities would clearly be integrated into Kosovo's political and territorial structures.*

4th option (Establishment of a regional tier of self-government and a limited number of new municipalities): *This option would be neither expensive nor complicated from the point of view of organisational sustainability. We consider, however, that it is insufficiently acceptable, because it fails to comply with the democratic principles set out in the Charter (the units of local self-government would be too large). We also object to the establishment of a regional tier of self-government on the grounds that it would not have many decisions to take and would therefore be useless in a place the size of Kosovo. The regions would not correspond to the usual European concept of regions. We also imagine that the ethnic communities would protest. This option would not make for improvements in local self-government.*

5th option (Establishing regional self-government and sub-municipal self-government, while maintaining the municipalities...): *This option would provide the most comprehensive solution. The establishment of a sub-municipal tier of government would meet the requirements of subsidiarity. The regional tier of self-government and administration would provide a number of services. Such a solution would, however, be extremely complicated (there would be three statutory tiers of self-government as well as the unofficial village tier) and extremely expensive. It would obviously provide the best quality of public services, and we would expect it to be reasonably politically acceptable.*

The resulting average suggests that the third option is the most suitable one (see appended **Figure 1**). The third option is the one recommended by our Mission and it is this option that is elaborated on in this proposal.

2. Main elements of the reform, terminology and legal status

2.1. Legal instruments and basic principles of the reform

This proposal is based mainly on the following legal instruments:

- European Charter of Local Self-Government;
- UNMIK Regulation No. 2000/45 of 11 August 2000 on Self-Government of Municipalities in Kosovo;
- UNMIK Regulation no. 2001/9 of 15 May 2001, on a Constitutional Framework for Provisional Self-Government in Kosovo;
- Recommendation No. R (95) 19 of 12 October 1995 of the Committee of Ministers of the Council of Europe on the implementation of the principle of subsidiarity.

We would stress that this proposal is being put forward with due regard for the democratic principles of the Council of Europe, the European Union and the international community generally.

It is important to note that local authorities are one of the cornerstones of a democratic system. The existence of a local authority with genuine responsibilities can ensure effective administration close to the citizen.

We consider that local authorities endowed with bodies possessing a wide range of responsibilities and with decision-making power can make a substantial contribution to forging a Europe based on the principles of democracy and the decentralisation of power, which is the embodiment of the European principle of subsidiarity⁶. Observance of the principle of subsidiarity improves the apportionment of powers between the different tiers of government and helps to ensure that decisions are taken at the level closest to the citizen.

It is clear to us that the principle of subsidiarity should be implemented in conjunction with the other principles operating in the countries concerned, such as the principles of the unity of application of public policies, of co-ordination, of territorial solidarity, of preservation of the common cultural heritage, and of the role of civil society, along with any other principles benefiting all citizens.

We have noticed that various European countries have been setting great store by measures to safeguard and strengthen local authorities. In particular, there is clearly an ongoing process reinforcing local self-government in the Balkans.

We believe that this reform proposal will improve local democracy in Kosovo, in keeping with the reforms in process throughout the region, and will allow the Province to take steps towards integrating into the European Union.

2.2. Current situation

The main principles of the Reform - connected with the need to establish a sub-municipal tier of government - are mentioned in our Interim Report. Regulation 45/2000 (Article 5) provides the opportunity to set up sub-municipal units. Some municipalities have already established sub-municipal bodies, set up offices and appointed staff. The situation is unsatisfactory, however: these units have no legal status, no real powers, usually no financial resources and no clear description of their tasks and responsibilities. Sometimes the offices are set up only as a formality and they are a real burden on the municipalities.

There are also many villages where people have begun to organise themselves. They have elected local councils and local leaders and begun to carry out a number of activities: for example, they are managing local infrastructure projects.

⁶ See Article 5 of Treaty establishing the European Community and Introduction of the Treaty of Maastricht of 12 February 1992 “... continue the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as closely as possible to the citizen in accordance with the principle of subsidiarity”.

2.3. Main elements of the Reform

The key features of the Reform would be the establishment and reinforcement of **sub-municipal bodies** and the provision of a clear description of their duties and powers. The aim is to bring decision-making closer to the citizen, through the establishment of smaller local self-government units. In some of these units, decentralised administrative offices will provide services to the population. The Reform should be implemented gradually, starting with relatively simple services and progressing to more sophisticated forms of administration. A gradual process is suggested because of the lack of democratic traditions, but also the limited financial and human resources available.

In addressing the problems of setting up sub-municipal units, we have had to deal with a number of difficult issues. What is the optimum number of municipal units? Who will decide on the boundaries of these units, and how will the decisions be taken? What powers and responsibilities should be given to the units? What relations should exist between the sub-municipal units and the municipalities? What expression could be used to improve on the insufficiently precise term "sub-municipal units"?

The **form of decentralisation** suggested is in fact twofold, involving decentralisation of:

- decision-making power;
- executive power (progressively).

The **existing municipalities** will remain key components of the public administration system. For all their shortcomings, a great deal of effort has been invested in recent years in making them functional. It would be unwise and costly to dismantle them and start setting up new municipalities from scratch. There are, however, one or two municipalities with a very small number of inhabitants, which it would be logical to merge with neighbouring municipalities and reorganise as sub-municipal units. Their inhabitants would receive local services from the sub-municipal unit, which would largely coincide with the former municipality.

As mentioned, a limited number of offices will be set up in some of the bigger villages or urban quarters. This will make it possible to decentralise certain municipal administrative tasks by delegating them to the sub-municipal units. On the other hand, the large municipalities (with the seven largest towns as their centres) should co-operate more closely with the central authorities. Either certain central administrative tasks could be delegated to them, or proper arrangements should be made for them to monitor and influence decentralised central government units. The result should be better services to the citizens.

2.4 Legal status and terminology

The sub-municipal units, which are the new feature of the system of public administration and local self-government, should be given the status of legal entities under public law (see below). The units representing the lowest tier (villages and neighbourhoods) will not be allowed to act as public-law entities. They may, however, apply for the status of associations, so that they can act in the interests of their inhabitants. There should not be any changes in the legal status of the municipalities.

We suggest keeping the term “municipalities” for the main units of local self-government, although the term “district” would be more appropriate for the type of municipality found in Kosovo. Municipalities usually cover quite a large area (as much as 500 square kilometres), with many villages and settlements (there may even be over 100), and have a large population (over 150,000 in several cases).

Finding a proper term for the sub-municipal units is a crucial problem. It might be a mistake to use the old name (local community, or *Bashkesia Lokale / Mesna Zajednica*), which could be too reminiscent of the previous style of public administration. On the other hand, if we introduce new names or accept foreign terms, this could give rise to confusion or even elicit resistance on the part of the public.

Provisionally, we have used the term “sub-municipal unit” (see below), but a better term needs to be found in the future. We envisage that in the medium term (from 2006 onwards) these units will be transformed into fully-fledged local authorities of a municipal nature. As we assume that the current municipalities will continue to play their full role as units of territorial self-government, we consider that there is a need to distinguish between the two kinds of municipal entity. We suggest calling the existing municipalities “**District Municipalities**” in future (after proper elections in 2006), and calling the sub-municipal units “**Local Municipalities**”. There will be differences between the “Local Municipalities”: some of them will have somewhat larger offices; these will wield executive power delegated by the (District) Municipalities and be responsible for providing for services to nearby “Local Municipalities”.

As for the lowest tier, we suggest calling it the “Village Level”, or using the term “Village Units” or “Village Communities” in the case of rural areas, and the “Neighbourhood Level” or (“Neighbourhood Units” or “Neighbourhood Communities”) in the case of Kosovo’s seven large towns.

There should also be a degree of distinction between “ordinary” sub-municipal units and sub-municipal units with delegated municipal administrative power. Provisionally, we have called the latter Sub-Municipal Units with Special Delegated Powers (see below).

Similarly, we need to find a proper term for large municipalities which are supposed to exercise (or host) some central administrative power. Provisionally, we have used the term “Municipalities with Special Delegated Powers” (see below). In future, these could be called “Urban Municipalities” or “Cities”.

The Kosovan authorities should be asked to find appropriate terms for the sub-municipal units, in accordance with their local cultural, social and territorial traditions. The translation of terms from English or other languages is a very delicate task and must be done with a great deal of care.

3. Territorial and demographic characteristics of the basic units

3.1 Villages and urban neighbourhoods

The villages (or urban neighbourhoods) are the basic entities where citizens can organise themselves, and hence where the institutions of local self-government could be established. There are already many villages where people have begun to organise themselves. They have elected local councils and local leaders and begun to carry out a number of activities. For example, they are managing local infrastructure projects. There are approximately 2,800 villages in Kosovo, some of them with more than 7,000 inhabitants, but there are also numerous hamlets or settlements (“mahalas”) with 10 families or even fewer. In some cases, the towns are also unofficially divided up into smaller units (neighbourhoods, street communities, etc) with some degree of self-government but without any legal status.

We recommend supporting public activities at this lowest level. It would not, however, be economically and organisationally feasible to establish genuine sub-municipal authorities at this level. As we do not advocate giving villages or neighbourhoods legal or official status, this section should be seen only as providing an **example** of how the village level could be organised on the basis of a voluntary approach.

We suggest electing a **Village Council** (3 to 9 members according to the population – 9 in the case of villages with 3,000 to 5,000 inhabitants), which would elect a **Village Leader**. There could be informal elections of the Village Council and Village Leader at a **public gathering**. Candidates for the Council and for the position of Leader could be put forward by families, groups of citizens, political parties or NGOs. A higher body (sub-municipal unit or municipality) should monitor the elections. Similarly, in large towns **Neighbourhood Councils** could be elected (3 – 9 members according to the population – 9 in the case of neighbourhoods or areas with 3,000 to 20,000 inhabitants). The structure of the political organs at village, sub-municipal and municipal level is illustrated in **Figure 2** (appended).

Responsibilities of the Village (Neighbourhood) Councils and Leaders: organisation of cultural, social and other local activities; presentation of local issues to the sub-municipal unit (SMU); attendance at SMU Assembly meetings; representation of the local community in dealings with the SMU, donors and other partners; participation in the management of local development projects, etc.

Financial sustainability: local self-financing arrangements based on contributions would be made. The village could be allowed to have a bank account (in its capacity as an association).

Protection of the interests of ethnic minorities: no special arrangements.

Timing: the scheme could be implemented immediately without any financial or organisational consequences.

Legislative recommendations (laws and by-laws to be passed): the municipality should draw up and approve the list of villages by means of a Municipal Regulation. Details should be set out in the Law on Self-Government.

Comments: The village level is not obligatory, and the villages (or urban neighbourhoods) will not have public-law legal entity status. They may, however, if they take the form of an association, act as a local government partner. The municipalities should determine and legally recognise the boundaries between villages and neighbourhoods. Some of the existing territorial boundaries (cadastral zones) could be used.

3.2. The sub-municipal level and sub-municipal units (SMUs)

3.2.1 Legal form

Public-law legal entity with all the appropriate attributes (allowed to sign contracts, use the stamp, manage a bank account, associate with other SMUs, go to court, etc).

3.2.2. Title

We have used the working title “sub-municipal unit”, but this is certainly not the best possible title. Local institutions will have to consider what the most appropriate name would be for these units. Certain units existed in the past, but it may be inadvisable to use their title (local community – *Bashkesia Lokale / Mesna Zajednica*). We suggest that, after the elections in 2006, the sub-municipal units be called “Local Municipalities” – see above.

3.2.3 Territorial and demographic division

As mentioned above, we had to ascertain the optimum **number of sub-municipal units**. There were several options:

1. A sub-municipal unit in each village. This would mean 3,000 units, which would be too many: the solution would not be at all financially and economically viable.
2. Renewing the former *Bashkesia Lokale / Mesna Zajednica* arrangement (there were some 400 such units in Kosovo before the war). We likewise considered this number to be too high and not sustainable because of the high cost. Some features could, however, be used – some former BL/MZ boundaries could be retained.
3. A smaller number of sub-municipal units, the aim being to achieve an average of approximately 5,000 inhabitants per unit. This gives approximately 240 sub-municipal units in rural areas. We believe that this is the most appropriate solution, although 240 offices is still quite a large number. We therefore recommend that, initially, proper local executive offices be set up in only about a quarter of them. These offices would provide services to nearby sub-municipal units. However, every SMU would, as a new executive body, have a local executive secretary (this could be a part-time job).

The basis for drawing territorial SMU boundaries in rural areas should be clusters of villages with some geographical features (valley, historic area, bank of a river, etc) and demographic features (population, ties between the inhabitants, cultural traditions, language, ethnic origin, etc) in common. In the big towns, the boundaries could be based on historic

divisions or on streets, rivers, railways, etc. A great deal of sensitivity and expertise will be needed in deciding on the boundaries between SMUs. The CoEDM was unable to address this specific problem for want of resources. Local institutions (municipalities, the Ministry of Public Services) should be involved, but a degree of international supervision is to be recommended, especially in view of the sensitive ethnic connotations in many cases. The previous division into “*Bashkesia Lokale*” / “*Mesna Zajednica*” could be used, but in many cases those units will have to be merged. They will seldom need to be divided.

As long as UNMIK municipal representatives are still operating, we suggest that the boundaries of the sub-municipal units be decided on by them or under their supervision. As numerous disputes between local politicians (especially in ethnically mixed areas) are to be expected, the UNMIK municipal representatives can act as “independent arbiters”.

The following specific **criteria** can be used to determine the boundaries between the sub-municipal units:

1. Number of inhabitants (see below)
2. Territorial relations (proximity of the villages, natural boundaries like rivers, hill ranges, valleys, roads, etc)
3. Local traditions and historic features (BL/MZ boundaries, or boundaries of other former units)
4. Cultural and social aspects (traditional ties between villages, language/ethnic origin, etc).
5. Possible numbers of sub-municipal units in particular municipalities are shown in **Table 2**, along with suggested numbers of staff (with regard to staffing, see below – Section 4.4).

A possible means of dividing the territory and establishing boundaries is shown by means of the **example of the existing municipality of Gjilan/Gnjilane** (appended).

<p>Number of sub-municipal units and their population</p> <p>Approximately 1,500 in mountainous, remote and poor areas. Approximately 5,000 to 15,000 in SMUs in flat agricultural rural areas. This means that approximately 240 sub-municipal units would have to be set up in the rural areas of Kosovo. In the seven big towns, the number of inhabitants per SMU could vary from about 15,000 to 40,000 (even more in Prishtina). We estimate that this means setting up some 40 SMUs in the seven big towns</p>

3.2.4 Competences and finance (and relations with municipal and central government)

The responsibilities of the SMUs (ie the competences of the **SMU Council**) and their relations with the municipality, including **finances**, are described elsewhere in the proposal (Section 4.3 and **Table 3**).

The **Council of Village (Neighbourhood) Leaders** (see below) should be consulted by the SMU Council, especially when territorial development is discussed. The Council of Village Leaders should also be entitled to make recommendations to the SMU Council concerning a balanced approach to all villages and local communities within the SMU's territory.

3.2.5. Structure and membership of the organs and institutions

Sub-Municipal Unit Council (7 – 15 members; approximately 2 members per 1,000 citizens – the number depending on the size of the SMU).

President of the sub-municipal unit (elected by the SMU Council).

Council of Village Leaders (Representatives) in rural areas (representing each village) and **Council of Neighbourhood Leaders** (Representatives) in the towns – acting as an advisory body.

Committees: a Policy and Finance Committee can be set up if the Council so decides. A Community Committee and a Mediation Committee should be established in ethnically mixed SMUs. Other non-compulsory committees could be set up by the Council as advisory bodies. The structure of the political organs is shown in **Figure 2** (appended).

Executive administrative organs: because of economic constraints (very low public-sector budgets) and difficult local conditions (public premises are not available for offices), we suggest setting up executive offices in only some of the sub-municipal units in rural areas (60 sub-municipal units with special delegated powers – see below). We nevertheless consider that one executive employee (working at least part-time, even without a permanent office) is needed in each sub-municipal unit, even if the employee has to work in somewhat makeshift conditions (possibly even at home). The employee should liaise with the sub-municipal units with special delegated powers, and he or she should administer the acts and decisions of the SMU Council. The employment of at least a part-time professional member of staff in each SMU would enhance its public reputation. The employee's job title could be "**Local Executive Secretary**".

In the sub-municipal units with special delegated powers (SMU/SDPs), an **SMU/SDP Executive Secretary** (responsible for book-keeping and administration for the Council) and **administrative executive staff** (see below) should be employed. We assume that one Executive Secretary in an administrative team can work for several SMUs. An executive administrative office will not be set up in every SMU but only in ones selected according to local conditions (availability of premises, access to other SMUs, population density). This solution would save substantial resources and provide the public with quality services. The latter SMUs will be called sub-municipal units with special delegated powers (SMUs/SDP) – see below. We presume that the SMU/SDP offices will also house municipal officers, who

will perform, closer to the citizen, tasks delegated to the municipality. Detailed information on the staffing of the sub-municipal units with special delegated powers is provided in Section 4.4. The scheme for delegating executive administrative tasks is illustrated in **Figure 3** (appended).

Consideration should also be given to the possibility of having “**mobile**” or “**visiting**” **municipal officers** as executive administrative staff, who would commute, on a rota basis, from one SMU/SDP to another within the municipality and provide a number of services. This would also save substantial resources. The municipalities should decide, together with the SMU representatives, which services should be provided in this way.

3.2.6 Election and appointments system

We recommend that sub-municipal councils be elected by secret ballot. Details of the electoral system should be worked out by appropriate institutions (OSCE?). The election system should encourage the successful participation of independent candidates and civic associations⁷. For economic and organisational reasons, sub-municipal elections should take place at the same time as municipal elections. The same person may be allowed to stand at both levels (SMU Council and Municipal Assembly).

The SMU/SDP Executive Secretary and administrative executive officers should be appointed by the SMU Council on the basis of merit, by means of a competition.

3.2.7. Protection of the interests of ethnic minorities

In mixed SMUs there should be Communities Committees and a Mediation Committee appointed from within the SMU (see Section 6).

3.2.8. Timing of implementation

Sub-municipal units and SMUs/SDP should be established in the first stage of the reform. In the future, the SMUs/SDP could be transformed into new municipalities (“local municipalities” – see below).

As it is proposed that SMU elections take place by secret ballot, the reform could probably not be fully implemented until 2006. The best time for joint elections for the municipalities and SMUs would be 2006.

In the meantime (ie from 2004 to 2006), steps could be taken to allow SMUs to operate provisionally and prepare for the fully-fledged SMUs: the municipalities can determine the boundaries of the future SMUs, along with the Ministry of Public Services and UNMIK. Village leaders and village councillors can be elected (this has already been done in many municipalities). The village leaders can act as provisional SMU Councils. The location of the future SMUs/SDP can be decided and premises can gradually be prepared. Meanwhile, the municipalities can decide to delegate certain responsibilities to the SMUs (in accordance with Regulation 45/2000) and provide certain administrative services in the SMUs/SDP.

⁷ Recommendation (2001)19 of 6 December 2001 of the Committee of Ministers of the Council of Europe on the participation of citizens in local public life.

A more detailed analysis of the timing of the Reform is set out in **Section 7** of the recommendation.

3.3 Municipalities

No substantial changes are suggested for the municipal level of self-government and civil administration. The basic principles set out in Regulation 45/2000 can be maintained. The establishment of a sub-municipal tier of government will, however, require some changes in **powers and responsibilities** and **financial arrangements** at municipal level. These issues are addressed elsewhere in the proposal.

With regard to the administrative staff of municipalities relocated in sub-municipal units, we recommend also considering the possibility of employing “mobile” or “visiting” clerks (see above).

We also recommend reconsidering and reviewing the role and competences of the Boards of Directors. Directors of municipal departments are often appointed on the basis of their political leanings.

We do not intend to change the **territorial arrangements**, ie the number and boundaries of the municipalities. Some municipalities, however, are too small (for example, Novo Brdo, Zvečan) and there is no logical justification for their existence. These municipalities can be transformed into SMUs/SDP and merged with neighbouring municipalities.

In order to establish conditions conducive to co-operation between the municipal and sub-municipal levels, we suggest that a new political body be set up at municipal level: a **Council (or Committee) of Local Representatives**. The members of this body would be the Presidents (Leaders) of the sub-municipal units. Detailed terms of reference for the Council (or Committee) should be considered and drawn up. This body should be entitled to advise, and to some extent decide, on local development matters concerning the territories of individual SMUs. This means, for example, that it should be entitled to approve the section of the municipal budget relating to rural development and local projects. The Council (or Committee) should also be involved in the supervision of municipal administrative executive bodies relocated to SMUs/SDP.

There are some municipalities (Prishtina, Peja, Mitrovica, Prizren, Gjilan, Ferizaj and Djakova) which are in a somewhat special situation. They are home to certain facilities of regional significance (hospitals, etc) and also to a number of outposts of ministries and central public institutions. Because of this situation, the idea of establishing a regional tier of self-government and administration has also been put forward (see 1.4). We do not support these proposals. The establishment of a regional tier would be too expensive and the powers and responsibilities of the regional authorities would be too limited. Instead of establishing a regional tier of government, we recommend considering the possibility of delegating certain special powers to the seven municipalities concerned and appointing them to act as agents of the ministries and central agencies (**municipalities with special delegated powers**). Such an arrangement would, in general, decrease the cost of the executive side of administration (the same premises would be used, with a reduction in the cost of utilities and maintenance). The establishment of municipalities with special delegated powers would also be more convenient

for the public, who are not usually interested in whether a particular office belongs to the municipality or the Ministry. Citizens require access to proper services with minimum effort. Involving the municipalities in the provision of regional services would also ensure better public scrutiny.

Ministries and central agencies should be entitled to participate in the appointment of the officers who will perform relocated central duties. The Ministries and agencies should also provide adequate financial resources to the municipalities to compensate them for their work and other costs.

The concepts and principles of such delegation should be reviewed and approved as soon as possible. (There is some risk of duplication: certain central agencies are preparing to invest money in building new facilities in the towns, for instance.)

