

LOOKING BEYOND MITROVICA BRIDGE: AN “AHTISAARI PLUS” PACKAGE PROPOSAL

Prishtina, October 2008

This project has been supported by Swiss Cooperation Office, Kosovo

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Published by



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I. Introduction

Kosovo, specifically its northern part, is entering a new status quo because of the disorderly reconfiguration of international presence in the territory. This disorder has a direct impact on the ground, and if not solved, may lead to yet unforeseen consequences in the near future. Northern Kosovo has been a stark example of the chaotic reconfiguration, due to the objections of Belgrade, lack of political will in Brussels and the obstructionist attitudes of the United Nations. As long as the north remains an unsolved “hot spot” of Kosovo, there will be sufficient space for latent radicalism and desperation for both the Albanians and the Serbs. The Government of Kosovo and the international community have spent almost a decade focusing on the bridge of Mitrovica and conflict management rather than offering solutions in developmental incentives for Kosovo and especially for Serb populated areas. These policies proved to be disastrous in creating the ground for social cohesion and inter-ethnic conciliation in Kosovo. Northern Mitrovica, a 1,5 square kilometer area, is controlled by several dozen Serbia’s Security Information Agency (BIA) and Serbia’s Ministry of Internal Affairs (MUP) operatives and Belgrade sponsored criminal groups, while the willingness of local Serbs to cooperate with Albanians is swiftly blocked, usually through harsh intimidation and pressure. At the same time, the inaction of international community in the north has created a myth about Serbian parallel structures.

Slow deployment of European Union (EU) rule of law mission in Kosovo (EULEX) and lack of clarity for its area of operations are gradually diminishing the authority and credibility of the largest European Security and Defense Policy (ESDP) operation ever taken by Brussels. If this trend of lack of determination and will continues, there is a risk that EULEX might become a useless mission for both the Albanians and the Serbs even before it becomes fully operational. United Nations Mission in Kosovo (UNMIK) has formally begun the reconfiguration and downsizing of its staff, but has been obstructionist on EULEX full deployment on the ground. EULEX is stuck between UNMIK’s refusal to assist its deployment and lack of political will in Brussels to take energetic steps to functionalize its mission due to fear of clashes with the Belgrade sponsored Serb structures in northern Kosovo. Also, Brussels is negotiating with Belgrade on EULEX presence in northern Kosovo and other Serb areas, a party that seeks EU integration and actively sabotages the same club’s mission. Seeking Belgrade’s permission on EULEX deployment in Serb inhabited areas signals Serbia’s sovereignty over parts of Kosovo, and gives Belgrade an effective “veto” over Brussels’ policy towards Kosovo. Simultaneously, Serbia is continuing to tighten its control and intimidation over Kosovo Serbs and obstructs the functionality of Kosovo.

Kosovo Serbs are entering a new phase of uncertainty regarding their future. Tadic’s latest statements on partition of Kosovo were interpreted by the Serbs in the enclaves as a signal of abandonment by Belgrade. At the same time, Serbia is rehabilitating and empowering former supporters of Milosevic’s Socialist Party of Serbia (SPS) throughout Kosovo. These cadres are exercising dictatorship over the Serbs in the enclaves through Serbia’s Coordination Centre for Kosovo (CCK) placed in Gracanica¹. The Kosovo Serbs remain

¹ Coordination Center of Kosovo HQ (a branch of Serbian Government’s Ministry for Kosovo and Metohija) has relocated to Gracanica on 17 September 2008. It is led by Zvonimir Stevic, former mayor of Pristina during 1990ies, a member of SPS. Throughout September 08, Stevic has meet all village leaders in the Serb enclaves,

weak and without an authentic leadership which would protect their interests and create the conditions for building a prosperous life in Kosovo. In general, the Serb willingness to cooperate with Kosovo Government has increased, but they do not yet see an honest partner in Pristina. They continue to resist the political pressure of Belgrade, but await tangible offers from Pristina and the international missions on the ground. Serbia's parallel structures offer only survival to Kosovo Serbs and are not capable in creating conditions for their development. Northern Kosovo is a *par excellence* area where Serbia's control failed to improve the lives of Kosovo Serbs. The prospects for Serbia to provide development are inexistent after the independence of Kosovo.

The Government in Pristina shows a lack of serious policy initiatives for managing the current situation and approaching the Serb population. Apart from committing €2 million for helping the Albanians in the north, the leadership in Pristina has not shown any comprehensive scheme for finding a sustainable solution for the area. Instead, it continues to leave the problem of the north at the mercy of the international community.