Specific powers and responsibilities should be delegated gradually over the next two to three years.

4. Powers and responsibilities

The division of powers and responsibilities between the sub-municipal units and the municipalities is the crucial issue of the reform.

Some key principles need to be taken into account when competences are apportioned:

- Resources (material, financial, human, organisational and other) should be apportioned fairly, at both decision-making and executive level, between the municipal authorities and the new SMUs concerned.
- Devolution of responsibilities to SMUs at each level must be financially justified in the light of the local situation and operationally efficient. As a rule, the decentralisation process must improve on the existing quality of locally provided executive services.
- The apportionment of executive responsibilities between the municipalities and the SMUs must be matched by a fair apportionment of financial, material and human resources and be provided for by law and/or in local contracts.
- Powers and responsibilities must be devolved gradually, as the SMUs develop administrative capacity.
- Some decentralised administrative / executive responsibilities should be considered to be assigned not to individual SMUs but jointly to a cluster of SMUs in the same municipality (sub-municipal public partnerships).

Although the municipalities have recently been prevented from performing some of their basic tasks and making use of some of their basic powers (especially those related to the use of public land and public property), we assume that the situation will gradually improve

and will have returned to normal by 2006. In this section we suggest⁸ a possible outline division of competences – see **Table 3**.

Looking at the powers and responsibilities of local authorities in general, we (and the Kosovan authorities) should not forget to allow the private sector and civil society to make use of their freedom to manage important affairs, particularly in respect of economic development, public utilities, social services and culture. We seek to reflect and respect modern democratic trends and our Reform proposal is designed to provide as much scope as possible for implementation of the principles of civil society.

4.1 Apportionment of powers and responsibilities between the municipal and sub-municipal levels

It is common knowledge that a local authority has two specific types of competence, shouldered by two specific bodies:

- The decision-making body (the real self-governing body) – the Municipal Assembly or Local Council, consisting of locally elected people who have formal decision-making power in respect of local policies, in accordance with the law on local public administration.
- The executive body, which is responsible for putting into effect the decisions taken by the decision-making body, and hence implements local legal acts and national law.

As the Reform concerns the decentralisation of power from central level to local level, on the one hand, and from municipal to sub-municipal level, on the other, it will entail the following arrangements with regard to decision-making powers and executive responsibilities:

- A new set of decision-making powers will be allocated to the municipalities, many of them new. Some of these powers will be confined to the Municipal Assembly. These new exclusive competences will be exercised by the Municipal Assembly and the staff of the municipal executive body throughout the (urban or rural) municipality's territory. Responsibility for certain details of decisions could, by law, be decentralised to the sub-municipal decision-making body. The Municipal Assembly will also have the right, under the Reform, progressively to devolve some of its executive responsibilities to the sub-municipal units under it, where resources permit and needs and administrative efficiency so warrant.
- A different set of decision-making powers, some derived from the powers devolved from central government and some from the responsibilities of the existing Municipal Assemblies, will be transferred to the local councils of the new SMUs. The decisions taken by the latter will be implemented by executive bodies of neighbouring SMUs/SDP, under contracts concluded by ordinary SMU local councils or, in the most routine cases, by the local Executive Secretary of the SMU. Under the Reform, 60 such new SMUs/SDP will be set up after the elections in 2006. In the remaining

⁸ We have taken into consideration the general principles mentioned in Recommendation (97)7 of 1 April 1997 of the Committee of Ministers of the Council of Europe on local public services and the rights of their users.

SMUs ("ordinary" SMUs), the Executive Secretary will be the only executive organ.

It should be observed that at present there is a lack of symmetry between the decentralised decision-making powers of the SMUs and their executive power, as a result of a compromise designed to reconcile democratic rules, SMU efficiency and the resources available.

Under the existing legal framework in Kosovo, some executive powers could be decentralised and implemented straight away. This justifies dividing the process into stages, with 2006 as the half-way point, as explained in Section 7 of this proposal.

The apportionment of powers and responsibilities between the municipalities and the SMUs (SMUs/SDP) is summed up in **Table 3**, which gives an example of the way in which powers can be shared out among the various municipal bodies. There may be differences between SMUs in urban and rural areas, as some of the powers and responsibilities do not correspond in the two categories of local authority. The following section contains some explanatory comments on the various sections of the table.

During the implementation process, the examples given in the table will, of course, be applied in accordance with specific local conditions and needs.

4.2. Powers and responsibilities of local authorities in the main sectors – a brief description

The following descriptions refer to **Table 3**. The powers and responsibilities are commented on in the order in which they are listed in the table.

4.2.1. Economic/spatial development and environmental protection

SMUs should be able to use administrative decisions to promote **economic development** within their territory. This means, for instance, that they should be able to manage certain land that is of local significance for urban development purposes and to offer it as a local incentive to potential investors. SMUs should also be allowed to negotiate with local entrepreneurs and take decisions with the aim of promoting the development of the private business sector. It should be noted that local councils are able, by means of administrative urban development decisions, to add to the value of privately-owned land (by designating it as building land, or reserving it for municipal investment, etc). Municipalities should be responsible for economic development in the main town in the municipality and for projects of municipal significance throughout the territory of the municipality⁹.

SMUs should be allowed to draw up certain urban regulations and implement **urban development** plans on their territory. They should also be allowed to decide on constructions of local significance and should be consulted when buildings or investment of strategic importance are planned on their territory.

⁹ Recommendation (2002)1 of 30 January 2002 of the Committee of Ministers of the Council of Europe on guiding principles for sustainable spatial development of the European Continent and Recommendation (1989)15 of 7 November 1989 of the Committee of Ministers of the Council of Europe on rational use of land: basis and limiting factor of our development.

SMUs should actively strive to **preserve and enhance the natural and historic environment** on their territory. Even though they will not have sufficient executive power to take action, they can provide information to the municipality concerned and request that appropriate measures be taken. Similarly, SMUs should be involved in the protection of farmland, forests, pastures and mineral resources in their territory.

Forestry is a very sensitive sector in Kosovo. Illegal logging takes place on a vast scale. The recent set-up (the regional offices of the Kosovo Forestry Authority) is not very efficient for protecting forests. We recommend that local authorities (municipalities and sub-municipal units) be given a stronger supervisory role. As they are closer to the ground, they receive information immediately and can be more efficient. The detailed arrangements should, however, be carefully reviewed by professionals from the sector concerned.

We also recommend that keeping records of **data bases** in this area of competence and **economic indicators** that can be supplied on request to potential investors should be a shared responsibility.

4.2.2. Social welfare services

Social welfare services are a sensitive issue in the transition process in every post-communist society, and one that is directly related to economic development policy. In fact, the best form of social assistance is a job offer!

Given the present economic situation in Kosovo, many socially disadvantaged groups that will need special care or everyday socio-economic assistance will come to light. The table sets out some hypotheses for the sharing of responsibility between different administrative levels.

By and large, we support the general approach of UNMIK and the PISG, which consider that basic social welfare (regular payments to eligible persons, including pensions) should remain under the jurisdiction of the central institutions (social welfare centres), with branch offices situated in the municipalities. Co-operation between these institutions and local authorities could improve efficiency, particularly as local representatives have a detailed knowledge of the situation. We suggest allowing local authorities to provide some additional social services to various vulnerable groups, although we are aware that the current economic situation will not allow them to shoulder many of the responsibilities and tasks mentioned below.

The sub-municipal units should be allowed, if their financial situation permits, to set up and run local **social welfare** amenities, such as shelters, orphanages and homes for single mothers.

The sub-municipal units should also be entitled to devise and run local **social housing**¹⁰ **development** schemes.

¹⁰ Recommendation (1989)15 of 7 November 1989 of the Committee of Ministers of the Council of Europe on rational use of land: basis and limiting factor of our development and Recommendation (90)12 of 25 April 1990 of the Committee of Ministers of the Council of Europe on services and infrastructures in rural areas.

Children who receive no parental assistance and **people with disabilities** are also better served by locally-managed care homes or within their families. They will be assisted at SMU level, in accordance with statutory provisions and national government regulations.

Assistance to **unemployed people** and to **old people without financial or family support** will also be a SMU responsibility, in accordance with legal requirements, and the SMUs will be allocated resources for this purpose. If there are **central or local government subsidies or grants** for socially disadvantaged groups, it is recommended that the problem be dealt with at the level closest to the beneficiaries, ie by the SMUs.

The development of **social movements, voluntary work and NGO activities** contributing to new social services or existing welfare schemes is to be welcomed. Their work must be integrated as far as possible into a single local policy. SMUs can provide some sort of contribution (material, financial or in the form of offices) to activities of this kind.

Effective co-ordination with municipal, M/SDP and central government programmes, resources and policies, as well as with international assistance, is essential at SMU and municipal level. The results are always better if the SMU is able to rally the local population and prompt civil society to participate.

4.2.3. Communal services, infrastructure and utilities

This is one major area for which local authorities are typically responsible. Many of the issues concerned are set against the background of the sensitive problem of establishing what constitutes local public property, as well as local rights and responsibilities in respect of public property management.

Public utilities and technical infrastructure are among the key responsibilities of local self-government. These responsibilities are now expressly provided for in Regulation 45/2000. There is, however, currently a great deal of misunderstanding in Kosovo. The municipalities are claiming the right to manage **utilities** that were previously under **social (municipal?) ownership**, whereas the companies concerned have been placed under the authority of the Kosovo Trust Agency (KTA). Often the municipalities do not understand that they have the right to choose a supplier and specify all the quality and cost conditions in the contract. Even now, the municipalities have the opportunity to appoint representatives to the companies' supervisory boards, but these representatives often do not perform their tasks properly because they are unqualified and the municipalities do not support them or display an interest.

Local authorities should be allowed to decide whether to provide utilities through their own companies (this means they should be allowed to set up such companies or bid for them in the context of privatisation, and to manage such companies) or whether to resort to private contractors.

The decision should be taken as to who **owns the networks** (especially water supply systems). The municipalities should be allowed to apply for ownership of networks of municipal significance. SMUs should be allowed to take possession of local water supply systems. The ownership of natural water resources should also be determined, and the municipalities' potential role should be respected.

With regard to the sub-municipal units, there are many cases in which local utility networks (especially water supply and irrigation systems) exist in rural areas. SMU councils should be responsible for the use and management of these networks. In larger towns and cities, however, infrastructure networks usually provide services to the entire town (municipality) or to even bigger units, and the municipalities (and not the SMUs) should therefore be responsible for them. **Privatisation** of these companies (especially water-supply companies) should be carried out with great care: the standards that usually apply in western Europe cannot yet be properly applied in Kosovo. Public supervision by the Municipal Assemblies is necessary, and is to be recommended.

Public ownership of **buildings, houses, shops and offices**, including municipal halls, needs to be clearly defined, and such property must be managed and rented out so as to provide revenue for the municipalities and SMUs.

Collective heating systems, where they exist, are usually owned by the community where they are to be found (the municipality or the SMU) and organised as a public service (managed by a community or a private operator) for the benefit of local inhabitants. In most cases, important decisions have to be taken because of the need for technological improvements, which entail new investment.

The sub-municipal units should be directly responsible for **refuse collection** and for **cleaning public areas**. The SMU councils should be entitled to decide on contractors, financial and other conditions, and how to collect fees and charges from the public and institutions. It should be stressed, however, that environmental law needs to be strictly enforced (SMUs will not usually be able to fulfil the criteria for digging their own landfills!).

The sub-municipal units should also be responsible for the routine maintenance and improvement of **local roads**. This also means that it is first necessary to decide which are “local” and which are “municipal” roads.

SMUs should be entitled, to a limited extent, to organise **local public transport**¹¹ by **community buses or private vans or taxis** within their territory. This means they should be able to decide on contractors, make arrangements with their counterparts to co-ordinate routes and the siting of bus stops and bus shelters, and provide information to and influence the decisions of the municipality concerned in this area. The related problem of traffic control and regulation by **traffic lights, signs marking the boundaries of communities, street name plates and road/traffic markings and signs** also have to be dealt with at SMU level. Co-operation arrangements and public partnerships between local SMUs and/or municipalities in connection with routine road sign repairs and maintenance is to be welcomed. Urban SMUs also have to share similar responsibilities in respect of **local car parks and bus stops**.

¹¹ Recommendation (2002)1 of 30 January 2002 of the Committee of Ministers of the Council of Europe on guiding principles for sustainable spatial development of the European Continent. Recommendation (1989)15 of 7 November 1989 of the Committee of Ministers of the Council of Europe on rational use of land: basis and limiting factor of our development and Recommendation (90)12 of 25 April 1990 of the Committee of Ministers of the Council of Europe on services and infrastructures in rural areas.

Local SMU decisions are also needed in connection with **street lighting**: the number and appropriate siting of light sources and the fair apportionment of lighting costs. The lighting network could be municipally owned, but lighting policy is surely the responsibility of the SMUs.

Another important responsibility of the SMUs should be the management and upkeep of **cemeteries and graveyards** in the villages. There are graveyards in almost every village, but they are quite often not protected or tended at all, and sometimes they are even usurped by builders operating illegally. The public would appreciate it if public authorities were clearly responsible in this area. In the larger towns, the municipal authorities are already in charge of cemeteries. Usually they are used by the entire town, which means that there is no need to transfer responsibility to the SMUs in urban areas.

Public spaces, such as **parks and other green areas**, are inherently a matter for SMU decisions, and should belong to the local authority.

Markets, fairs and bazaars usually come under the authorities closest to the users, and it is recommended that they be run on the basis of convenience. Public opening hours, routine maintenance, hygiene conditions, public order and the proper use of such facilities are areas in which it is recommended that decisions be taken at SMU level. The role of the private sector should also be enhanced, however.

As regards trade, shops and restaurants, respect for **consumer rights**, discipline and regulations must also be enforced by SMU authorities, in close co-operation with the municipal police, public inspectors from other institutions and higher-tier regulations.

4.2.4. Personal public services and institutions

There is a sensitive range of responsibilities in this area which needs cautious evaluation for the purposes of the Reform, in terms of cost-benefit, efficiency, management capacity and the content of services that can be decentralised to SMU level.

Education is one of the basic public services provided to the population. Parents and families generally are very keen to obtain a good education for their children, and powers and responsibilities should therefore be transferred as close to them as possible, in accordance with the principle of subsidiarity. SMUs should be allowed to influence the quality of education within their territory. The municipalities should retain general responsibilities, address regulatory issues and bear the bulk of administrative costs. In the first stage of the Reform, the SMUs could merely provide suggestions to the municipal authorities in order to influence their decisions, but in the second stage they should be afforded extended decision-making powers.

Given the vital importance of education, we have paid more attention to this sector and described it in greater detail than the others – see appended Table 4.

Primary health care is another issue of crucial concern to the public and an extremely important public service. Primary health care should obviously be provided as close to the citizen as possible. There are, however, substantial constraints: health care is a very costly public service and requires highly qualified professional service providers. This raises a key question: what is the proper role of SMUs in primary health care? Because of the

constraints mentioned above, we recommend that primary health care continue to be the responsibility of the municipalities, especially with regard to the quality of health care, staffing, supplies, etc. The SMUs should, however, have an immediate role: responsibility for the maintenance of facilities (family health centres, community health centres (“*Ambulantas*”), first aid, etc) could be considered. The SMUs should also be responsible for certain preventive health measures and health promotion.

The municipalities’ role as regards secondary health care (hospitals) could also be reviewed. The hospitals are now located in some of the larger towns and managed directly by the Ministry. There are Executive Management Boards directly responsible for the supervision and management of hospitals, but the municipalities are not involved in the Boards’ decisions at all, even though the public consider their elected representatives to be responsible for local hospital services. We recommend strengthening the hospital management role of the municipalities and Municipal Assemblies. The municipalities with special delegated powers should, at least, be entitled to appoint one or two representatives to sit on the Executive Management Boards.

Public hygiene inspection services and veterinary services should basically be provided by the relevant municipal departments. However, some decentralisation of these services (provision of such services in SMUs/SDP) should be envisaged, in accordance with local conditions and needs.

Sub-municipal units should be entitled to organise and co-ordinate local **sporting, cultural and youth events and activities**. Co-operation with associations and clubs, and their support through partnerships, are most welcome. The SMUs should be responsible, in close co-operation with the municipalities, for all emergency calls and emergency intervention, preventive measures and decisions.

Tourism, as a locally organised activity, could become an important source of SMU revenue, as part of local economic development policy, and also be a local asset benefiting the inhabitants in terms of trade and jobs. In mountain areas there is perhaps also a need for investment in chalets, signposted roads and paths and **mountain emergency aid**. All these decisions need to be taken in accordance with local initiatives and the interests of the SMUs concerned. Mountain emergency aid could be organised in conjunction with other municipalities and, of course, other interested SMUs.

Fire prevention/intervention regulations have to be issued by each SMU, the aim being to recruit and train, within SMU territory, competent voluntary firefighters, provide them over time with appropriate equipment, devise fire prevention measures and firefighting methods, introduce proper regulations and assign responsibility for the various tasks. Ensuring telephone communications and co-operating with the municipality in preparing for emergencies, in particular providing the municipality with information and suggestions as to appropriate measures, are important local responsibilities.

Ambulance and special rescue units (to deal with serious road accidents, earthquakes, etc) will also have to be considered in the towns and larger district municipalities as a local public service. In practice, these units will perhaps be shared between SMUs at different levels, which will have to take decisions concerning the contracts for such services.

Civil defence against natural/technological disasters is also a responsibility that has to be shared between central and local government. In the case of certain frequently recurring natural hazards, such as spring floods, SMU involvement is essential: advance planning is needed and the equipment necessary for intervention must be stored in safe places and properly maintained and used. The municipalities with special delegated powers may be in charge of tents, beds, blankets, “campaign kitchens” and first-aid supplies, and be given delegated responsibility by central government for their use. National civil defence regulations must also be enforced in each municipality, with clearly defined responsibilities and advance planning.

The problem of public security is dealt with Section 9.3 (Law enforcement).

4.2.5. Public property management

The SMUs should be allowed to manage public immovable property of local significance. This means they should be allowed to rent, lease, sell and buy property. Obviously, public property must first be classified (to distinguish between state, municipal and other forms of public property), the law on public property must be passed and public property must be transferred to the municipalities (by the KTA and the central institutions). Municipalities should transfer property of local significance to the SMUs.

Table 3 lists the various types of public property management. Properly managed, such property could be a shared source of SMU/municipal revenue.

4.2.6. Local public finance/budget management

This is dealt with in detail in Section 4.3.

4.2.7. Dealings with the public and various administrative services

A variety of public administrative services may be offered by SMU executive organs, even if they merely take the form of an Executive Secretary:

Public information and advice is a basic service for citizens. It is connected with the general obligation to ensure the openness of public decisions and provide information for the public and for the media, in accordance with the decisions of the SMUs and the responsibilities delegated to them.

The secretariat responsible for general registration and correspondence provides a basic service that interfaces with the public. Its staff need to be polite and efficient and ensure that documents are couched in legal terms.

The registration of births, marriages and deaths will be one of the basic administrative tasks of the SMUs/SDP (performed by seconded municipal employees). Some municipalities have already begun to decentralise these services. We should, however, like to emphasise that it is not always necessary for a full-time public officer to work in each SMU/SDP.

Civil registration, along with census-taking and **voter registration**, can be successfully performed by the SMUs/SDP. Owing to the sensitivity of the situation in Kosovo, however, and the fact that civil registry databases need to be protected and monitored for security and political reasons (Chapter 8 of the Constitutional Framework), careful consideration needs to be given to the timing of the handover to the Kosovan authorities.

Co-operation and consultation with **organisations of civil society and religious groups** and the issuing of various **licences and the authentication of documents** by the Executive Secretary, in accordance with the law, are also basic SMU-level activities.

4.2.8. Symbolic and political functions

Given the difficult post-war situation, the symbolic and political functions and responsibilities of local authorities are extremely important and sensitive in Kosovo. The difficult economic situation also plays an important part. It can even be said that if resources for projects demonstrating the power and effectiveness of self-government are lacking, certain symbolic functions would do instead. For instance, a great deal of attention has been paid to renaming streets since the war.

The sub-municipal units should be allowed to perform some of these symbolic functions: they should be entitled to **give names** to public spaces of local significance (in accordance with the law, obviously, ie they should not give them names that are provocative for political, historical, ethnic or other reasons). To a reasonable extent, SMUs should also be allowed to **award prizes**, make **official statements**, etc.

4.2.9. Executive services within the SMUs and municipalities

An assessment of the cost of the operational and functional executive duties set out in this section will significantly influence the tendency of SMUs to develop into SMUs/SDP, (budget planning, infrastructure, human development and staffing). SMU local councils will have to take decisions according to their needs in terms of organisational changes and resources and, as a result, be involved in, and influence by means of their policy decisions, the Municipal Assembly's own policy decisions.

Here we find:

- IT & communication technology management
- The influence of SMU/SDP activities on SMU/SDP databases and the upgrading, security etc of locally important databases
- The influence of district municipality databases and their upgrading and security on SMUs/SDP
- The influence of urban databases and their upgrading and security on SMUs/SDP
- Community archive management
- Operational office assistance, cars and transport, influence of other administrative activities.

4.3. Local public finance / budget planning and management

4.3.1. Current situation – brief overview

Local self-government and local administration are currently financed through grants from central government (Ministry of Finance and Economic Affairs) and own revenues. The grants from the MFE fall into several categories: municipal administration, education, health, firefighting units and Local Community Offices (LCOs – in ethnically mixed areas). The funds are not transferable from one category to another. The main items within the respective categories are: wages and salaries (W&S), goods and services (G&S), capital outlays and reserves. The main items under municipal administration (W&S and G&S) are allocated according to the population of the respective municipalities. The number of municipal employees (public servants) was set by UNMIK in accordance with the approximate population size. Salaries in the public sector are based on approved rates.

The municipalities are entitled to levy certain local charges and taxes. As far as taxes are concerned, only property tax is collected by and remains at the disposal of the municipality. Other taxes are collected and used centrally. Apart from property tax, the municipalities levy the following fees and charges: commercial licensing fees, a proportion of the charges for using natural resources and cutting down woods, fees for issuing planning permission and building licences, traffic fines, and fees for birth and other certificates. There is also some income, though not much, from the use of municipal property. Some municipalities have succeeded in raising money through donations from local companies or individuals. In 2002, local income (**own revenues**) accounted for 9.5% of total municipal budgets (including education and health), ie **37.2% of the budget for core municipal administration**. When recalculated per capita per year, local administration budgets are quite small in Kosovo: the **expenditure** on core municipal administration in 2002 was approximately **13 euros per capita per year** (assuming the number of inhabitants to be 1.9 million). The municipalities' own revenues accounted for 4.8 euros per capita per year. It should be pointed out, that, despite the very low level of municipal budgets, many municipalities were not able to spend all their money and numerous municipal budgets ended the year 2002 with a financial surplus. This was often the result of slow public procurement procedures (some municipalities were unable to adopt complicated rules). In some cases it stemmed from a lack of readiness to implement projects. In yet others the complicated relations between the municipalities and the central authorities constituted an obstacle.

Some basic current municipal finance data are set out in **Table 5a** (Municipal budgets in 2002) and **Table 5b** (Own municipal revenues) – see appendices.

4.3.2. Financial competences of the sub-municipal units

4.3.2.1. Relations between the municipal and the sub-municipal level

There is no doubt that financial relations between the municipal and the sub-municipal level will be extremely sensitive, especially as Kosovo is in a very difficult economic situation. There is no production in Kosovo. Public budgets are extremely small and financial demands extremely heavy because of poor infrastructure and numerous other problems. The right balance will need to be struck between the degree of autonomy needed for the SMUs and the proper position of the municipalities. Only practice will show what proportion of local income should go to the SMUs and what proportion to the municipalities.

Obviously, the income of the sub-municipal units should be commensurate with their responsibilities. Financial relations need to be organised in several stages. Initially, the municipality should certainly play a more important role and should be responsible for levying local fees and charges. Subsequently, however, that responsibility should gradually be transferred to the SMUs. We have tried to find a system that would give the municipalities an incentive to be as efficient as possible in collecting fees and charges, and yet allow the SMUs reasonable autonomy in managing local finances.

There are numerous extremely poor rural areas in Kosovo, where the villages and other settlements have no infrastructure, no asphalted roads, etc. The quality of life there is extremely low. Many people have already left for the towns or gone abroad. There is no economic potential, and even local farming is incapable of feeding the people in these areas. Their inhabitants survive only thanks to family income from abroad. **The system for redistributing funds and providing support for impoverished rural areas should be implemented throughout Kosovo and at municipal level** as well.

Relations between the municipalities and the SMUs are complicated in several respects. It is assumed that local revenues will be shared between the municipalities and the SMUs. The municipalities will collect local revenues through their financial officers, who will be relocated to the SMUs/SDP. This means that individuals and institutions will not make payments direct to the municipality, but only to the offices of the sub-municipal units with special delegated powers.

This could complicate the situation, especially in the large towns and those forming the centres of municipalities. The system would appear to be too complicated to implement, especially initially, when the SMUs/SDP are not permanently established and the public do not know where to go to pay charges. One solution would be for the municipality to be allowed, provisionally, to collect fees and charges for SMUs centrally, but the payments should always be earmarked for the SMUs for which they have been collected.

Our analysis and suggestions for ways in which the sub-municipal units could obtain financial resources should be seen as a very rough outline proposal. We would, however, stress that **the sub-municipal units should be allowed to organise their own budgets and receive a regular income**. These rights are expressly mentioned in Article 9 of the European Charter of Local Self-Government. Obviously, SMUs should be allowed to manage their bank accounts. Technically, these budgets and bank accounts would be administered by financial officers employed by the sub-municipal units with special delegated powers. Decisions will, however, be taken by the relevant SMU council.

As mentioned above (Section 5.3.), wages and salaries and the appropriate proportion of goods and services and of the education grant should be funded direct from the central budget. This should avoid potential disputes between the municipalities and the SMUs.

We have consistently tried to distinguish between "core" sub-municipal functions, ie the functions of local self-government at sub-municipal level, and municipal functions located in the sub-municipal units. It is important to arrange for these municipal functions to be performed simply by transferring existing municipal officials (this also applies to relevant goods and services costs) and not to increase the total number of municipal employees (see Section 4.4.).

It should also be made clear that, although all SMUs will have their own budgets, only the SMUs with special delegated powers will manage the budget for administration. In practice, SMUs without offices (with only one full-time or part-time employee for basic administration) will have a sizeable item on the expenditure side of their budget, the contribution to the SMUs/SDP for the performance of administrative tasks. This budget head should be carefully considered and approved by the SMUs concerned. We suggest specifying all the conditions (administrative services provided by the SMU/SDP, their price, etc.) in the **contracts between the SMUs and the SMUs/SDP**. A model general contract applicable throughout Kosovo could be drafted and modified to take account of local conditions.

The management of local finances should reflect the recommendations of European institutions, especially the Council of Europe (Recommendation (2000)14 of 6 September 2000 of the Committee of Ministers of the Council of Europe on local taxation, financial equalisation and grants to local authorities, European Charter of Local Self-Government).

We assume that the leaders of the SMUs will form a special body (a Council or Committee of Local Representatives), which will be empowered to approve the section of the municipal budget that concerns the sub-municipal units. This would mean that the Municipal Assembly would approve the entire municipal budget, in which the item "Rural Development (Local investment projects)" would appear only as a lump sum: the detailed breakdown would be approved by the Council or Committee of Local Representatives (SMU leaders).

4.3.2.2. Financial flow scheme

The basic scheme for financial flows between the central, municipal and sub-municipal authorities in the early stages of the Reform is illustrated in **Figure 4** (appended).

4.3.2.3. Budgets of the SMUs and SMUs/SDP

SMU income:

- Grants from the municipality
- Appropriate proportion of local fees, charges and taxes collected within the SMU
- Voluntary contributions from citizens
- Other grants and donations
- Commercial loans and leasing (this is very sensitive and is not to be recommended in the near future)
- Income from contracts for local public property use (pastures, kiosks, car parks, etc.)

SMU expenditure:

- Contribution to the SMU/SDP for administration and services
- Local investment projects
- Services within the competence of the SMU

SMU/SDP income:

- Contribution from those SMUs which come under the SMU/SDP (for administrative and other services)
- Other income to which it is entitled simply in its capacity as an SMU.

SMU/SDP expenditure:

- Administrative expenditure
- Other expenditure incurred simply in its capacity as an SMU.

4.3.2.4. Locally generated income – suggestion

In accordance with the European Charter of Local Self-Government and other Council of Europe documents, SMUs should be entitled to use local revenues or part of those revenues.

It is impossible to decide in advance how income generated locally should be shared between the municipal authority and the sub-municipal units. In general, income-sharing makes things more complicated, but will be necessary, especially in the early stages of the reform. In **Table 6** (appended) we suggest a scheme for sharing local finances. This scheme should be regularly reviewed and improved, however. Supervision and advice from the MPS (Ministry of Public Services) and UNMIK will certainly be needed.

Careful consideration needs to be given to whether the urban SMUs will have the same financial administration model as rural SMUs - for instance whether the same proportion of income should be transferred to the urban SMUs.

4.3.2.5. Grants from Kosovo's budget to SMUs

Although we have stressed that the sub-municipal units should be subordinate, to some extent, to the municipalities during the early stages of the Reform, we suggest that the basic part of the sub-municipal units' budgets should be covered by grants provided directly from the central budget (Ministry of Finance and Economic Affairs)¹². Experience in various countries shows that if the money is allocated via the municipalities, immediate cash problems are to be expected in the sub-municipal units. We therefore suggest that funds for wages and salaries and for the appropriate proportion of goods and services should be granted direct from the central budget. The municipalities are supposed to provide money for territorial development if their financial situation permits. The amount of money provided centrally to SMUs should be apportioned according to population size. This means that central institutions (the Ministry of Public Services and the Ministry of Finance and Economic Affairs) should also approve employee numbers in individual SMUs (on the basis of proposals from the municipalities).

¹² See Recommendation (2000) 14 of 6 September 2000 of the Committee of Ministers of the Council of Europe on local taxation, financial equalisation and grants to local authorities.

In order to ensure that SMUs are properly and promptly supplied with cash, basic government grants should be used for the salaries of the executive administrative staff of SMUs/SDP (and SMU executive secretaries), and to some extent for expenditure on goods and services. We suggest that the grant should cover only part of the SMUs' G&S costs (50%?, 75%?) in order to give them an incentive to be more efficient in collecting local fees, charges and taxes.

Another question is whether money for such sectors as education should be provided centrally or through the municipal budget, or indeed whether these costs should be considered to be part of expenditure on goods and services. Such expenditure will not, in fact, be high in the sub-municipal units, and can therefore be covered for a limited time by basic G&S grants from the government¹³.

Such an arrangement (direct transfers from central government) could also make the future transformation of SMUs into "local municipalities" easier.

4.3.2.6. Grants from municipalities to SMUs

The proportion of fees and charges collected in SMUs by municipal finance officers should be used to finance the remaining G&S expenditure in SMUs (see above) and for local development projects and capital expenditure. This would give SMU officials an incentive to co-operate more efficiently with the municipality over the collection of local fees and charges. At the same time, the arrangement retains the links between the SMUs and the municipality.

There could also be special grants from the municipality, earmarked in accordance with the responsibilities of the SMUs (for education, etc.). The municipality could also provide the SMUs with grants for specific rural development projects.

In future, the arrangement could be modified to give the SMUs more autonomy. They should be entitled to collect local fees and charges and to use them completely in the longer term. *De facto*, however, this would amount to creating new municipalities (see the concept of "local municipalities" above and below).

4.3.3 Financial supervision

The SMUs/SDP should be **publicly** accountable for their financial management to the political organs of the SMUs concerned (their leaders or financial committees). Financial reports should obviously be published and submitted regularly.

The SMUs should also be subject to financial supervision by the **municipality** (the Finance Department and the Policy and Finance Committee, and possibly also the Rural Development Committee). Supervision should not, however, be confused with decision-making power, which must remain with the SMU Councils.

Financial supervision will mainly concern book-keeping, proper procurement procedures, supporting documents for financial decisions and the appropriate use of funds.

¹³ See Recommendation (1991) 4 of 22 March 1991 of the Committee of Ministers of the Council of Europe on the equalisation of resources between local authorities.

Apart from the supervision carried out by the institutions of local government and local administration, the **independent auditing body**¹⁴ (Office of the Auditor-General – see Constitutional Framework) should be entitled to scrutinise the finances of SMUs.

4.4. Staffing

Staffing of the new local government units will be one of the crucial tasks of the Reform. It is necessary to change the approach to personnel issues in local government in Kosovo. Many international administrators (UNMIK representatives) complain of the insufficient qualifications and low morale of the staff in municipalities. There are various reasons for this: a long tradition of communist bureaucracy, an unwillingness to accept personal responsibility, unsuitable selection of staff, inadequate management (many people simply do not know what they should be doing) and, in many cases, the lack of qualifications (despite the staff's claims that they have university degrees in law, economics, etc.).

We do not envisage, and do not want to create, a cumbersome bureaucracy in the sub-municipal units. We would like to see flexible, multi-skilled people doing practical work in the sub-municipal units, whether they are working in sub-municipal self-government or as relocated municipal employees. The situation is, however, somewhat different in practice. In some municipalities, the Municipal Assemblies have already decided to set up sub-municipal units in accordance with Regulation 45/2000. They have appointed or plan to appoint municipal employees in many villages, but without really delegating tasks and responsibilities to them. Such appointments, which are pure formalities, are unacceptable.

There is another very unfortunate but widespread problem as regards public administration staff: the fact that political appointments are very common at executive level in local government. CEOs and directors of municipal departments are, unfortunately, appointed almost solely on the basis of their political affiliation. Their professional skills and knowledge are second-rate. Accordingly, public scrutiny of the performance of public servants is poor, especially in the bigger municipalities.

It is sometimes argued that there are no properly qualified people available in the villages. Our first-hand experience suggests otherwise: there are many unemployed people with various levels of education who would be only too keen to work, even for quite a low salary. There are, moreover, cases where public servants living in the villages commute daily to an office in the town forming the centre of the municipality. There are also flexible, multi-skilled people in Kosovo: they can be seen in private enterprise. There are many successful private businesses that rely on the work of multi-skilled people (who are proficient in economics and finance, marketing, arithmetic, planning, the law, languages, etc.). We are therefore optimistic that sub-municipal offices can be set up with proficient staff.

Table 7 sets out a preliminary proposal for the number of posts in the sub-municipal offices (SMUs/SDP), the qualifications required and brief job descriptions. A distinction is drawn between administrative executive staff working directly for local self-government

¹⁴ See Article 8 of the European Charter of Local Self-Government. Chapter 11 of the Constitutional Framework for Provisional Self-Government provides that an independent Office of the Auditor-General shall be established by law. See also Recommendation (98) 12 of 18 September 1998 of the Committee of Ministers of the Council of Europe on supervision on local authorities' action.

(“core” sub-municipal staff) and municipal employees relocated to an SMU/SDP and working directly for the relevant municipality. A distinction has also been made between SMUs/SDP in rural and urban areas. The data in this section are used later for a financial analysis. Preliminary totals for the number of staff in sub-municipal units in particular municipalities are set out in **Table 2** (appended).

We suggest that one employee (who could be part-time) be recruited to do basic administrative work for the Council in each sub-municipal unit (without special delegated powers). This employee would be given the title of “local executive secretary”. He/she should be responsible for administration connected with the meetings and activities of the SMU Council and President. He/she should also liaise with the administrative office in the SMU/SDP or the municipality responsible. Later, when conditions permit, more administrative staff can be employed in the sub-municipal units.

5. Finances: cost of the reform (administration in sub-municipal units with special delegated powers)

5.1. Introduction

One of our main concerns when we were working on the Reform proposal was the financial sustainability of the reform. More democracy usually means more expenditure. We tried, however, to find a system that would be as cheap and hence as workable as possible. The Reform must be as cost-effective as possible.

The purpose of this section is to provide an indication of the approximate **cost of the reform**, ie the initial outlay and the likely increase in the operational costs of local self-government and local administration.

We are fully aware that this is a tricky problem. It was not possible to estimate all the costs and benefits of the Reform. The main benefits would be an improvement in public and administrative services, the implementation of the democratic principles, observance of the law, and the fact that it would bring Kosovo's society closer to the European structures and hence boost economic and social progress. The establishment of a new, sub-municipal tier of government should also imply a reduction in the number of municipal staff. There are, however, certain costs that are difficult to estimate, such as those relating to staff training and the preparation of premises for the new sub-municipal offices.

5.2 Future costs at sub-municipal level

We assume that the reform would not entail any direct increase in expenses at municipal level. Although we have stressed that the sub-municipal units should, in the early stages of the Reform, be subordinate, to some extent, to the municipalities, we suggest that the essential part of the sub-municipal units' budgets should be covered by direct grants from the central budget (Ministry of Finance and Economic Affairs) – see above. In addition to these grants, SMUs should be entitled to use local revenue or part of that revenue (see

below). Local finances should be managed in keeping with the recommendations of the European institutions, especially the Council of Europe (Recommendation (2000)14 of 6 September 2000 of the Committee of Ministers of the Council of Europe on local taxation, financial equalisation and grants to local authorities, European Charter of Local Self-Government).

The costs of the reform mainly comprise the cost of setting up and running the new sub-municipal tier of local self-government and public administration. We can obviously make only a preliminary, very approximate estimate of the basic costs. The analysis is based largely on the predicted number of sub-municipal offices and employees and the number of municipal employees relocated to sub-municipal units with special delegated powers (SMUs/SDP). Staff details are given in Section 4.4.

The analysis of expenditure is divided into two main parts: **initial capital outlay** (setting up offices, supplies and equipment) and **operational costs** once the sub-municipal offices have been set up.

These are some of the terms and abbreviations used in the following section:

W&S = wages and salaries. W&S are generally determined centrally.

G&S = goods and services.

“Core” SMU/SDP employees = employees dealing exclusively with local self-government matters within the competence of the SMUs.

Municipal employees in SMUs/SDP = municipal officers and clerks assigned to SMUs/SDP to perform certain municipal duties.

Urban areas = the centres of the seven largest municipalities (Prishtina, Mitrovica, Peja, Djakovica, Prizren, Ferizaj, Gjilan).

Rural areas = all municipalities and areas other than the seven large towns (or urban areas – see above).

5.2.1 Initial capital outlay

Refurbishment of premises: we assume that some premises are available in almost every potential SMU/SDP. Use should be made of existing options wherever possible in order to provide working facilities at minimum cost. It would also be possible to rent or purchase privately-owned premises. We assume that, on average, 30,000 euros would be needed to refurbish premises for one SMU/SDP, which means that the total cost for 100 SMUs/SDP would be approximately **3,000,000 euros**. This sum covers offices for both relocated municipal administration and local self-government.

Cars: we assume that each SMU/SDP will have to be provided with at least one car. It would be possible to envisage buying second-hand cars. If new cars are purchased, the cost is estimated at 100 x 15,000 euros, ie **1,500,000 euros**.

Computers: each office should be equipped with five to 10 computers (at 1,000 euros each) and a printer and accessories. Assuming an average of seven computers + accessories, the approximate IT costs for one SMU/SDP would be 10,000 euros, giving a total of **1,000,000 euros**. This sum could be reduced by using second-hand computers, or if computers were donated.

Furniture: we have envisaged a maximum of 500 euros per SMU/SDP employee (regardless of whether the employee is working for the municipal authority or in SMU self-government). This gives a total of 990,000 euros, but this sum could be reduced by using older furniture. A reasonable estimate is **500,000 euros**.

Other equipment: Let us assume an average of 5,000 euros per SMU/SDP, to cover the purchase of technical facilities and equipment of various kinds (photocopiers, telephones, security equipment, etc.). This gives a total of **500,000 euros**.

<u>Summary:</u>	Premises	3,000,000
	Cars	1,500,000
	Computers	1,000,000
	Furniture	500,000
	Other equipment	500,000
	Training (3 years)	730,000
	Total capital outlay (Kosovo-wide)	7,230,000

This estimate should be considered a preliminary assessment. There is some scope for reducing the cost. New equipment (cars, computers, etc.) should not always be purchased; buying second-hand can save a great deal of money. On the other hand, we have no proper assessment of the situation as regards premises. If fewer premises are available than expected and new buildings (or prefabs) have to be constructed, the costs may be higher.

NB: Bureaucrats usually ask for perfect material conditions right from the time when their new office starts to function. This has often happened in Kosovo (they have purchased new furniture, cars and computers that are not used or not used properly), but this should be avoided when the Reform is implemented. The criteria for assessing the SMU/SDP offices set up should **not be the money spent on them, but how operational they are**.

Investment in human resources: there will no doubt be a large demand for training for local public servants. We have tried to estimate this in order to provide at least a rough idea of costs during the first three years of the Reform (see appended **Table 8**).

It is, however, somewhat doubtful whether this cost should be considered as a direct cost of the reform. Retraining of people in Kosovo will be unavoidable in many others sectors, and training for public servants is necessary regardless of whether a reform takes place.

5.2.2 Operational costs

These have been estimated according to the projected number of SMUs/SDP employees ("core" employees + relocated municipal employees – see Section 4.4. and appended **Tables 2 and 7**) and their salaries. The salaries we have used for municipal employees have been set by UNMIK and the Ministry of Public Services. The quantity of G&S has also been determined by the Ministry of Public Services and grants are provided by the Ministry of Finance and Economic Affairs.

The current Kosovo-wide ratio of W&S to G&S, as provided for in the 2002 budget for Kosovo (Municipal budget section), was used as a basis for our calculation of G&S in the future SMUs/SDP – see **Table 5a**. The general ratio used for one option in our calculation is

1.661, but the value varies significantly from one municipality to another – see, likewise, **Table 5a**. We have therefore used a lower value in seeking to minimise the cost of the Reform (see **Tables 9**). We have assumed an average staff in rural SMUs/SDP of five “core” SMU employees (dealing with SMU self-government matters only) and eight relocated (“decentralised”) municipal employees (see Section 4.4.). In the towns, the figures are nine and 15 respectively. We have assumed an average salary of 200 euros a month (although the current rate is lower). We have calculated the possible quantity of G&S by simply multiplying W&S by a coefficient of 1.661. This is considered the **upper limit** to the costs. We have also calculated minimum and maximum operational costs – see appended **Tables 9**.

The real increase in operational costs is based only on the increase in the number of “core” sub-municipal employees, ie people who will be engaged solely in self-government administrative matters. Municipal employees relocated by the respective municipalities will be paid directly by those municipalities (W&S and an appropriate proportion of G&S). **We have assumed that there will be no increase in the number of municipal employees** (with the possible exception of the municipality of Prishtina, where the number of municipal employees is lower, in relative terms, than in the other municipalities – see **Table 2**).

The maximum estimate (based on the general G&S/W&S ratio) of the operational expenditure of the sub-municipal units is set out in Table 9b. Tables 9 are Excel tables, which make it easy to vary input interactively and analyse operational costs.

There is an **alternative approach** to the calculation of the cost of **Goods & Services**, based on an estimate of the minimum cost of administration in **one rural SMU/SDP** (self-government & relocated municipal administration). The input values and results of the analysis are set out in **Table 9**.

There is another important local expenditure item: **allowances for elected representatives**. This is a frequent demand in Kosovo. There are obviously arguments for and against. There are in fact some expenses directly connected with elected representatives’ duties (especially travel expenses). On the other hand, there is a risk that, given the high level of unemployment and the difficult social situation, the allowances would constitute the sole motivation for some people. We nevertheless suggest including this item in the municipal and sub-municipal budgets. We have assumed that 30 to 50 euros a month would constitute reasonable compensation for elected representatives at sub-municipal level. Payment of the allowances should be dependent on a proven commitment, however, in other words, attendance at Council and committee meetings. We have assumed that each elected person will have to perform some duties (Council meeting, committee meeting, field visit, etc) at least once a week. We have considered different amounts (30 and 40 euros) for monthly allowances in our financial analysis (see appended **Table 9**).

NB Clearly, a calculation based on the W&S/G&S ratio of the existing municipal authorities leads to higher G&S costs, whereas a modest estimate based on real needs will give much lower G&S costs. There is therefore significant scope for saving on operational G&S costs.

We assume that the change will not place any demands on “sectoral” budgets. The education and health budgets for the whole of Kosovo can remain the same: an appropriate proportion of the municipal budgets (building maintenance and other activities which will be

the responsibility of the SMUs) will simply be transferred from the municipalities to the SMUs (and administered by the SMUs/SDP).

As is apparent from **Table 9**, the total cost of local administration Kosovo-wide will **increase by a maximum of 6,183,024 euros** (including allowances of 1,536,000 euros). Given that the previous total budget (for 2002) was 24,633,742 euros, the reform will entail a maximum increase of 25.1%. If we make a more modest and reasonable estimate of G&S and other expenses (see input variables in **Table 9**), this sum could be reduced to **2,482,000 euros** (including allowances), and the total cost of local administration Kosovo-wide would **increase by 10.1%**.

The increase in the operational costs of public administration could be partly offset by the more efficient collection of local fees and charges, and indirectly by improvements in public services and conditions more conducive to economic and social development. In actual fact, expenditure could be even lower: G&S costs are lower in smaller municipalities and, logically, the SMUs/SDP should be more similar to smaller municipalities than to bigger ones. There is great scope for saving resources through the rational co-ordination of “core” SMU administration and municipal administration “relocated” in SMUs (travel expenses, utilities, etc). The number of employees working in SMUs/SDP could also be reduced, but it would be necessary to find and train versatile public servants who can perform a range of duties.

Conclusion: implementation of the reform (introduction of a sub-municipal tier of government) could increase total local administration costs by approximately 10 to 25%. There is, however, scope for reducing these costs.

5.3. Regular capital expenditure (territorial development)

This expenditure cannot be analysed in detail. Investment activities will depend on local conditions and, more particularly, on the general economic situation and the size of public-sector budgets. Investment should be carried out equally in SMUs/SDP and in the SMUs served by the administration of an SMU/SDP.

Investment costs should be covered by:

- locally-generated funds (voluntary contributions)
- regular transfers from the municipality (part of the municipal budget should be shared out)
- local revenue (fees and charges at sub-municipal level)
- commercial loans (on a very limited scale!)
- grants and donations from international organisations
- grants provided by the municipality
- grants provided by the Kosovo government or other institutions.

6. Protection of the interests of ethnic communities (minorities)

The establishment of stronger sub-municipal units will allow many local ethnic communities to take more decisions on matters concerning them. If the sub-municipal units are given greater autonomy, this could help resolve the tense situation in northern Mitrovica and in other Serbian enclaves in Kosovo. At the same time, these measures will not undermine the territorial integrity of Kosovo and will help to eliminate the role of parallel administrative structures under the authority of the Serbian government.

Although this proposal is based on territorial and not ethnic criteria for the establishment of SMUs, in some cases the result will be that ethnic communities will be enabled to be in charge of their own budgets and exercise significant responsibilities in many areas of local life. In other cases, there will be ethnically mixed SMUs with a majority of Serbs or Albanians.

New SMU responsibilities which can improve the quality of life of the ethnic communities include:

- finance: they will have their own budget and be able to generate local revenues (various local fees and charges, voluntary contributions from citizens, etc) and obtain grants from the municipality and the central budget (KCB)
- education (responsibility for maintaining buildings and setting up school boards; the opportunity to be involved in the appointment of directors and influence educational content)
- public utilities (responsibility for deciding who will provide the services and under what conditions)
- promotion of local economic development
- management of some public property
- to some extent, social services and housing
- protection of the environment and farmland
- to some extent, protection of the cultural heritage
- organisation of cultural and sporting activities, etc.

Moreover:

- their legal status would allow the sub-municipal units (for instance, groups of Serbian villages) to have official dealings with other institutions (including international NGOs)
- they would have the opportunity to set up ad hoc associations of villages, sub-municipal units or municipalities in order to achieve certain specific goals (in accordance with the European Charter). Although such associations cannot have the status of administrative entities, they can significantly help to promote community interests.

In addition to the proposed reform of public administration and local self-government, we recommend **amending the rules concerning the composition of the Community Committees** at municipal and sub-municipal level. At present, the Serbs are not satisfied with the rules (Regulation 45/2000), which regularly cause Serbs to be outvoted by an alliance of Kosovo Albanians and Turks, Ashkalies and Bosniacs. As a result, the Serbs are

not able to uphold their interests, they boycott the Community Committees and their trust in democratic institutions and self-governing bodies in Kosovo is undermined. In the units (SMUs or municipalities) where one of the ethnic minorities far outnumbers the other communities, the strongest community should be allowed a majority of seats on the Community Committee and be able to chair the committee. In practice, this can be achieved by amending the provision concerning the participation of majority representatives in the Community Committees: only one or two majority members should be able to be appointed to the committee.

The Mediation Committees should, however, remain unchanged, with a 50/50 minorities to majority ratio.

We can assume that in future UNMIK will not have a direct presence in the municipalities or even in the SMUs. There will therefore have to be new means of upholding the interests and rights of the ethnic communities (minorities): special rights for Community Committees in their dealings with SMU Councils and/or Municipal Assemblies should be provided for (a right of veto in some cases?). The rights of the Community Committees in dealings with international monitoring organisations (OSCE, Council of Europe, UN, EU) in the event of a violation of the rights of ethnic communities should be provided for by law. Community Committees should at least be allowed to communicate directly with international organisations and submit their demands and suggestions to them.

The Ombudsman's Office, as the main institution dealing with violations of the rights of ethnic communities by public authorities, is also available to uphold communities' individual and collective rights.

In some cases, the Administrative Court could also help ethnic communities to protect their rights vis-à-vis institutions.

7. Timing of the Reform

A realistic schedule is needed for the implementation of the Reform. Detailed plans for all the necessary steps should be drawn up by the Ministry of Public Services under the auspices of UNMIK and the OSCE.

We suggest here one possible scenario for the implementation of the reform, in three stages:

1st stage:

This stage can be carried out under existing legislation. Provisional village **councils** and village **leaders** should be appointed (elected at a public gathering). The **boundaries** of the prospective **sub-municipal units** should be determined, for example on the basis of the previous local communities (*Bashkesia Lokale/Mesna Zajednica*) and cadastral zones (see above). Provisional SMU Councils and Presidents should then be elected by the village leaders within the territory of each SMU. The first package of **competences and working rules** should be delivered to the SMUs. Part-time or full-time employees ("local executive secretaries") should be recruited and trained in all the "ordinary" sub-municipal units. These

measures should be organised by the municipalities, in accordance with the obligations imposed on them by the MPS and UNMIK.

Legislation connected with the Reform (see below) should be drafted and adopted in the course of the first stage, which will last until 2006.

Training of the staff of the sub-municipal units and of the municipal officials should start.

The next package of responsibilities should be transferred to the SMUs. Offices should be set up in SMUs with special delegated powers and SMUs and SMUs/SDP should draw up contracts for the provision of services. Municipal officers should be relocated to the SMUs/SDP.

2nd stage (2006):

Sub-municipal bodies should be officially elected and another package of responsibilities should be given to them (own budgets, etc – see **Table 3**). Training for newly elected and appointed officials should continue.

3rd stage:

The sub-municipal units in rural areas should be transformed into new, fully-fledged “**local municipalities**”. The municipalities in rural areas should be transformed into “**district municipalities**” with a number of specific powers and responsibilities. The seven largest towns (during the first two stages, “municipalities with special delegated powers”) should be given a new status (as “**Cities**” or “**Statutory Towns**”), which would allow them to wield adequate authority over the urban quarters (“local municipalities” within the cities) and also perform a number of administrative tasks of regional significance. Urban quarters (local municipalities within the cities) will also receive a new status within city status. They should have substantial, increasing competence for self-government and executive administration. An example of the future apportionment of competences between city level and urban quarter level (urban local municipalities) in the seven largest towns is given in **Table 3**.

8. Some further comments

8.1. Brief SWOT analysis of the Reform

Strengths

- *response to social demand from various sections of Kosovan society (village communities, ethnic communities)*
- *a possible solution to some social and political problems (tension between Kosovo Albanians and Kosovo Serbs; parallel administrative structures)*
- *reform principles in keeping with the social and economic situation in Kosovo*
- *reasonable financial requirements*

Weaknesses

- *risk of a lack of understanding on the part of the main local players*
- *there are other social priorities, given the difficult situation in Kosovo*
- *lack of legislation*
- *lack of detail*

Opportunities

- *fully supports the process for the European integration of Kosovo and EU access programmes*
- *provides economic development incentives*
- *improves public participation*

Threats

- *unsuccessful implementation of the Reform (problems with passing supporting legislation, training the people concerned, co-ordination, etc)*
- *lack of acceptance by local politicians*
- *lack of support from UNMIK (other current priorities, lack of capacity)*
- *lack of financial resources to implement the Reform.*

8.2 Criteria for evaluating the success of the Reform

The effectiveness of the Reform and its component parts should be monitored and assessed continuously during and after its implementation. The results and conclusions of future assessments should be used to amend and correct particular features. The effectiveness of the Reform can be ascertained by means of various types of survey, but it is necessary to identify specific criteria which can be measured quantitatively. We suggest the following criteria:

- *Efficiency in the **collection of local revenues** in SMUs (one specific goal of the Reform is to increase local revenues by involving the sub-municipal level. The results can be measured and compared with the recent situation).*
- ***The turnout** in sub-municipal and municipal elections in 2006 (public interest in the Reform, especially in the establishment of a sub-municipal tier of local self-government), should be reflected in the citizens' interest in voting for sub-municipal councils).*
- ***The number of candidates** in the sub-municipal elections in 2006 can be seen as a reflection of the interest of the citizens, political groups and civil society in the implementation of the Reform and especially the establishment of a sub-municipal tier of government.*
- *The number of infrastructure and other development **projects** at sub-municipal and village level: support for local activities and local economic and urban development*

is one of the main goals of the Reform. The number of projects devised and implemented at local (village, sub-municipal) level could be an important criterion.

- *The findings of a possible **public opinion poll**. Several surveys of public opinion concerning the quality of public services have been carried out over the last two years. Similar surveys should be conducted in future to find out how people see the reform and whether they are satisfied with the results. One poll should focus on the views of the ethnic communities.*
- ***Demographic criteria:** if the reform is successful, it should reduce the tendency of people to move from rural areas into the big towns. Despite the difficulty of measuring such trends, they are a sign of satisfaction or dissatisfaction with the quality of life, especially in rural areas.*

8.3 Frequent objections and answers to them

- **“Decentralisation is being carried out along ethnic lines and therefore favours the cantonisation or partition of Kosovo.”** - This is the usual objection of many Kosovo Albanian politicians. It may stem from a misunderstanding that originated when the SRSG announced plans for decentralisation as a commitment to the Serbian community. Many Serbian representatives actually understood decentralisation as meaning completely separate administration of the Serbian community. We would stress that, in fact, geographical and demographic criteria take priority. If, however, there is a territory which, given its population size, is suitable for the establishment of a sub-municipal unit and the population is mono-ethnic, this should not be an obstacle. Such a unit would, in any case, be integrated into higher-tier multi-ethnic institutional structures (municipality or the province of Kosovo). Local self-government should be combined with participation in higher-tier democratic institutions, in accordance with the subsidiarity principle. As for the concern that decentralisation would legalise parallel structures, we would argue that, far from giving permanent legal status to such bodies, the reform is the only way of gradually dismantling them, given that they exist in practice and, if local institutions are not incorporated into a Kosovo-wide institutional Reform, they will remain a permanent source of instability.
- **“There is no centralised power, so why decentralise and what is there to decentralise?”** - This is another common objection among Kosovo Albanian politicians, who assign priority to the transfer of power from UNMIK. We see no contradiction between the transfer process and the current importance of an appropriate reform of local self-government and administration. On the contrary, we believe that a bottom-up approach, in line with European standards, is needed to address the functioning of local democracy and local public administration without delay.
- **“The cost of the reform is too high.”** - This objection is frequently raised by various parties who are unfamiliar with the concept and concrete details of our proposal. If resources are not wasted, the final cost could be reasonable and acceptable.
- **“Another heavy bureaucratic structure”** - Objections of this kind were raised before our concept and proposal were announced. Our proposal is designed to avoid any

unnecessary cumbersome bureaucracy. The number of new offices and new administrative posts is limited.

- ***“The villages are the logical units of self-government.”*** - It is true that self-government rooted in the basic units, ie in the villages, would be the most democratic and logical form of self-government. Because of economic constraints, however, we decided to set up basic sub-municipal units grouping villages together. We have nevertheless tried to give villages the opportunity to govern themselves at least to some extent by means of village councils and village leaders (in the form of NGOs).
- ***“It is necessary to establish a regional level of government (prefectures).”*** - We do not endorse this idea. Kosovo’s territory and population are too small and it would be unreasonable to set up another tier – see text.
- ***“A unified system of self-government and local administration for the Balkans would be the best solution.”*** - We do not support this approach. The situation in Kosovo is too specific (post-war destruction, economic situation and prospects, ethnic relations, geographical features, culture and traditions, etc), and a special system of self-government and local administration is therefore to be recommended. There are, however, many similarities with other parts of the former Yugoslavia.

9. Other recommendations

9.1. Legislation

A package of new or amended laws will have to be drafted and adopted by UNMIK and/or the Kosovo Assembly. Among other things, the laws should specify the role (powers, responsibilities and tasks) of the various tiers of local self-government and public administration. Some of these laws are already being drafted by the Ministries concerned.

- A **law on local self-government and local administration** should be drafted, or Regulation 45/2000 should be amended. Above all, the role of the sub-municipal level should be specified and the competences of the sub-municipal units clearly defined. Territorial administrative divisions should be described in an appendix or a separate law. The status and special rights and duties of the **capital, Prishtina**, could be set out in a special law.
- **Electoral law:** current municipal elections are based on a proportional system, in which the electorate votes for party political lists. We recommend amending the rules and introducing a proportional system with open lists. This would give individual candidates on party political lists and independent candidates a better chance. The rules governing sub-municipal elections need to be determined. Individual candidatures (members of political parties and independent candidates) should be supported.
- **Taxes and local fees** should also be determined by law.

- **The law on public property** should define the various categories of public property (State, municipal, sub-municipal, etc). The law should specify the powers and responsibilities of the various organs and institutions. Compensation for private property that has been wrongfully seized (nationalised, confiscated, etc) should be decided on and provided for in the law. The rules governing the possibility of **restitution** should be established.
- A **law on public servants** should set out all the rights and obligations of public-sector employees.
- A law defining the **administrative justice** system or some other means of monitoring and ensuring the lawfulness of local authority decisions should be drawn up.
- A law on the supervision of local authorities' activities and financial control and a law setting up and establishing the role and tasks of the independent auditing body are needed.
- Several laws dealing specifically with **public services** need to be amended to reflect the new structure of self-government (education, environment and spatial planning, social services, health care, etc).
- A **law on information** should be passed in Kosovo. Open government and the right of citizens to proper information is one of the basic requirements of a democratic society. Provision for the protection of personal data and databases can be made in that law or in a special law.
- **Law on public procurement:** although the rules governing public procurement have already been applied in Kosovo and an office responsible for such matters has been set up, procurement is still an extremely sensitive and important aspect of local self-government and public administration. There are still a large number of suspicious cases, and new cases are arising. More efficient and more modern and transparent means of procurement should be applied systematically.
- Provision should be made under business law for the units of self-government to set up their own **companies**.

9.2 Public property

The public property situation is quite complicated in Kosovo and has by no means been resolved. It is not possible to discuss all the property problems (residential and non-residential property, land and land transactions during Kosovo's recent history, forests and natural resources, etc) in this report. The management of public property is, however, one of the most important attributes of local self-government. The right to manage public property, especially land, gives self-governing authorities the opportunity to influence and encourage economic development, provide public services to local inhabitants and also generate local income. The municipalities in Kosovo have of late been entitled to manage only a small proportion of public land. Municipalities have virtually no opportunity to offer proper conditions to private investors; nor are they able to implement urban plans. The situation can be illustrated by the city of Prishtina, where local infrastructure (narrow roads and streets,

insufficient capacity for public-service networks and lack of space for improving the situation) is not at all conducive to economic development in the near future. A large amount of public (municipal) land was provided to socially-owned enterprises when they were set up several decades ago. Much of this land has never been used for genuine economic activities. Now, however, the land is being privatised by the Kosovo Trust Agency. The municipalities are asserting their right to retrieve and manage the unused land.

We recommend **reconsidering** UNMIK's **land policy** and envisaging the possibility of transferring to the municipalities land which is not directly used for economic activities but which could be used for urban development in the towns and villages. The institutions of local self-government should be allowed to manage and use it for the benefit of the public and the communities. Obviously, the sensitive problems concerning the rights of the previous private owners also need to be resolved.

Kosovo's municipalities are making several demands in connection with the recent **privatisation process**. As mentioned above, they are requesting that certain land which is not directly used by privatised socially-owned enterprises be withdrawn from the privatisation scheme. They are also asking for **part of the revenue** raised by the privatisation of companies set up on what used to be public land. As such resources can help local authorities to achieve the goals of local urban and economic development and implement the basic principles of local democracy, we recommend that UNMIK find a way of meeting these claims of Kosovo's municipalities.

Similarly, the municipalities are claiming the right to **apply for some socially-owned companies that are being privatised**, especially public utilities. Although the modern trend in the EU is clearly to privatise all such activities, we recommend reconsidering the potential role of the municipalities in connection with the privatisation of these companies. In some cases, the companies could be transferred to the municipalities, which could be allowed either to manage them or to privatise them with the aim of achieving the best possible quality and conditions with regard to the provision of public services (refuse collection, maintenance of public green spaces, the water supply and other services, where the municipalities are in the position of the client purchasing the service).

The ownership of certain **local infrastructure networks** (water supply systems, landfills etc) should also be reconsidered. Because of the lack of financial resources, however, the municipalities are at present hardly capable of managing these networks efficiently.

The ownership of certain **natural resources** should also be reconsidered, especially the ownership of water and forests. As the water supply is one of the basic responsibilities of the self-governing authorities, the ownership of water sources and water distribution networks should be reconsidered. Because of the complexity and specificity of this problem, we shall not go into detail in this proposal.

9.3. Law enforcement

Law enforcement at local (municipal) level has been an enormous problem since the war. The usurpation of land for illegal construction and the misuse of agricultural land are still very difficult problems. The usurpation and illegal occupation of residential and non-

residential property is another problem that requires more active enforcement of the law. (Although residential property is now under the authority of the Housing and Property Directorate, it is to be expected that in future it will be the responsibility of the organs of local self-government.) Moreover, the municipalities are unable to implement many decisions and measures concerning sanitation and inspection in other areas. Even the personal security of municipal inspectors is a problem in Kosovo.

In several cases, the municipalities have negotiated and co-operated successfully with the Kosovo police force. The latter is not, however, answerable to the municipalities, and the situation is generally unsatisfactory.

In the circumstances, we recommend considering the following two options:

- The establishment of **special units within the Kosovo Police Force** to deal exclusively with the enforcement of local law (protection of public property; prevention and prosecution of illegal building; protection of agricultural land; forestry protection (?); eviction; support for inspectors; public order; environmental pollution, etc). These units **should report to the organs of local self-government**.
- Establishment of a **municipal police force**, which would be directly managed (given instructions, financed and supervised) by the municipality. The municipal police force would perform the tasks mentioned above. There are many European countries which could serve as a model.

9.4. Human resources

As can be seen from this proposal, there will be a growing demand for qualified local public servants in the various tiers of local government. Above all, we are counting on a somewhat new type of employee at sub-municipal level. In order to reduce costs, we envisage looking for multi-skilled people who can perform several of the duties expected at sub-municipal level (especially in rural areas, where the offices should operate more independently). Future SMU/SDP officers who are able to deal with certain basic financial, legal, technical, social and other problems will have to be found and trained.

Obviously, public servants, but also local politicians, will have to continue to receive training and improve their professional skills. The international community will need to be involved. Local institutions (universities, special institutes, etc) will, however, have to play an increasingly crucial training role.

We recommend considering supporting the activities of the **Kosovo Institute for Civil Administration**. The Institute was set up by the OSCE, but now operates more or less as a “virtual” institution. The Ministry of Public Services and the Association of Kosovo Municipalities are undoubtedly the institutions that should be appointed to sponsor the Institute. Various forms of education and training should be provided. Such a concept has in fact already been devised by the OSCE. International institutions (especially the OSCE and the Council of Europe) should obviously support it.

In addition, courses in public administration should also be provided by Prishtina University. Owing to limited resources and the demographic conditions of Kosovo, the most efficient solution would be for education and training to be provided mainly by Prishtina University, but also by universities in “the former Yugoslav Republic of Macedonia”, Serbia and Montenegro, Albania and other countries.

9.5. Administrative justice

As the administrative system in Kosovo is quite new and as a wide range of administrative laws are expected to be passed pursuant to the Reform, there is a need to establish an efficient administrative justice system to resolve disputes and conflicts of competence between the various administrative bodies¹⁵ and protect citizens’ interests and rights¹⁶ against illegal acts and decisions by the public authorities (it should be empowered to declare such illegal acts null and void). Many disputes and problems can be expected, especially in the early stages of the Reform. An Administrative Court or Special Administrative Division of the Prishtina District Court, composed of five to seven judges specialising in administrative law and procedure, should therefore be set up and involved in the Reform from the outset.

It should be stressed that the jurisdiction of the Administrative Court/Special Administrative Division with regard to conflicts of competence between public authorities does not extend to disputes between Provisional Institutions, in respect of which the Special Chamber of the Supreme Court has the power to rule under Article 9.4.11 of the Constitutional Framework for Provisional Self-Government. Statutory provision must be made for the sharing of jurisdiction between the Administrative Court and the Special Chamber of the Supreme Court¹⁷. We consider that, since Supreme Courts generally have the task of interpreting legislation¹⁸, the Supreme Court of Kosovo must, in any event, be entitled to rule in disputes concerning the apportionment of powers between Kosovo’s central institutions and the local authorities, as well as between courts in cases of conflict of jurisdiction.

We also suggest a system of “self-regulation” for the authorities as a means of avoiding the need for a judicial remedy, in accordance with the principle of economy of judicial means. The administrative self-regulation is carried out by the same administration throughout the re-examination of the act, a sort of second instance check since the administration makes a decision on an act previously issued by its internal bodies or public officers.

¹⁵ See Article 11 of the European Charter of Local Self-Government.

¹⁶ We would stress that, under Article 10 of the Constitutional Framework for Provisional Self-Government, the Ombudsperson is the legal entity with jurisdiction to receive and investigate complaints, make recommendations and give advice in cases of human rights violations and the abuse of authority by any public authority in Kosovo. The Ombudsperson should therefore also be allowed to receive complaints concerning administrative violations.

¹⁷ The law must also provide for the sharing of jurisdiction between the Administrative Court and the ordinary courts.

¹⁸ Cf the powers of Supreme Courts in other European countries.

The request for review should be made by the same Public Administration or by the citizen that claims to have been damaged by the administrative act. The complaint should be lodged with the body that is hierarchically superior to the one which issued the act that is challenged.

The final decision should be based on a review of the lawfulness and merits of the act and can be directed to the amendment, revocation or annulment of the act.

We suggest that law must specify the cases in which self-regulation by a public authority may be requested, the procedure, the content of the final decision and the possibility to appeal against it to the Administrative Court.

9.6. Information, IT, communication

There is no doubt that the use of modern information technologies is a prerequisite for efficient public administration. Kosovo's municipalities are progressively being equipped with computers and other necessary equipment, and public servants are being trained to use IT efficiently. From the outset, UNMIK paid a great deal of attention to the proper use of IT by the public authorities. The Ministry of Public Services is now working on setting up an information network for the municipalities. In connection with the sub-municipal units and decentralisation in general, it should be stressed that the exchange of information and the use of relevant networks and IT can improve the quality of services enormously. We are fully aware, however, that the economic situation in Kosovo does not permit the immediate widespread use of the most up-to-date technology. There is also the usual tendency to equip offices with expensive equipment without using it properly. We do not think the new sub-municipal units should be equipped immediately with too much IT. They can start their work quite modestly. The concept of information and communication links between sub-municipal units, municipalities, central government and other public institutions should, however, be elaborated on.

9.7. Population size and population census

Demographic information is crucial for public administration and for the Reform in particular. Unfortunately, no reliable data are available in Kosovo at present. A population census is provisionally planned in Kosovo for the year 2004, but the date has not been confirmed. The data obtained during the last census, in 1991, are unreliable because of the dubious census procedure and substantial demographic changes in the 1990s (the war and emigration, along with the high birth rate in Kosovo).

UNMIK and other institutions are currently using various figures based on rough estimates by local authorities or taken from registries of births, marriages and deaths. These are the figures mentioned and used in the OSCE Municipal Profiles. Somewhat different figures are being used by the Ministry of Finance and Economic Affairs and UNMIK for Kosovo's budget.

There is one reliable information source: statistics for pupils in primary and secondary schools (MEST). According to current MEST information, there are **311,756 primary-school pupils**. As primary schooling is compulsory in Kosovo, we can consider the number of primary-school pupils to account for all children in the 6-to-15-year age bracket.

Over the last two years, the Statistical Office of Kosovo (SOK) and the institutions that co-operate with it have carried out a number of surveys and analyses. The brochure “**Kosovo and its population**” was published in June 2003. The SOK states that the resident population of Kosovo is usually estimated at **1.8 to 2.0 million**. A population pyramid (statistical breakdown of the population according to age) is included in the report.

We carried out the following simple calculation: according to the “age pyramid”, the 6-to-15-year age bracket (ie nine years of primary school) accounts for 19.39% of Kosovo’s population. With this in mind, we can estimate the approximate **total population of Kosovo** at $311,756 / 0.1939 = \mathbf{1,607,818}$ inhabitants. This figure is significantly lower than the usual estimates. There are obviously some inaccuracies in the basic assumptions (for example, the population pyramid was based on the survey of a limited population sample, so it may be somewhat approximate). Despite these inaccuracies, however, we believe that this simple calculation provides some evidence that the actual resident population of Kosovo is at the lower limit of the usual estimates. It certainly does not correspond to some maximalist estimates (for instance, the Municipal Profiles yields a total figure of over 2.9 million people in Kosovo).

We can draw several **conclusions** from this:

1. A population census is essential.
2. There is also a basic need in Kosovo for a proper estimate of the membership of ethnic groups according to age.
3. Some of Kosovo’s politicians probably try and exaggerate the size of Kosovo’s population.
4. There was a tendency to overestimate the number of people in the municipalities because Kosovo’s budget has been shared out according to the population of the municipalities. Presumably municipal representatives tried to exaggerate the figure in order to obtain more money for their municipal budgets.
5. The number of Kosovars who live abroad but are registered in Kosovo may be higher than UNMIK and other institutions currently believe. There can be various reasons for their not being resident in Kosovo (economic emigration, short-term absences, etc).

9.8. Recommendations for the implementation of the Reform

Under UNSC Resolution 1244/2000, Kosovo is still under the administration of UNMIK. A large number of competences have, however, been transferred to the Kosovan authorities. It is to be expected that further responsibilities will be transferred soon. We therefore assume that the Kosovan authorities will be responsible to a large degree for the implementation of the Reform. Nevertheless, in view of the lack of democratic traditions in Kosovo, difficulties connected with the establishment of an administrative system and other factors, we assume that international institutions will play an important role, especially in the early stages of the Reform.

In this section, we should like to provide an idea of the tasks of the main institutions and groups involved in the reform of self-government and local administration.

The **municipalities** should gradually prepare to set up sub-municipal units. This means suggesting boundaries for the SMUs, and where to set up SMUs/SPD (sub-municipal units with special delegated powers). According to the Constitutional Framework, UNMIK should approve these changes. The municipalities should also supervise the election of village councils and village leaders and the establishment of provisional sub-municipal institutions. They should also arrange for the preparation of the premises of the future SMUs/SDP and should pave the way for relocating municipal officers to SMUs/SDP. The **Kosovo Association of Municipalities** (KAM) should play an important role in the Reform process. It should co-ordinate information campaigns and be involved in training officials. Together with UNMIK and the MPS, the Association should co-ordinate preparations (proposals for SMU boundaries, preparation of premises, etc).

The **Kosovo Government** should prepare draft laws (in conjunction with UNMIK, the OSCE and other European institutions). The **Ministry of Public Services** and the Ministry of Finance and Economic Affairs should draw up detailed rules governing the Reform and, together with other Ministries, a detailed description of the competences of the sub-municipal units. Whether the laws will have to be approved by the UN HQ or whether the Kosovo Assembly will already have been authorised to pass them will depend on the status of UNMIK. The MPS should also advise municipalities during the preparatory stage and supervise preparations.

International institutions should also play an important role. **UNMIK** should take the final decision concerning the Reform. It should do so not only in its formal capacity as the administrator of Kosovo, but also because UNMIK initiated the entire decentralisation and reform process. UNMIK, the OSCE and the Council of Europe should also provide advice and expertise with regard to a wide range of problems connected with the Reform. The OSCE should devise a new election system and, given its experience and resources, should provide training for public servants and, to some extent, co-ordinate the activities of NGOs involved in democratisation. The **Council of Europe** could be available to help draft legislation and work out some detailed recommendations for the Reform. International institutions, including the **EU** and various EU bodies, should provide **financial and organisational support** for the Reform, especially the establishment of the sub-municipal tier of government.

Many international institutions and organisations strongly support the implementation of democratic principles at local level in Kosovo. The main institution is obviously UNMIK, which has been responsible not only for the administration of Kosovo but also for setting up Kosovan institutions of local self-government and public administration. The OSCE has been dealing with elections and capacity- and institution-building. In practice, the OSCE has been involved in training public servants and politicians at various levels, supporting the establishment of a system of political parties, and so on.

Several international bodies (NGOs and government institutions) are currently concerned with supporting local self-government, democratisation, decentralisation, the training of public servants and similar activities. Here are some examples:

The **European Agency for Reconstruction** has launched a large-scale project in support of the Association of Kosovo Municipalities and of decentralisation. The terms of reference of this project were prepared before the CoEDM started work, with the result that the EAR project is not focused on support for our Reform recommendations.

UNDP has carried out a “Local Authorities and Public Services Survey”.

USAID is going to launch a programme of support for municipal assemblies and municipal administrative offices.

The British government is supporting the project of the Centre for Management and Policy Studies, which is concerned with Kosovo civil service personnel management. The project addresses several very important aspects of Kosovan civil service law, civil service personnel policy, training for trainers, etc.

We recommend that the EAR and other international institutions focus their attention on training for public servants and elected representatives, especially in connection with new structures created under the Reform (SMUs). Training for trainers could be very useful – indeed, it is essential.

Local and international NGOs and agencies should continue to play an important role in promoting the principles of democracy and fostering democratic public awareness. Even now, we see a great deal of enthusiasm among young people involved in local NGOs who are actively working towards these goals. Local NGOs should wage information campaigns and mobilise people, especially at grass-roots level. There is, however, a **lack of co-ordination** between local and international NGOs and donors. Sometimes projects overlap. Improved **co-ordination** of international donors during the implementation of the Reform is essential.

In our opinion, the UNMIK Department of Civil Administration (Pillar II) should be in charge of co-ordinating these activities and UNMIK should be consulted not only by international donors but also by implementing agencies.

UNMIK could contribute significantly to the implementation of the Reform by incorporating the principles of the Reform into the “Operational Benchmarks”. We also recommend that UNMIK set up a **co-ordination group for the Reform**. The main international and local players should be involved in this group, which should co-ordinate their respective activities under UNMIK auspices. The group should make use of the authority of international institutions to negotiate with international donors in order to obtain financial support, especially for the early stages of the Reform (investment in the establishment of offices, etc).

List of Abbreviations

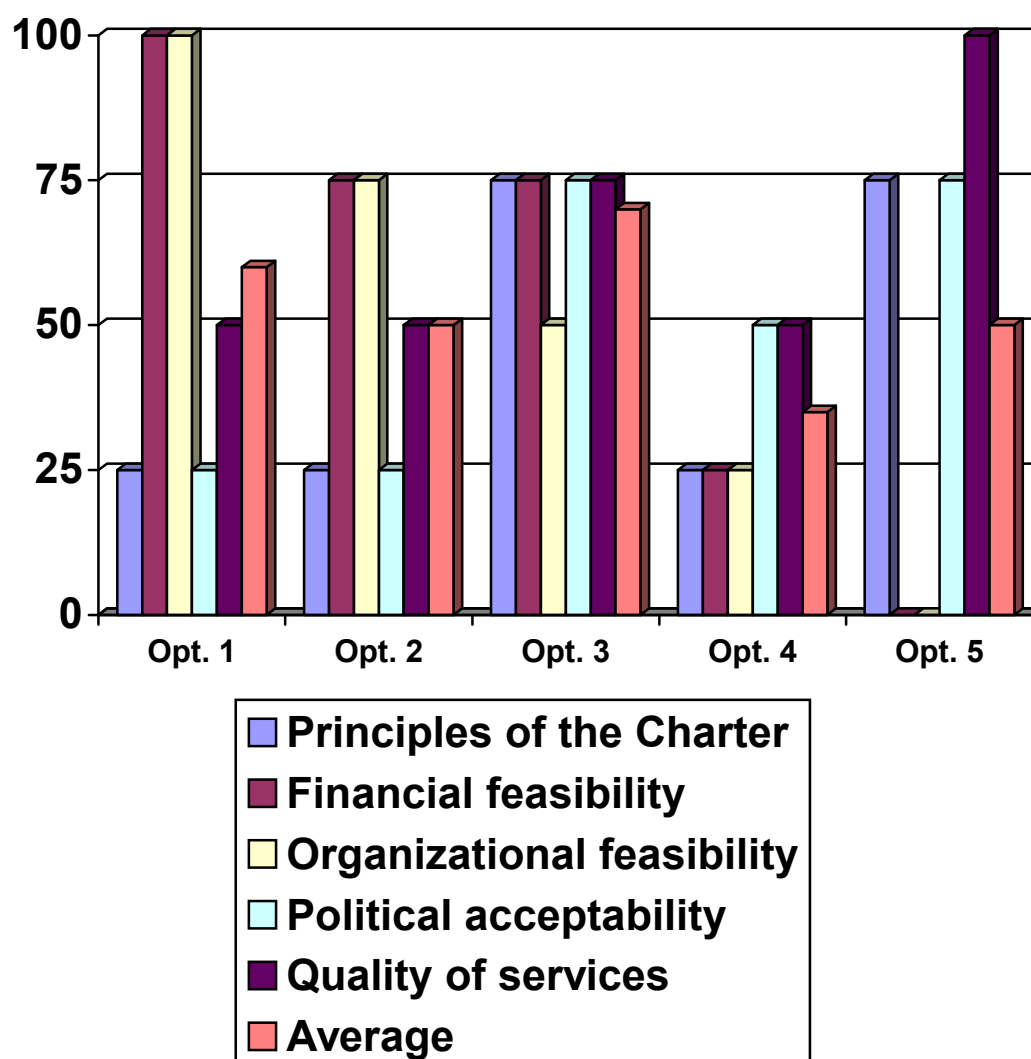
BL/MZ	Bashkesia Locale / Mesna Zajednica
CC	Communities Committee
CoEDMK	Council of Europe Decentralisation Mission in Kosovo
EU	European Union
G&S	Goods & Services
IT	Information Technology
KCB	Kosovo Consolidated Budget
KPS	Kosovo Police Service
KTA	Kosovo Trust Agency
LCO	Local Community Office
LED	Local Economic Development
LPA	Local Public Administration
MEST	Ministry of Education, Science and Technology
MFE	Ministry of Finance and Economy
MPS	Ministry of Public Services
NGO	Non-Governmental Organisation
OSCE	Organisation for Security and Cooperation in Europe
PM	Prime Minister
SMU	Sub-Municipal Unit
SMU/SDP	Sub-Municipal Unit with Special Delegated Powers
SOK	Statistical Office of Kosovo
SWOT	Strengths, Weaknesses, Opportunities, Threats
UNDP	United Nations Development Program
UNMIK	United Nations Interim Mission in Kosovo
UNSC	United Nations Security Council
USAID	United States Agency for International Development
W&S	Wages and Salaries

Table 1: Kosovo Municipalities

Municipality	Population (Mun. profiles) *	Number of municipal employees (incl. LCO)
Prishtine/Pristina	550000	550
Podujeve/Podujevo	130000	283
Fushe Kosove/KP	40000	155
Obiliq/Obilic	29000	107
Lipjan/Lipljan	70000	231
Glogovac/Glogovac	70000	215
Shtime/Stimlje	29000	104
Mitrovice/Mitrovica	110000	437
Leposavic	18000	104
Zubin Potok	15000	93
Zvecan	16000	62
Vushtrri/Vucitrn	103000	244
Skenderaj/Srbica	70000	202
Peje/Pec	100000	374
Istog/Istok	44000	149
Kline/Klina	50000	127
Decan/Decani	51000	127
Gjakove/Dakovica	150000	263
Prizren	230000	346
Rahovec/Orahovac	73000	182
Malisheve/Malisevo	67000	172
Suhareke/Suva Reka	80000	219
Dragash/Drigas	35000	110
Gjilan/Gnjilane	130000	333
Kamenice/Kamenica	59000	210
Novoberde/Novo B.	4000	76
Ferizaj/Urosevac	144000	248
Viti/Vitina	47000	174
Kacanik	50000	120
Strpce/Shterpce	14000	103
	2578000	6120

** - Number of population taken from "Municipal Profiles" (OSCE). It is probably overestimated value. SOK provides total number of Kosovo population = 1.9 mil. (See the Text).*

Figure 1: Graphic presentation of semi-quantitative evaluation of the five options for the Reform



Evaluation of the different options:

Criteria	Option 1	Option 2	Option 3	Option 4	Option 5
Principles of the Charter	25	25	75	25	75
Financial feasibility	100	75	75	25	0
Organisational feasibility	100	75	50	25	0
Political acceptability	25	25	75	50	75
Quality of services	50	50	75	50	100
Average	60	50	70	35	50

Table 2: Proposed numbers of SMUs per municipality and proposed staffing figures for SMUs/SDP

Municipality	Current figures			Proposed numbers of SMUs and employees						
	Inhabitants *	Current number of municipal employees (incl. LCO)	Ratio of inhabitants / municipal employees	Rural SMUs	Urban SMUs	Number of SMUs/SDP in rural areas	"Core" employees per SMU/SDP in rural areas	Municipal employees relocated to rural SMU/SDP	"Core" employees per urban SMU/SDP	Municipal employees per urban SMU/SDP
Prishtinë/Priština	550000	550	1000	5	12	2	10	16	108	180
Podujeve/Podujevo	130000	283	459	16	0	3	15	24	0	0
Fushe Kosove/Kosovo Polje	40000	155	258	5	0	2	10	16	0	0
Obiliq/Obilic	29000	107	271	3	0	1	5	8	0	0
Lipjan/Lipljan	70000	231	303	6	0	2	10	16	0	0
Gllgovc/Glogovac	70000	215	326	6	0	2	10	16	0	0
Shtime/Stimlje	29000	104	279	4	0	1	5	8	0	0
Mitrovice/Mitrovica	110000	437	252	5	5	2	10	16	45	75
Leposavic/Leposaviq	18000	104	173	5	0	1	5	8	0	0
Zubin Potok	15000	93	161	4	0	1	5	8	0	0
Zvecan	16000	62	258	2	0	1	5	8	0	0
Vushtrri/Vucitrn	103000	244	422	14	0	2	10	16	0	0
Skenderaj/Srbica	70000	202	347	10	0	2	10	16	0	0
Pejë/Peč	100000	374	267	10	5	2	10	16	45	75
Istog/Istok	44000	149	295	6	0	2	10	16	0	0
Klinë/Klina	50000	127	394	6	0	2	10	16	0	0
Deçan/Dečani	51000	127	402	6	0	2	10	16	0	0
Gjakove/Dakovica	150000	263	570	14	5	3	15	24	45	75
Prizren	230000	346	665	16	5	4	20	32	45	75
Rahovec/Orahovac	73000	182	401	12	0	2	10	16	0	0
Malishevë/Mališevo	67000	172	390	10	0	2	10	16	0	0
Suharekë/Suva Reka	80000	219	365	12	0	2	10	16	0	0
Dragash/Dragaš	35000	110	318	8	0	3	15	24	0	0
Gjilan/Gnjilane	130000	333	390	12	4	3	15	24	36	60
Kamenice/Kamenica	59000	210	281	8	0	2	10	16	0	0
Novoberde/Novo Brdo	4000	76	53	2	0	1	5	8	0	0
Ferizaj/Urosevac	144000	248	581	12	4	3	15	24	36	60
Viti/Vitina	47000	174	270	8	0	2	10	16	0	0

Kacanik	50000	120	417	6	0	2	10	16	0	0
Strpce/Shterpce	14000	103	136	2	0	1	5	8	0	0
	2578000	6120	421	235	40	60	300	480	360	600

* - Population figures are uncertain and probably overestimated for many municipalities. Data from OSCE Municipal profiles have been used.

number of "core" jobs in SMUs/SDP - rural = 5
number of "core" jobs in SMUs/SDP - urban = 9
number of mun. jobs in SMUs/SDP - rural = 8
number of mun. jobs in SMUs/SDP - urban = 15

Example 1: Possible territorial division of the municipality of Gjilan/Gnjilane

In order to provide a better illustration of the concept of territorial division and relations between the new units of local self-government and local administration, we have appended an example concerning the municipality of Gjilan/Gnjilane. Gjilan/Gnjilane could be considered a typical Kosovan municipality. There is the town of Gjilan, with over 50,000 inhabitants, while the surrounding area contains approximately 60,000 people in some 60 villages and numerous small settlements ("mahalas"). Gjilane is a multi-ethnic municipality: there are approximately 15,000 Serbs, 1,000 Turks and 500 Roma. There is a flat agricultural area in the centre of the municipality around the town of Gjilan. There are also mountainous and hilly areas, some of them quite remote and sparsely populated.

Obviously, this example is only a draft. Detailed consideration needs to be given to it by local institutions and UNMIK. It is suggested that several sub-municipal units act as Sub-Municipal Units with Special Delegated Powers in order to provide administrative services on behalf of the municipality, and also to provide services to the Councils of those SMUs where conditions are not conducive to their having their own offices. In the case of several village SMUs close to the town of Gjilan, administrative services can be provided in offices in Gjilan.

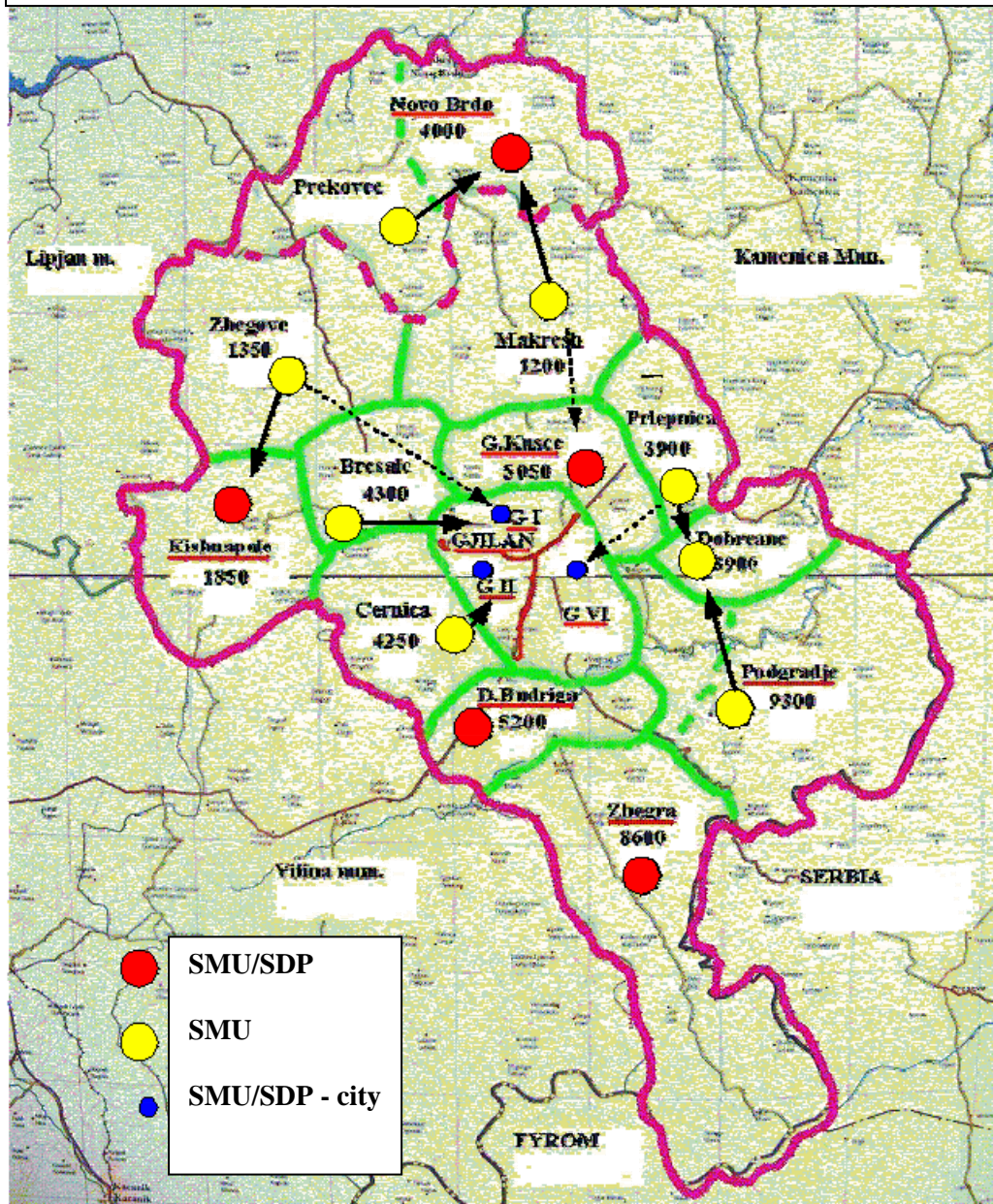
The table below shows particular sub-municipal units, indicating the approximate population size, with lists of villages belonging to each SMU and some comments and explanations. Three sub-municipal units are suggested for the town of Gjilan, each including some adjacent villages. There used to be eight units (*Bashkesia lokale / Mesna zajednica*) in Gjilan. We think that eight is too many, and suggest three SMUs/SDP (urban neighbourhoods). A different number of SMUs could also be envisaged since, for instance, the schools are not divided proportionally among the three urban neighbourhoods. The municipal offices are currently located in a number of buildings within the territory of the town. There used to be some premises for local (BL/MZ) offices, which could be used again. As Gjilan is not a very big town, we suggest setting up only small-scale SMU/SDP offices in the three parts of the town.

We propose that the existing municipality of Novo Brdo be merged with Gjilan and act as an SMU/SDP. The south-western part of the existing municipality of Novo Brdo could be separated off and set up as the Prekovce sub-municipal unit. Conditions are very good in Novo Brdo: luxury administrative premises are available. Even in Prekovce, there are the premises of the existing local Community Office.

We have also appended a figure showing the possible territorial division, with arrows illustrating relations between the SMUs and SMUs/SDP (dotted arrows signify alternative or complementary links between SMUs and SMUs/SDP).

NB: For the sake of simplicity, we have not used both the Albanian and the Serbian names of the territorial units. Instead, we have used the English name or the name which is easier to pronounce in English.

Map: Possible territorial division of the Municipality of Gjilan/Gnjilane (merged with Novo Brdo/Novoberde)



Example 1 – Table: Municipality of Gjilan / Gnjilane - Proposed territorial division (sub-municipal units)

SMU Centre	Villages (urban neighbourhoods) under the SMU	Number of people in the villages and SMU	Ethnic make-up	SMU/SDP providing services	Remarks
Gjilan I / Gnjilane I SMU/SDP	Gjilan I, III, IV, V + Pasjak	? 598	Mixed: Small Roma and Serbian Community.		The boundaries of this unit are formed by the main roads linking Priština, Gjilane and Kamenica. Pasjak is a small village which will soon merge with Gjilan.
Gjilan II / Gnjilane II SMU/SDP	Gjilan II, VIII, + Dolni Livoc, Gorni Livoc	? 2489 2234	Mixed. Small K/S community		The boundaries of this unit are formed by the roads linking Priština, Gjilan and Ferizaj. There is a lot of new building between the town of Gjilan and the villages of G.Livoc and D.Livoc. They can be expected to merge.
Gjilan VI / Gnjilane IV SMU/SDP	Gjilan VI, VII + Velekince	? 2592	Mixed: Small Roma Community, otherwise K/A		This unit is located to the east of the road linking Ferizaj, Gjilan and Kamenica. The municipal headquarters are located here. There is almost no room between Gjilan and the village of Velekince.
Zhegoc / Zhegovac	Zhegovac, Vrbica e Zhegovcit, Belenica, Paralovo	359 1049 546 302 <u>1356</u>	Mixed. Mostly K/A. Paralovo is K/S.	Kishnople or Gjilan	A rather remote rural area with poor access to the town. The boundaries of this SMU could be formed by the current boundaries of the municipality of Gjilane to the west and north. The boundary between the SMUs of Zhegovac and Kishnople should be located in the remote unpopulated forested area. The boundaries of the villages of Zhegovc and Gadish, as defined in the Land Registry, could probably be used. There is also a large unpopulated area between the SMUs of Zhegovc and G. Makresh. The boundaries of Bresalc and Ponesh, as defined in the Land Registry, could form the southern boundary of the SMU of Zhegovac. Alternatively, the road between Priština and Gjilan could serve as a boundary. In that case, however, the village of Paralovo, which is made up of several small settlements on both sides of the road, would be split, which is unacceptable.

[illegible]

Perlepnice /Prilepnica	Prelepnica, Kmetovce, Vrbica e Kmetovcit	2480 1012 409 <u>3901</u>	Mixed. Mostly Serbs K/A; in Kmetovce	Dobrcane or Gjilan	Prelepnica is a large village with a well-organised civil society. Its inhabitants are already trying to organise themselves. There is good access to Gjilan, so we do not envisage an executive office there. We expect that an attempt will be made to separate the Serbian community and not to include the Serbs in this SMU. Such efforts should be resisted, however. The boundaries of the individual villages, as defined in the Land Registry, should probably be used as the boundary of the SMU of Pelepnice.
Dobercan / Dobrcane SMU/SDP	Dobrcane, Bukovik, Capar	3434 176 268 <u>3878</u>	Mostly Turkish community K/A; in Dobrcane.	Dobrcane	Dobrcane is a large village with a Turkish minority. It is readily accessible from the area around the village of Pogradje. It is located on the main road, so access to Gjilane is good. Because of the large population, however, and the possibility of providing services to the surrounding villages, we suggest setting up a small local government unit there, in the form of an SMU/SDP. The boundary between the SMUs of Dobrcane and Pogradje would be based on the boundaries of the villages of Bukovik and Capar, as defined in the Land Registry.
Pograxhe / Podgradje	Pogradzha, Malishev P. Malishev E. Uglare, Stublina, Bilince, Lovce, Lipovica, Slubica, Mucibaba	1890 2867 843 1578 237 546 417 185 283 480 <u>9326</u>	Only K/As.	Dobrcane	A large area with several remote villages, and somewhat heterogeneous. Malishevo is close to Gjilan, while Pogradje is closer to Dobrcane. It would also be possible to split the Pogradje SMU into two SMUs (Ugljare and Malishevo could make up one SMU – see dotted line in the figure). There could be a problem with the position of the village of Mucibaba if the road from Gjilan to Preshevo is used as the boundary (which would be the easiest solution), in which case Mucibaba would be quite a long way from Pogradje, and closer to Zhegra or even D.Budriga. Details of the boundary in that part of the SMU should therefore be reconsidered.
Dolna Budriga / Budrike Poshtme SMU/SDP Priština	Dolna Budriga, Partesh, Pasjane	1285 1615 2317 <u>5217</u>	Only K/Ss.	Dolna Budriga	Three large Serbian villages with good agricultural potential. Dolna Budriga hosts a branch office of the Local Community Office, and premises for the self-government unit are therefore available there. Some objections can be expected because of the establishment of mono-ethnic SMUs, but the territorial boundaries of the SMUs here are fully justified. Given the high population density in the Zhegra – D.Budriga area, there is also justification for setting up two SMUs/SDP in close proximity (Zhegra).

Cernice Cernica	/ Cernica, Vrapcic, Kravarica, Gumniste	2793 381 416 662 <u>4252</u>	Mixed. Serbian community in Cernica, otherwise K/As.	Gjilan	Cernica is a large, mixed village. The other three villages are small and remote. There is quite good access from Cernica to Gjilan, but access to Cernica from the villages of Vrapcic, Kravarica and Gumniste is difficult. Administrative services could be provided by the SMU/SDP in D.Budriga or directly by the municipality of Gjilan. The range of hills can form the northern boundary of the SMU, and the boundaries of the villages of Cernica and Vrapcic, as defined in the Land Registry, the eastern boundary.
Zheger Zegra SMU/SDP	/ Zhegra, Nosale, Vladovo, Llashtica, Goden, Pidic, Celik, Surlane, Dunav, Stancic	4660 235 763 2070 139 365 82 165 119 <u>8598</u>	Only K/As, but a K/S community previously lived in Zhegra.	Zhegra	Zhegra is the natural centre of a large area with many small villages. The local citizens are determined to organise themselves and arrange for some public administrative services to be provided directly in the village. In the past (30 to 40 years ago) Zhegra was a sovereign municipality. Some premises are already available there. The boundaries of the SMU/SDP of Zhegra are clear: the Kosovan border with Serbia and FYROMacedonia to the east and south, municipal boundaries to the west and the Morava River to the north. Local self-government could be successful in Zhegra if it dealt with economic development, education and other sectors. The local authorities could also have a strong incentive to promote ties with the FYROMacedonia.
Novo Brdo SMU/SDP	Novo Brdo, Bostane, Tanisevce, Jasenovik, Klobukar	 <u>2500</u>	Mixed.	Novo Brdo	Novo Brdo was recently a sovereign municipality – the smallest in Kosovo. It is an ethnically mixed area. Previously, all plans were based on the idea of developing mining there. There is now very little chance of reopening the mines (polymetallic ores) because of the lack of a market and the high capital outlay needed. There is therefore no justification for a sovereign municipality there. Because it is rather a long way from Gjilan and there are excellent premises available, we recommend transforming the municipality into an SMU/SDP.
Prekovce	Prekovce, Zebince, Izvor, Manusince, Izvor, Ljabljane, Vlase	 <u>2000</u>	Mixed.	Novo Brdo	Recently it belonged to Novo Brdo. This is a mixed area with a Serbian majority. Prekovce and several villages can organise self-government and deal with urgent problems such as utilities and economic development.

Figure 2: Structure of local self-government

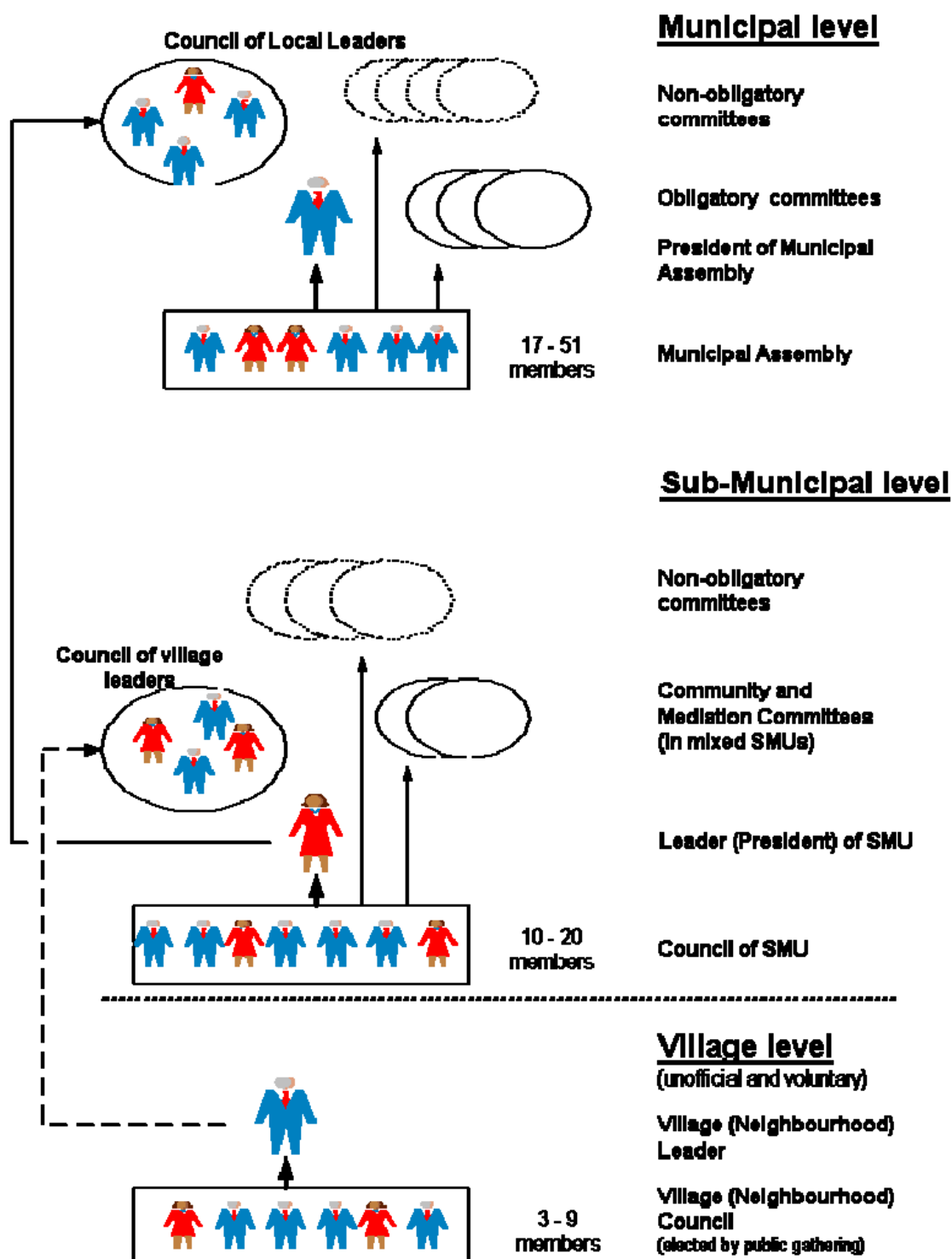


Figure 3: Delegation of executive administration
and relocation of officers

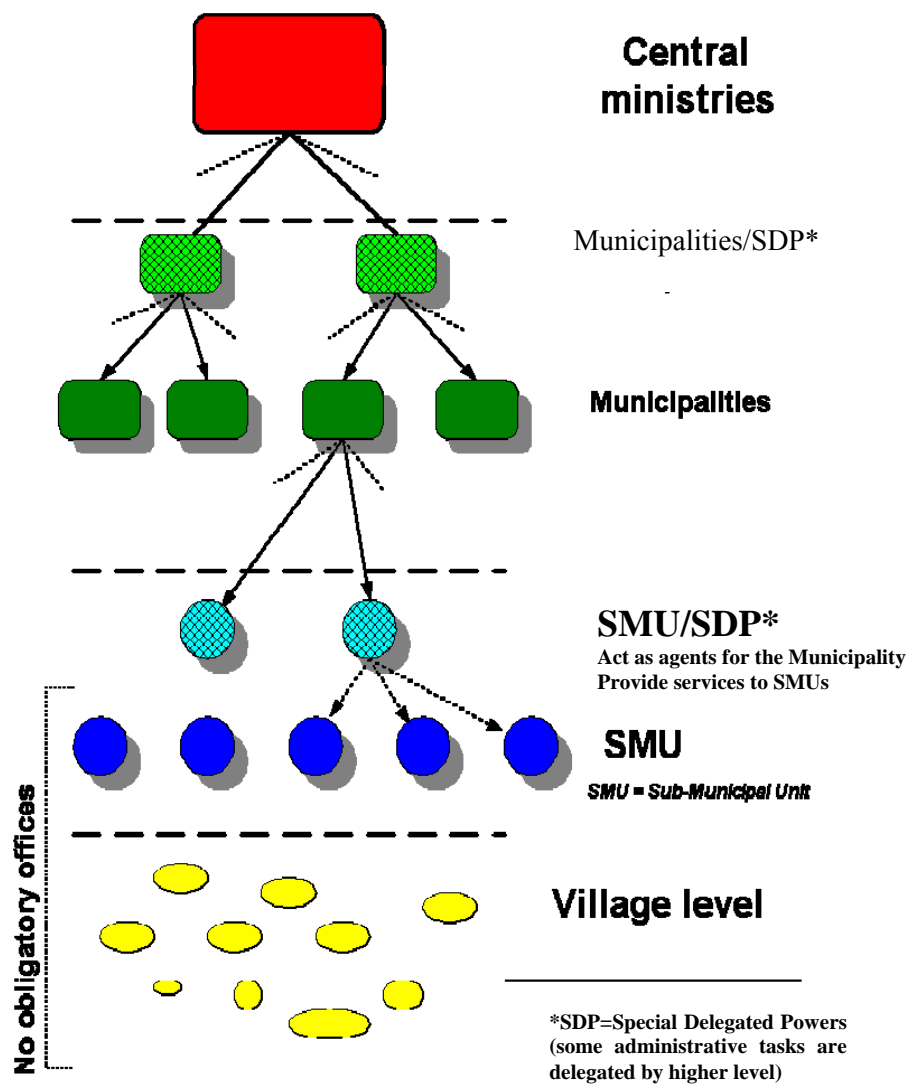


Table 3 – Powers and responsibilities of local self-government

Explanatory Notes:

●	Exclusive decision-making power assigned to a particular level (decided on by law). This power should not be shared with another level, but some of it may be delegated, if so decided by central government, to the municipalities or lower-tier units or by the Municipal Assembly to the SMUs. <i>For example, the exploitation of raw mineral resources comes under the jurisdiction of the Central Governmental Agency, but the latter may delegate to the municipalities or SMUs the right to decide on the limited exploitation (a set number of cubic metres per year) of sand or gravel from the local river (including the collection of a fee / royalties).</i>
○	Decision-making power is restricted to objects and activities of local or regional importance . In other words, power is shared . <i>To take the example of the use and protection of the cultural heritage, this is the responsibility of central government (Ministry of Culture / Kosovo Institute for Heritage Protection), but the sub-municipal units or municipalities should be allowed to decide whether there are certain historic monuments that are of local (municipal) significance and to take steps of their own to protect them.</i>
⊙	Decision-making power is delegated by a higher tier of (self-) government. The lower tier may be allowed to decide on certain details in a sector which comes under the jurisdiction of higher tier. During the early stages of the Reform (until the new Law on Local Self-Government is passed or an amendment to Regulation 45/2000 is approved) all the responsibilities of the SMUs should be delegated by the municipalities (co-ordination by UNMIK and the MPS is expected). <i>For example, see above - the delegation of the right to exploit mineral resources.</i>
■	The Council's Assembly or committee implement their own decisions . In fact, we have not used this symbol in cases where it is obvious that they implement their own decisions (this means that the SMUs/SDP and higher tiers should always be able to implement their own decisions). <i>There is one important example of this: "ordinary" SMUs will not have their own administrative offices (or at least not in the early years of the Reform). The decisions taken by their Councils are therefore implemented by the SMUs/SDP. The SMUs do, however, have their own local Executive Secretary, who should administer the activities of the Council and liaise with the SMU/SDP – see Table.</i>

★	The tier of government concerned is responsible by Law for executing decisions (administrative measures cannot be influenced by a political decision taken at the level concerned). <i>For example, civil registration must be carried out strictly according to statutory provisions and may not be influenced in any way by a local authority decision (taken by a Council or Assembly).</i>
◇	Decisions are executed by a relocated “visiting” officer (permanently relocated or itinerant) employed by a higher tier of local government, ie administration is decentralised. <i>For example, if property taxation is considered to be within the exclusive competence of the municipality, the municipality can relocate its employees (surveyors and tax collectors) to SMUs/SDP in order to facilitate tax collection and improve efficiency. These employees can work permanently in the SMU/SDP or commute between SMUs/SDP in accordance with a schedule.</i>
□	The lower tier acts as the agent of the higher executive tier. Some tasks are delegated or contracted out by the higher tier, for instance collecting or checking information, collecting and delivering documents. This can improve the efficiency of the services, save resources and ensure that services are provided closer to the population. <i>For example, assistance for unemployed people is the sole responsibility of the central agency, but the latter may contract responsibility out to the municipalities and SMUs/SDP and ask them to gather or check information concerning the beneficiaries.</i>
▲	The execution of decisions is provided as a service to the lower tier under contract. This is usually the case with the SMUs/SDP, which provide administrative services to nearby SMUs. <i>For example, SMUs can decide on their budgets, but the budget is administered (book-keeping etc) by the nearest SMU/SDP.</i>
Features of the responsibilities	
ca	Implementation through consortia or associations recommended
ps	Private sector involvement recommended
cs	Civil society involvement recommended
\$	Responsibilities requiring substantial financial resources
¢	Responsibilities not requiring substantial financial resources
%	Responsibilities that could be self-financed
§	Responsibilities requiring substantial legislative changes (transfer of power from UNMIK, etc.) and much stricter enforcement of local laws and regulations

Remarks:

SMUs (sub-municipal units): SMU Council decisions are implemented by the relevant SMU/SDP. The SMU/SDP also provides other administrative services. SMUs have only a local Executive Secretary, who is responsible for administration directly connected with Council meetings, assists the SMU President and arranges for the exchange of information with the relevant SMU/SDP. Some administrative executive responsibilities can gradually be transferred to these SMUs (“local municipalities”) in the future.

SMUs/SDP have the same decision-making powers as “ordinary” SMUs. In order to make the table clearer, we have put symbols in the SMU column only, ie the SMU/SDP column simply indicates additional features that distinguish the SMU/SDP from an ordinary SMU. Similarly, the decision-making powers of the Ms/SDP (cities) are the same as those of the “ordinary” municipalities. For the sake of clarity, we have marked only the “Municipal level” column. The same principle applies in the other columns “in the future”, concerning local and district municipalities and cities. There will, however, be differences between the (urban) Ms/SDP and ordinary municipalities if certain specific decision-making powers are delegated to the cities by law or by central government in future.

Competences of local self-government and local administration		Initial implementation (1st and 2nd Stages, up to 2006)					In the future (3rd Stage - after 2006)				
Description of competence	Features of the competence	SMU level	SMU/SDP level	Municipal level	Ms/SDP level	Central Government Agency	180 SMUs (Local municipalities) in rural areas	60 SMU/SDP (local municipalities with offices)	40 SMUs (urban quarters) in towns	Municipalities (district municipalities)	7 Ms/SDP (cities)
a. Economic / spatial development and environmental protection											
Economic planning / development	¢	○		○			○	▲	○■	○▲	○▲
Urban planning and infrastructure development	\$	○		○			○	▲	○■	○▲	○▲
Building control / regulations	¢,%,\$		□	●				□	□	●	●
Use / protection of land / agricultural land	¢,\$	○		○			○	▲	○■	○	○
Use /protection of mineral / natural resources	¢,%	◎		◎		●		◎		◎	◎
Use / protection of historic and cultural heritage (regulations)	\$	○		○		●	○		○	○	○◎
Trade and business regulations / control	¢,%		□	◎		●	●	▲	●		
Fishing / hunting regulations / control / protection	¢,%		□	◎		●		◎	◎	◎	◎
Forestry / legal control / protection	¢,%,\$		□	□		●		◎	◎	((
Statistics / indicators office / regulation	¢			□		●		□	□	□	(

b. Social welfare and services											
Regular assistance to vulnerable groups (pensioners, disabled, etc)	\$		□	□	□	●		□	□	□	(
General social services (shelters, social housing, canteens and special social amenities)	ca, cs, \$	○	▲	○			○	▲	○	○	○
Additional (local) assistance to vulnerable groups	cs, \$	○	▲	○			○	▲	○		
Assistance to unemployed people	\$		□	□	□	●					
Social subsidies and grants	\$							□	□	□	⊙
Services provided by volunteers and NGOs	cs	●		●			●		●		
c. Communal services, infrastructure and utilities											
Housing	%, \$	○	▲	○	○		○	▲	○	○	
Local heating systems	%, \$	○	▲	○	○			●	●		
Water supply	ca, ps, \$, %, \$	○	▲	○		○	○	▲	○	○	○
Sewers and drains, sewage treatment	ca, ps, \$, %, \$	○	▲	○		○	○	▲	○	○	○
Waste management	ca, ps, \$, %	○	▲	○		○	○	▲	○	○	○
Local roads	ca, ps \$	○	▲	○	○		○	▲	○	○	
Regional and higher-level roads	ps, \$				□	●				□	⊙
Traffic lights and road signs	\$, ps		◇	●				◇	○		
Electric lighting networks	\$, ps	○	▲	○			○	▲	○	○	
Local public transport	\$, ca	○	▲	○			○	▲	○	○	
Taxis and other forms of transport	%		◇	●				◇	○	○	
Public parks	\$, ps	○	▲	○	○		○	▲	○	○	○

Cemeteries	ps, cs	○	▲	○	○		○	▲	○	○	○
Public markets / fairs / bazaars	ps, %	○	▲	○			○	▲	○	○	
Consumer protection	¢		◇	●				◇	◇	●	
d. Personal public services and institutions											
Nursery education	\$, cs	○	▲	○			○	▲	○	○	
Primary education (<i>for further details, see Table 4</i>)	\$, cs, §	●	▲ ◇	●		●	●	▲ ◇	●	●	(
Setting up, merging or closing primary schools	¢			●	□	●				●	(
Education quality / inspection	¢		□	●				□	□	●	●
Maintenance of school buildings	\$	●	▲				●	▲	●		
Employment of staff, payrolls	\$		□	●				□	□	●	
Selection and appointment of head teachers	¢	●	▲				●	▲	●		
Specific school-based curriculum	cs	●	▲				●	▲	●		
Enrolment of pupils in special cases	¢	●	▲				●	▲	●		
Approval of school rules, holidays, etc.	¢			●		●				●	
Secondary education	\$		◇	●						●	
Higher education	\$				□	●				◇	(
Primary health care and prevention	\$		□	●				□	●	●	
Secondary health care	\$				(□	●			□	□	(
Public hygiene services			□	●				□	□	●	
Veterinary services	%		□	●				□	□	●	
Public safety and security		○	▲	○			○	▲	○	○	
Cultural institutions / activities	cs,ca	○	▲	○	○		○	▲	○	○	○
Sport and leisure	cs,ca	○	▲	○			○	▲	○	○	○
Youth activities	cs	○		○			○	▲	○	○	
Tourism and mountain emergency aid	\$		⊙	●				⊙		●	
Fire fighting and prevention	\$		⊙□	●				□	□	●	●

Ambulance and road accident intervention	\$ ca		⊙	•							•
Civil defence against natural / technological disasters	\$ ca		((•	•		□	□	(•
e. Public property management											
Management of buildings, shops and houses	%, \$	○	▲	○			○	▲	○	○	
Land management	%, \$	○	▲	○			○	▲	○	○	
Forestry management	%, \$		((•		(((
Pasture management	%, \$	•	▲				•	▲			
Car park management	ps, %	•	▲				•	▲	•		
Bus stop management	ps	○	▲	○			•	▲	•		
Market, bazaar and fair management	%	○	▲	○			•	▲	•		
Street and kiosk trade / vendors	%	•	▲				•	▲	•		
Renting out of public property for public events	¢, %, \$	○	▲	○			•	▲	•	○	
Public property inventory and investment management	¢, \$	○	▲	○							
f. Local public finance / budget planning and management											
Setting local fees		⊙	▲	•					○	○	○
Collecting local fees			□	•				□	■	■	
Property taxation revenue			□	•			•	▲	•		
Public property revenue	\$	(▲	•			•	▲	•	○	○
Revenue from advertising and hoardings		•	▲				•	▲	•		
Revenue from traffic fines				• □						• □	
Revenue from local fines		•	▲	•			•	▲	•	○	
Voluntary financial contributions		•	▲	•			•	▲	•		
Budget planning		•	▲	•			•	▲	•	•	
Budget management		•	▲	•			•	▲	•	•	

g. Dealings with the public and various administrative services											
Citizen advice / information	¢	●		●			●		●	●	
Car registration	¢, %			◇ ★	◇ ★	●			◇ ★	◇ ★	◇ ★
Driving licenses	%			◇ ★	◇ ★	●			◇ ★	◇ ★	◇ ★
Passports	%			◇ ★	◇ ★	●			◇ ★	◇ ★	◇ ★
Civil registration / issue of documents	¢		★	★			★?	★	★	★	★
Voter registration and election organisation	¢		◇ ★	◇ ★	◇ ★			◇ ★	◇ ★	◇ ★	◇ ★
Court for minor offences	¢		◇	★				◇	◇	★	
Protection of minorities	¢	●		●			●		●	●	
Civil society and religious affairs	¢	●		●			●		●	●	
Licensing of entertainment	%	○	▲	○			○	▲	○	○	○
Licensing of markets and fairs	%	○	▲	○	○		○	▲	○	○	○
Planning permission for buildings	%		◇	●			○	▲	○	○	
Licensing of street vendors	%	●	▲				○	▲	○		
Licensing of taxis	%		◇	●				◇	◇	●	
Licensing of fishing and hunting	%		◇	●				◇	◇	●	
Licensing of restaurants and hotels	%	●	▲				●	▲	●		
Issue of various other documents	%	●	▲	●			●	▲	●	○	○
Authentification of documents in accordance with the law	%,§		★	★				★	★	★	
i. Symbolic and political functions											
1. Naming / renaming of streets / public places	¢	○		○			○		○	○	○
2. Awards and distinctions for individuals and institutions	¢	○		○			○		○	○	○

j. Internal executive services											
Assistance with Local Council / Assembly activities	¢	■	■	■		■	■	■	■	■	■
Legal and judicial affairs and law consultancy	¢	■	■	■		■	■	■	■	■	■
Accountability and cash activities	¢		■ ★	■ ★		■ ★		■ ★	■ ★	■ ★	■
Public procurement, tenders	¢		▲ ★	■ ★		■ ★		■ ★	■ ★	■ ★	■ ★
Public services and supplier contracts	¢		■	■		■		■	■	■	■
Human resources management	¢		■ ★	■ ★		■ ★		■	■	■	■
Local databases and archiving	¢		■	■		■		■	■	■	■

Table 4: Education – current and suggested competences of the various tiers of self-government

1. Current situation - Extract from the PISG draft law (20/06/02)	
	<u>Remarks concerning the Reform</u>
1.1. Municipality 1.1.1. Political/conceptual competences:	<i>In future, these responsibilities should be divided between the Ms/SDP and the SMUs (which will be probably transformed into municipalities).</i>
<ul style="list-style-type: none"> Decides on catchment areas for particular educational institutions 	<i>The municipality could do this for secondary schools. Otherwise it can be delegated to the SMUs.</i>
<ul style="list-style-type: none"> Can set up a municipal school (and a vocational school?) 	<i>Primary schools in conjunction with the SMUs; secondary schools on its own.</i>
<ul style="list-style-type: none"> Appoints the Municipal Education Director 	<i>No change.</i>
<ul style="list-style-type: none"> Specific school-based curriculum 	<i>Should be delegated to the SMUs.</i>
<ul style="list-style-type: none"> Can organise nursery education (at its discretion) and decide on conditions (fees, services, etc.) 	<i>Rules are determined by the Ministry of Education, Science and Technology (MEST). Should be delegated to the SMUs.</i>
<ul style="list-style-type: none"> In conjunction with the MEST, shall respect the right of parents to obtain an education in keeping with international human rights instruments 	<i>(What tools does the municipality have?) It should also, in this connection, supervise the SMUs by sending inspectors.</i>
<ul style="list-style-type: none"> The municipality (Directorate) may decide to enrol a pupil under the minimum compulsory school age (7.4.) 	<i>This may be delegated to the SMUs if they so request.</i>
<ul style="list-style-type: none"> May decide to enrol a pupil from outside the catchment area 	<i>This may be delegated to the SMUs if they so request.</i>
<ul style="list-style-type: none"> May decide to punish parents who do not send their child to school as they should (7.15) 	<i>This may be delegated to SMUs if they so request.</i>
<ul style="list-style-type: none"> Organises the selection system for secondary school studies (8.2) 	<i>No change.</i>
<ul style="list-style-type: none"> Is consulted by the MEST about education system plans, co-ordination and monitoring 	<i>Subsequently, however, the SMUs should also be consulted by the municipality.</i>
<ul style="list-style-type: none"> Is consulted about the curriculum (12.2. b) (may be done by the Association of Kosovan Municipalities) 	<i>No change.</i>
<ul style="list-style-type: none"> Participates in the selection panel for head teachers and issues recommendations to the MEST. 	<i>The MEST currently usually has a majority of votes on selection panels and appoints head teachers. A change is recommended: instead of merely issuing recommendations, municipalities</i>

	<i>or SMUs should be entitled to appoint head teachers.</i>
<ul style="list-style-type: none"> General responsibilities (17.1): equal opportunities – communities; promoting co-operation between schools, institutions and families; responsible for the proper use of personal data concerning pupils (17.3.) 	<i>Efficient means of influencing SMUs should be found.</i>
<ul style="list-style-type: none"> Plans education within the municipality 	<i>SMUs should also be allowed to draw up local plans.</i>
<ul style="list-style-type: none"> Municipalities may co-operate among themselves (18.2) 	<i>SMUs should also be allowed to cooperate among themselves.</i>
<ul style="list-style-type: none"> In conjunction with the MEST, may organise the establishment, merging, partition and closure of facilities (schools) 	<i>SMUs should be in charge of primary schools on their territory.</i>
<ul style="list-style-type: none"> Approves school rules and local school holidays 	<i>No change.</i>
<ul style="list-style-type: none"> Allocates funds to the amenities 	<i>A new system should be set up involving allocation to the SMUs in accordance with precise criteria, which need to be defined.</i>
<ul style="list-style-type: none"> Responsible for special education (35) 	<i>No change.</i>
<ul style="list-style-type: none"> May decide on the continued suspension of a pupil but should provide alternative facilities) 	<i>No change? Or should this responsibility be transferred to the SMUs (they have less opportunity to provide alternative facilities, however)?</i>
<ul style="list-style-type: none"> May set up an educational and psychological counselling service (39.1) 	<i>No change.</i>
1.1.2. Municipality – technical and administrative responsibilities:	
<ul style="list-style-type: none"> Employs teachers 	<i>No change. ⇒ Task for the municipal officer in the SMU/SDP.</i>
<ul style="list-style-type: none"> Advertises vacancies for non-teaching and teaching staff 	<i>Should be transferred to the SMUs. The SMU will employ non-teaching staff. ⇒ Task for SMU/SDP</i>
<ul style="list-style-type: none"> In conjunction with the MEST, is responsible for providing textbooks and materials 	<i>No change. ⇒ Task for the municipal officer in the SMU/SDP</i>
<ul style="list-style-type: none"> Maintains buildings and equipment, provides utilities and services, cleans surroundings 	<i>Should be transferred, along with funds, to the SMUs.</i>
<ul style="list-style-type: none"> In conjunction with the MEST, promotes road safety and health programmes, and campaigns against smoking, etc. 	<i>No change, but the SMUs can participate.</i>
<ul style="list-style-type: none"> Is responsible for staffing and staff pay 	<i>No change. ⇒ Task for the municipal officer in the SMU/SDP</i>
<ul style="list-style-type: none"> Teacher training in conjunction with the MEST (senior officer) 	<i>No change.</i>
<ul style="list-style-type: none"> School transport, including teacher transport 	<i>Should gradually be transferred to the SMUs. ⇒ Task for the municipal officer in the SMU/SDP</i>

1.2. Ministry:	
• Prescribes curriculum (core curriculum)	<i>Centrally.</i>
• Appoints and supervises the Senior Education Officer (attached to one or more municipalities)	<i>Actually attached to the Ms/SDP.</i>
• Responsible for teacher training (Teacher Training Review Board)	<i>⇒ Task for the SEO in the Ms/SDP</i>
• Lays down the rules for nursery education	<i>Centrally.</i>
• Responsible for promoting education for all and for the relevant programmes	<i>⇒ Through the SEO in the Ms/SDP – monitoring of the municipalities</i>
• Issues instructions concerning education principles	<i>Centrally and through the SEO in the Ms/SDP</i>
• In conjunction with the municipalities, provides textbooks and materials	<i>⇒ Task for the SEO in the Ms/SDP</i>
• May exempt pupils from attending the school in the catchment area at the parents' request.	<i>Should be delegated to the municipalities or even the SMUs (?).</i>
• Issues rules governing the admission of pupils to secondary schools	<i>Centrally.</i>
• General responsibilities – (10)	<i>Centrally + task for the SEO in the Ms/SDP (inspection).</i>
• Licenses private schools	<i>Centrally.</i>
• Makes plans for and co-ordinates the development of education, in consultation with the municipalities	<i>Centrally.</i>
• Responsible for curriculum content	<i>Centrally.</i>
• Responsible for textbook content	<i>Centrally</i>
• The Senior Education Officer may approve exemptions from the regulatory class size (maximum number of pupils)	<i>No change.</i>
• Appoints the head teacher (13.5. a)	<i>Should be delegated to the municipalities or even the SMUs. The situation should perhaps be different for secondary schools?</i>
• Issues rules for the appointment of head teachers	<i>Centrally</i>
• Removes head teachers	<i>Should be partly delegated to the municipalities and SMUs, but some responsibilities should remain with the MEST.</i>
• Lays down conditions for the appointment (qualifications) of teachers	
2. Proposed new apportionment of competences:	

Scope: Education is one of the most basic public services provided to the population. Parents, and families generally, are extremely keen to obtain a good education for their children, and powers and responsibilities should therefore be transferred as close to them as possible in accordance with the principle of subsidiarity. The SMUs should be allowed to influence education quality within their territory. The municipalities should retain general responsibilities, deal with regulatory issues and bear the bulk of administration. During the first stage, the SMUs could merely provide suggestions to the municipality; during the second stage, they should be allowed to take decisions.

2.1. Competences of the Sub-Municipal Units and the Sub-Municipal Units with Special Delegated Powers:

..... = undoubted competences

..... = competences requiring further consideration and discussion

2.1.1. SMUs may exercise the following competences through their Councils, SMU leaders and (Policy/Conceptual) Education Committees

<ul style="list-style-type: none"> • Suggest the specific school-based curriculum (for approval by the municipality and the MEST?) 	<p><i>It is necessary to define relations between the municipality and the SMU, and maybe even allow the SMU to decide independently.</i></p> <p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • Organise nursery education services and amenities and decide on conditions (especially fees) 	<p><i>This is not compulsory. Financial problems are to be expected.</i></p> <p><i>Timing: Immediately.</i> <i>Cost: Significant</i></p>
<ul style="list-style-type: none"> • Enrol pupils under the compulsory school age (or merely suggest this to the municipality ?) 	<p><i>It is necessary to define relations between the municipality and the SMU. Some SMUs will not be able to take such decisions for want of resources.</i></p> <p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • Decide to enrol pupils from outside the catchment area (or merely suggest this to the municipality?) 	<p><i>It is necessary to define relations between the municipality and the SMU. Some SMUs will not be able to take such decisions for want of resources.</i></p> <p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • SMUs are consulted by the relevant municipality about the plan 	<p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • SMUs decide on the selection of primary school heads within their territory 	<p><i>The MEST should define selection rules and criteria. The MEST and the municipality can take part in selection panels and oversee the lawfulness of the selection process.</i></p> <p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • SMUs may establish formal co-operation arrangements with other SMUs in the education sector 	<p><i>Timing: Immediately.</i> <i>Cost: Minimal.</i></p>
<ul style="list-style-type: none"> • SMUs may suggest to the municipality that schools be set up. 	<p><i>This will probably be the most complicated task. Numerous disputes between SMUs and municipalities are to be expected. The</i></p>

merged, partitioned or closed down within their territory.	municipalities and the MEST will not be able to meet the demands of the SMUs, and the SMUs will not want to accept restrictions imposed by the municipality and the MEST.
<ul style="list-style-type: none"> The SMU is responsible for (primary) school transport, including teacher transport; the SMU/SDP manages this 	This will be a difficult task because of the likely lack of resources and the problem of co-ordination within the territory.
<ul style="list-style-type: none"> The SMU may organise voluntary educational programmes 	Timing: Immediately. Cost: Minimal.
<ul style="list-style-type: none"> The SMU may approve local school holidays 	Local communities should be allowed to decide. There should, however, be some centrally decided limit to the number of days' holiday, or the decision as to what religious and other special holidays are allowed in local communities should be taken centrally.
<ul style="list-style-type: none"> The SMU is responsible for the maintenance of school facilities within its territory; the SMU/SDP should manage this 	The municipality should allocate basic funds according to the number of pupils. Timing: Immediately. Cost: Significant.
<ul style="list-style-type: none"> The SMU may raise and allocate funds for the maintenance of or investment in school facilities, the SMU/SDP should manage this 	This could be one of the first real achievements of the Reform. There is more scope for raising money locally than simply through the municipality. Timing: Immediately. Cost: Minimal
<ul style="list-style-type: none"> The SMU/SDP sets out conditions concerning the appointment of the Municipal Educational Officer, who is assigned by the Municipality to perform municipal duties within the territory of the SMUs under the SMU/SDP 	The tasks of the MEO should be clearly specified (see this table). The SMU will provide office space, but the MEO should work independently. Timing: Immediately. Cost: Reasonable.
<ul style="list-style-type: none"> SMU/SDP can hire its own employee (part time or full time – according to the needs), who will be responsible for administering the tasks of the SMUs under the SMU/SDP 	It will be important to have not just a formal appointment but a public servant who actually does this work. Timing: Immediately. Cost: Significant.
2.1.2. Administrative duties of the SMUs/SDP:	
2.1.2.1. Administration of educational affairs for which the self-governmental units are responsible:	Performed by the staff recruited and paid by the SMUs.
<ul style="list-style-type: none"> Maintenance of school facilities within its territory – the SMUs/SDP should manage costs, etc 	
<ul style="list-style-type: none"> The SMU may raise and allocate funds for the maintenance of or investment in school facilities – the SMUs/SDP should manage this 	
<ul style="list-style-type: none"> Execution of decisions taken by the Councils and committees in the various SMUs (plans, enrolment of pupils, 	

suggestions to the municipality)	
<ul style="list-style-type: none"> • Communication with municipal offices 	
2.1.2.2. Administration of municipal affairs and responsibilities:	<i>Performed by the MEO.</i>
<ul style="list-style-type: none"> • Payrolls and payment of teachers 	
<ul style="list-style-type: none"> • Financial control 	
<ul style="list-style-type: none"> • Liaison with the Municipal Department of Education 	
<ul style="list-style-type: none"> • Administration of textbooks and supplies 	
<ul style="list-style-type: none"> • Allocation of funds to the SMUs within the territory of the SMU/SDP 	
2.2. Competences reserved to the municipalities:	
<ul style="list-style-type: none"> • May decide to set up, merge, partition and close schools within its territory (in response to a proposal from an SMU) 	<i>The possibility of delegating responsibility to the SMUs should be considered.</i>
<ul style="list-style-type: none"> • Runs the Municipal Department of Education 	
<ul style="list-style-type: none"> • Decides on the transfer of Education Officers to the SMU/SDP 	
<ul style="list-style-type: none"> • Retains general responsibilities (parents' rights, pupils' rights) 	
<ul style="list-style-type: none"> • Acts as the employer of educational staff (including appointments and payments) 	
<ul style="list-style-type: none"> • Performs inspections 	
<ul style="list-style-type: none"> • In conjunction with the MEST, is responsible for providing textbooks and materials 	
<ul style="list-style-type: none"> • May decide to enrol a pupil from outside the catchment area (if the SMU does not have the power to decide) 	<i>The possibility of delegating responsibility to the SMUs should be considered.</i>
<ul style="list-style-type: none"> • May decide to punish parents who do not send their child to school as they should (7.15) 	
<ul style="list-style-type: none"> • Sets up the selection system for secondary school studies (8.2) 	
<ul style="list-style-type: none"> • Is consulted by the MEST about education system plans, co-ordination and monitoring 	Co-ordination with the SMUs or even delegation to the SMUs should be considered.
<ul style="list-style-type: none"> • Participates in the panel responsible for selecting head teachers (together with representatives of the SMU); in 	The position of the SMUs should be discussed and specified.

conjunction with the MEST, supervises the lawfulness of the selection procedure	
<ul style="list-style-type: none"> • General responsibilities (17.1): equal opportunities – communities; promoting co-operation between schools, institutions, families; responsible for the proper use of personal data concerning pupils (17.3.) 	
<ul style="list-style-type: none"> • Plans education within the municipality (in consultation with the SMUs) 	
<ul style="list-style-type: none"> • Municipalities may co-operate among themselves (18.2) 	
<ul style="list-style-type: none"> • Distributes funds from the municipal budget to the SMUs for the maintenance of buildings and equipment, the provision of utilities and the cleaning of surroundings 	<i>The rules should be specified.</i>
<ul style="list-style-type: none"> • Approves school rules and local school holidays (in response to proposals from the SMUs) 	
<ul style="list-style-type: none"> • Trains teachers in conjunction with the MEST (senior officer) 	
<ul style="list-style-type: none"> • Distributes funds to the SMUs for school transport, including teacher transport 	<i>The rules should be specified.</i>
<ul style="list-style-type: none"> • Fully responsible for secondary education 	
<ul style="list-style-type: none"> • Responsible for special education (35) 	
<ul style="list-style-type: none"> • May decide to continue to suspend a pupil (although it should provide alternative facilities) 	
<ul style="list-style-type: none"> • Advertises vacant posts for non-teaching staff 	<i>Should be delegated to the SMUs?</i>
<ul style="list-style-type: none"> • May set up an (educational and psychological) counselling service (39.1) 	

Table 5 a: Municipal Budgets (Central Grants + Own Revenues) 2002 (Data provided by MEF)

Municipality	Population (Municipal profiles, OSCE)	Municipal employees (incl. LCO)	Municipal Administration W&S budget 2002	Municipal Administration G&S budget 2002	Total administrative expenditure per municipality	Ratio G&S/W&S	Municipal Education budget	Municipal health budget	LCOs budget	Total budget	Own revenues
Prishtinë/Priština	550000	550	1037350	2586111	3623461	2,493	4774272	2968608	165427	11531768	1789522
Podujeve/Podujevo	130000	283	466396	808611	1275007	1,734	1853689	811838	0	3940534	639115
Fushe Kosove/Kosovo Polje	40000	155	194318	143986	338304	0,741	696649	283984	84785	1403722	161568
Obiliq/Obilic	29000	107	170586	76850	247436	0,451	541459	327790	69956	1186641	120154
Lipjan/Lipljan	70000	231	341008	556879	897887	1,633	1422901	782959	89793	3193540	255646
Glogovac/Glogovac	70000	215	264762	414314	679076	1,565	1409087	552774	0	2640937	230593
Shtime/Stimlje	29000	104	128071	173068	301139	1,351	601610	203548	0	1106297	56242
Mitrovica/Mitrovica	110000	437	396333	1385141	1781474	3,495	2389229	941809	500464	5612976	484705
Leposavic/Leposaviq	18000	104	115811	103154	218965	0,891	425562	143091	27909	815527	15339
Zubin Potok	15000	93	151279	129977	281256	0,859	392797	127195	9472	810720	22497
Zvecan	16000	62	90823	98763	189586	1,087	438657	133787	31256	793286	19429
Vushtrri/Vucitrn	103000	244	333812	439295	773107	1,316	1595030	567220	55015	2990372	370687
Skenderaj/Srbica	70000	202	310707	299476	610183	0,964	1523141	426323	25059	2584706	199404
Pejë/Peč	100000	374	466529	710305	1176834	1,523	2313480	926427	47039	4463780	529698
Istog/Istok	44000	149	245692	205843	451535	0,838	1005608	331600	47651	1836394	104815
Klinë/Klina	50000	127	244688	213008	457696	0,871	1053404	361277	20400	1892777	203494
Deçan/Dečani	51000	127	185536	288130	473666	1,553	868939	415457	29298	1787360	230081
Gjakove/Dakovica	150000	263	475601	622523	1098124	1,309	2209475	847712	94201	4249512	51129
Prizren	230000	346	571064	1703717	2274781	2,983	3270216	1624137	66374	7235508	881467
Rahovec/Orahovac	73000	182	296386	369981	666367	1,248	1199987	420483	20800	2307637	397274
Malishevë/Mališevo	67000	172	243462	293471	536933	1,205	1264932	365590	0	2167455	223946
Suharekë/Suva Reka	80000	219	318973	516243	835216	1,618	1414935	539455	0	2789606	345633
Dragash/Dragaš	35000	110	204595	178402	382997	0,872	861387	359340	25468	1629192	56242

Gjilan/Gnjilane	130000	333	468551	1390690	1859241	2,968	2552595	925867	83832	5421535	507202
Kamenice/Kamenica	59000	210	308772	336601	645373	1,090	1372692	481749	148574	2648388	230593
Novoberde/Novo Brdo	4000	76	74201	157849	232050	2,127	175978	66126	21223	495377	22497
Ferizaj/Urosevac	144000	248	504050	605324	1109374	1,201	2385312	856831	32511	4384028	521518
Viti/Vitina	47000	174	277502	300467	577969	1,083	1546088	384539	58147	2566743	254623
Kacanik	50000	120	238857	221908	460765	0,929	921626	335452	0	1717843	184065
Strpce/Shterpce	14000	103	131230	46710	177940	0,356	389468	236007	28552	831967	55731
	2578000	6120	€9 256 945	€15 376 797	€24 633 742	1,661	42870205	17748975	1783206	87036128	9164909

Table 5b: Itemised sources of own municipal revenue for 2002		
Item of own revenue	collected	%
Business licenses	916 491 €	10,0
Natural resources	109 979 €	1,2
Urbanism & Geodesy	1 897 136 €	20,7
Health inspection	64 154 €	0,7
Property income	1 127 284 €	12,3
Traffic fines	2 575 339 €	28,1
Certificates	1 228 098 €	13,4
Property tax	247 453 €	2,7
Registration	265 782 €	2,9
Other payments	467 410 €	5,1
Citizens' contributions	247 453 €	2,7
Sum	9 164 909 €	99,8

* - The total planned municipality revenue for 2002 was 19,991,197 EUR, but only 9,164,909 was collected. More detailed statistics are not available.

Table 6: Suggested sharing of local income

Type of income	Mode of collection	Use	Remark
Property tax	By the Municipality *	Partially by SMUs according to the origin (50 % ?)	SMU can propose to adapt the rate locally (?)
Business licensing	By the Municipality	Partially by SMUs according to the origin (50 % ?)	SMU can propose to adapt the rate locally (?)
Construction licensing	By the Municipality	Partially by SMUs according to the origin (50 % ?)	SMU can propose to adapt the rate locally (?)
Fee for extraction of natural resources	By central authorities (Delegated to municipal officer in SMU/SDP?)	Partially by SMUs according to the origin (25 % ?)	
Fee for wood cutting	By central authorities (Delegated to municipal officer in SMU/SDP?)	Partially by SMUs according to the origin (50 %)	
Use of public property (rent)	By the Municipality	Partially by SMUs according to the origin (50 %)	Need to define the property, in future to transfer property to SMUs
Charges for public utilities services	By SMUs/SDP	Completely by SMUs	Need to decide whether the (private) providers or SMUs will be in charge...
Advertising revenues	By the Municipality (?)	Larger part by SMU (80 % ?)	The rules should be set by the Municipality or centrally (danger to traffic; procurement etc.)
Administrative fees (registration)	By the Municipality	Partially by SMUs according to the origin (50 %)	

Voluntary contributions	By SMUs	Fully by SMUs	Should be used only for a specific project.
Licensing of entertainment	By the Municipality	Partially by SMUs according to the origin (75 %)	
Licensing of restaurants and hotels	By the Municipality	Partially by SMUs according to the origin (75 %)	

Comments:

* - The Municipality should collect the tax/charge through its officers in SMUs/SDP especially in the first stages of the Reform. Subsequently, the SMUs/SDP and even SMUs should have this responsibility and their share should grow.

In general: There are various ways of deciding on the volume and the share of revenues between Municipalities and SMUs: For instance the Municipalities can calculate how much they need in order to cover their costs; SMUs can then decide the level of the charge and the balance of the proceeds accrues to the SMU budget.

Table 7 a): Staffing of the administration of Sub-Municipal Units with Special Delegated Powers – rural areas (3000 – 15,000 people)

Category 1 – Administration of local self-government (SMU)

Position	Number of posts	Job description	Qualification	Comments
Chief Executive Officer (CEO) of SMU/SDP	1	General management of the office; administrative support for SMU councils; miscellaneous including procurement	Economist, lawyer, manager	
Executive secretary	0 - 1	Secretary works, treasurer (cashier)	Secretary	Could be performed by the CEO in small SMUs
Project/utilities manager	1 - 2	Public utilities, urban development and land use, maintenance of public buildings	Civil engineer, economist	
Social affairs officer	1 - 2	Education, health care, social services, culture, housing	Secondary education etc.	
Financial officer	1 - 2	Administration of SMU budgets, bookkeeping, revenue collection (use of property, SMU licensing, voluntary contributions)	Economies/finance (secondary or university)	
Total	4 - 8			

Ø = 5 jobs/SMU-SDP

Table 7 b): Staffing of the administration of Sub-Municipal Units with Special Delegated Powers – rural areas (3,000 – 15,000 people)

Category 2 : Posts of relocated municipal administration

Position	Number of posts	Job description	Qualification	Comments
Education officer	1			
Building inspector	½ – 2		Civil engineer, technician	Should be performed by “mobile” employee
Registrar	½ – 1			Or ½ time job
Agriculture officer/inspector	½ - 1	Protection of agricultural land, inspection of forestry, environmental protection		Can be performed by “mobile” employee
Financial officer	1 – 3	Property taxation, collection of fees for the Municipality		
Land management officer	0 - 1	Land management within SMUs	Civil engineer, surveyor, lawyer	Delegated by Municipal Cadaster Office
Social welfare officer	1 – 2	Delivery of social assistance, collection of data		Delegated by CSW
Health officer	0 - 1	Support to primary health care facilities		Can be performed by “mobile” employee or ½-time job
Total	5 - 12			

Ø = 8 jobs/SMU-SDP

Table 7 c): Staffing of the administration of Sub-Municipal Units with Special Delegated Powers – Urban areas (20,000 – 40,000 people)

Category 1 – Administration of local self-government (SMU)

Position	Number of posts	Job description	Qualification	Comments
Chief Executive Officer (CEO) of SMU/SDP	1		Economist, lawyer, manager	
Executive secretary	1	Secretarial work, treasurer (cashier)	Secretary	Could be merged with CEO in small SMUs
Project managers	1 – 4	Public utilities, maintenance of public buildings, urban development	Civil engineer, economist	
Social affairs officer	1 – 4	Education, health care, social services, culture	Secondary education etc.	
Financial officers	1 – 4	Bookkeeping, revenue collection (use of property, SMU licensing, voluntary contributions)	Economy/finance	
Total	5 - 14			

Ø = 9 jobs/SMU

Table 7 d): Staffing of the administration of Sub-Municipal Units with Special Delegated Powers – Urban areas (20,000 – 40,000 people)

Category 2 : Posts of relocated municipal administration - Urban areas

Position	Number of posts	Job description	Qualification	Comments
Education officer	1-2			
Building and property inspector	1-4			
Officers / inspectors for Environment, Hygienic services and consumer protection	1-4	Protection and control of agriculture land, forestry and environment. Control of shops, restaurants and other facilities.		
Financial officer	1-4	Property taxation, licensing for the Municipality		
Social affairs officer	1-3	Administration of social welfare		Delegated by CSW
Emergency preparedness and fire protection	1			½ time job ?
Registrar	1 - 4	Death, birth and other certificates; Civil registration and passports		
Total	7 - 22			

Ø = 15 jobs/SMU

Table 8: Training costs over the 4-year reform period

[illegible]

Table 9a : Minimum operational costs of SMUs

	SMU/SDP rural	SMU/SDP urban	Kosovo- wide	
SMU/SDP - Wages & Salaries (W&S) (€/year)				
"Core" W&S per SMU/SDP	7200	12600		W&Sc/1SMU/SDP =staff in SMU/SDP office W&S
Municipal W&S per SMU/SDP	7200	18000		W&Sm/1SMU/SDP = staff at municipal level for SMU/SDP
Total W&S per SMU/SDP	14400	30600		W&S cost/1SMU/SDP = cost per one SMU/SDP unit / year
Total W&S for SMUs/SDP - Kosovo-wide	864000	1224000	2088000	cost total SMU/SDP ca W&S = W&Scost
SMU/SDP - Goods & Services (direct cost method) (€/year)				
G&S per employee - taking rural SMU/SDP as the base	1000	1000		min G&S/1PO
G&S per SMU/SDP	8000	17000		min G&S / 1 SMU/SDP = see G&S cost
G&S Kosovo-wide	480000	680000	1160000	min G&S Kosovo = minG&S/1SMU/SDP x no.SMU/SDP
SMU/SDP - Goods & Services (coefficient method) (€/year)				
G&S for "core" employees in one SMU/SDP	7200	12600		G&Sc = W&Sc x coef
G&S for "municipal" employees in one SMU	7200	18000		G&Sm =W&Sm x coef
Total G&S for 1 SMU/SDP	14400	30600		max G&S / 1 SMU/SDP = G&Sc + G&Sm
G&S Kosovo-wide	864000	1224000	2088000	max G&S Kosovo = maxG&S/1SMU/SDP x no.SMU/SDP
Allowances for elected reps - all SMUs (€/year)	691200	172800	864000	mall x no.elec/SMU x no.SMU x 12=elcost
W&S for officials in "ordinary" (rural) SMUs (Kosovo-wide)	162000		162000	ams x no.SMU x cPO x 12 = Pocost/SMU
Calculated values for 1 SMU/SDP (€/year):				
W&S + G&S - minimal G&S (allowances not included)	22400	47600		W&S cost + min G&S/1SMU/SDP= minex
W&S + G&S - maximal G&S (allowances not included)	28800	61200		W&S cost + max G&S/1SMU/SDP = maxex
W&S in one "ordinary" SMU (payment to an executive officer)	900	900	900	cPO x ams x 12 = POcost
Results - Operational costs - Kosovo-wide (incl.SMUs) (€/year):				
Operational costs - including allowances and SMUs - (Direct G&S)	2197200	2076800	4274000	(minex x no.. SMU/SDPs) + (POcost x no..SMUs) + elcost
Costs relating to "core" functions = real costs of the reform	1525200	956800	2482000	Core Cost = OpCost - MunCost
Costs relating to "municipal" functions	672000	1120000	1792000	MC = (W&Sm + minG&S/PO) x no..SMU/SDP)

Operational costs - including allowances and SMUs - (Coeff. G&S)	2581200	2620800	5202000	$COC = (maxex \times no.. SMU/SDP) + (Pocost \times no. SMU) + elcost$
Costs relating to "core" functions = real costs of the reform	1717200	1180800	2898000	$CoreCost = CoefExecOpCost - MunRealCost$
Costs relating to "municipal" functions	864000	1440000	2304000	$Muno.ealCost = (W\&Smun \times no..SMU/SDP)(1+coef)$

Input values - variables

Number of "core employees" per SMU/SDP	4	7
Number of municipal employees per SMU/SDP	4	10
Number of elected reps in 1 SMU	8	12
Number of SMUs	240	40
Number of SMU/SDP	60	40
Number of "ordinary" SMU	180	
Employees in SMUs (full time job = 1.)	0,50	
Monthly allowance for elected representatives	30	30
Average monthly salary	150	150
Coeff. G&S/W&S Current Kosovo value - (UNMIK and MPS)	1,000	1,000

no.corePO/DMU/SDP

no. MPO/1SMU.SDP

no.elec/SMU

no.SMU

no.SMU/SDP

no.SMU

cPO

mall

ams

coef

G&S costs per SMU/SDP rural areas (used for direct G&S method)

Utilities (mostly heating)	2000
Travel expenses	2000
Communication (phone etc.)	1000
Other material expenses - purchases	1000
Maintenance	1000
Reserve	1000

Table 9b : Maximum operational costs of SMUs

	SMU/SDP rural	SMU/SDP urban	Kosovo- wide	
SMU/SDP - Wages & Salaries (W&S) (€/year)				
"Core" W&S per SMU/SDP	12000	21600		W&Sc/1SMU/SDP= W&S staff in SMU/SDP office W&Sm/SMU/SDP = W&S staff municipal level for SMU/SDP W&Scost/1SMU/SDP = W&S for 1SMU/SDP unit / year W&Scost for first 60 / 40 SMU/SDP per year
Municipal W&S per SMU/SDP	19200	36000		
Total W&S per SMU/SDP	31200	57600		
Total W&S for SMUs/SDP - Kosovo-wide	1872000	2304000	4176000	
SMU/SDP - Goods & Services (direct cost method) (€/year)				
G&S per SMU/SDP	16000	29538		minG&S / 1SMU/SDP = see G&S costs down min G&S / 1leo min G&S Kosovo = minG&S/1SMU/SDP x nrSMU/SDP
G&S per employee - taking rural SMU/SDP as the base	1231	1231		
G&S Kosovo-wide	960000	1181538	2141538	
SMU/SDP - Goods & Services (coefficient method) (€/year)				
G&S for "core" employees in one SMU/SDP	19932	35878		G&Sc = W&Sc x coef (coef see down) G&S = W&Sm x coef max G&S / 1 SMU/SDP = G&Sc + G&Sm max G&S Kosovo = maxG&S/1SMU/SDP x nrSMU/SDP
G&S for "municipal" employees in one SMU	31891	59796		
Total G&S for 1 SMU/SDP	51823	95674		
G&S Kosovo-wide	3109392	3826944	6936336	
Allowances for elected reps - all SMUs (€/year)	1152000	384000	1536000	mall x no.elec/SMU x nrSMU x 12=elcost ams x no.SMU x cPO x 12 = Pocost/SMU
W&S for officials in "ordinary" (rural) SMUs (Kosovo-wide)	432000		432000	
Calculated values for 1 SMU/SDP (€/year):				
W&S + G&S - minimal G&S (allowances not included)	47200	87138		W&S cost + min G&S/1SMU/SDP= minex W&S cost+max G&S/1SMU/SDP = maxex cPO x ams x 12 = Pocost
W&S + G&S - maximal G&S (allowances not included)	83023	153274		
W&S in one "ordinary" SMU (payment to official)	2400		2400	
Results - Operational costs - Kosovo-wide (incl.SMUs) (€/year):				

Operational costs - including allowances and SMUs - (Direct G&S)	4416000	3869538	8285538
Costs relating to "core" functions = real costs of the reform	2673231	1691077	4364308
Costs relating to "municipal" functions	1742769	2178462	3921231
Operational costs - including allowances and SMUs - (Coeff. G&S)	6565392	6514944	13080336
Costs relating to "core" functions = real costs of the reform	3499920	2683104	6183024
Costs relating to "municipal" functions	3065472	3831840	6897312

(minex x no.SMU/SDPs) + (Pleo x no.SMUs) + elcost

Core Cost = OpCost - MunCost

MunCost = (W&Sm + minG&S/1leo) x no.SMU/SDP)

COC=(maxex x no.SMU/SDP)+(Pleo x no.SMU)+elcost

CoreCost = CoefExecOpCost - MunRealCost

MunRealCost = (W&Smun x no.SMU/SDP)(1+coef)

Input values - variables

Number of "core employees" per SMU/SDP	5	9
Number of municipal employees per SMU/SDP	8	15
Number of elected reps per SMU	10	20
Number of SMUs	240	40
Number of SMUs/SDP	60	40
Number of "ordinary" SMU	180	
Local executive officer employed in "ordinary" SMUs (full-time job = 1.0)	1,00	
Monthly allowance for elected representatives	40	40
Average monthly salary	200	200
Coeff. G&S/W&S Current Kosovo value - (UNMIK and MPS)	1,661	1,661

no.corePO/DMU/SDP

no. MPO/1SMU.SDP

no.elec/SMU

no.SMU

no.SMU/SDP

no.SMU

cPO

mall

ams

coef

G&S costs per SMU/SDP rural areas (used for direct G&S method)

Utilities (mostly heating)	3000
Travel expenses	5000
Communication (phone etc.)	2000
Other material expenses - purchases	2000
Maintenance	2000
Reserve	2000

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