International Civilian Office (ICO) has shown leadership in preparing the ground for implementation of Ahtisaari's proposal, but its work is continuously impeded by lack of EU support. In addition, some international organizations in Kosovo consider ICO as an "illegal" institution. The test for ICO's success will be measured with the implementation of decentralization and the creation of new municipalities, most notably with the creation of Mitrovica North municipality. Without the explicit, concrete and full support of the international community, the prospects for ICO's success remain bleak.

The ungovernable 1,5 square kilometer can lead to a complete failure not only of Ahtisaari's plan, but the overall international involvement in Kosovo. As long as the situation in the north remains in a limbo, coupled with the ever present idea of partition, the conditions for ethnic radicalism and religious extremism will grow stronger. The Kosovo Albanians still hope that due to large international presence the situation will improve, and Kosovo will become a functional state, something which Belgrade wants to destroy even by sacrificing Serbian population south of Ibar River.

Through this policy brief KIPRED seeks to explore a possible solution for northern Kosovo, which goes beyond the prevailing conventional wisdom that the problems in the north can be solved through Brcko, Mostar, Eastern Slavonia style models or partition through a "historic compromise" between Pristina and Belgrade. Therefore, KIPRED proposes an "Ahtisaari Plus" three step phased solution, which will provide the ground for state functionality and sustainable development for both the Albanians and Serbs in northern Kosovo.

II. Northern Kosovo after the independence

a) Situation in Serb dominated areas

telling them to submit to the will of the Serbian state. The local Serbs have complained at the mistrust they have towards their appointed leaders, which was disregarded by Stevic. (KIPRED interview with UNMIK official, 24 September 2008, Pristina).

Kosovo's north entered a complete period of lawlessness after the declaration of independence. Privately, international officials in Pristina and Mitrovica describe it as Kosovo's "El Dorado". This is a consequence of the decade long disastrous failure of UNMIK, Kosovo Force (KFOR) and Pristina to implement basic rule of law and safety for people in the area. Instead, much of the focus has been in keeping the status quo, with a specific focus on the bridge which divides Mitrovica on the Ibar River. During the time when the Serbs were fleeing and were being expelled from vast urban areas south of Ibar in Kosovo in 1999 and 2000, northern Mitrovica was considered as the only urban outpost for Kosovo Serbs, and the majority of the Albanians were driven out from the northern part of the city. In this area of Kosovo, Serbian intelligence and MUP operate openly since June 1999, explicitly violating not only UN Security Council Resolution 1244 but also the terms of the Kumanovo Technical Military Agreement. These structures have provided support to criminal elements in the north, which have obstructed decisively all initiatives for inter-ethnic cooperation, and have kept inter-ethnic relations high. The Serbs of Mitrovica remain hostages of corrupt politicians who derive their strength from Belgrade's support, and lack of political will by KFOR and UNMIK to implement the rule of law.

UNMIK has built a strange partnership with northern Kosovo Serb leaders, considering them as legitimate representatives of Kosovo Serbs. These leaders use the harshest threats and intimidation to assert their dominance and control over their people. Gerard Galluci, UNMIK's out-going regional administrator of Mitrovica, has been especially singled out as one of the most destructive and obstructionist figures, who has blocked any attempts for normalization measures in the north. This began with ignoring the intelligence information delivered by UNMIK HQ several days before the declaration of independence, about the intentions of Serbian radicals to destroy border crossings with Serbia, 1 and 31². Galluci prevented any precautionary measures by claiming that such intelligence was false, and that the Serbs would not rebel.

The border posts were burned on 19 February 2008, and since then the customs service is not functioning in the north, with a direct increase in flourishing of illegal economic activities and organized crime in the area and beyond. These criminal activities start in Belgrade and end in Pristina³. Kosovo Customs moved to south of Mitrovica, thus opening the door for widespread smuggling and boom of economic crime. The absence of proper border regime has resulted in Kosovo monthly loses of € 3 million⁴, while Serbia loses daily € 1 million⁵. In September 2008, Serbia introduced a tax for the fuel at its border crossings entering in Kosovo. Moreover, Belgrade has moved towards bargaining for re-establishment of customs on the Kosovo side, wanting to separate the north as a special entity⁶. Serbia conditions that all incomes collected at the border-crossings 1 and 31 be transferred to a "special account" managed by UNMIK and to be dedicated only for the development of the

² KIPRED interview with top UNMIK official 24 September 2008, Pristina.

³ KIPRED interview a top Kosovo government official, 9 October 2008, Pristina.

⁴ "Marreshjet i duan ne tetor", Express, p.4, 14 October 2008, <http://www.gazetaexpress.com/pdf/1306.pdf>

⁵ "Srbija gubi million evra zbog sverca na severu KiM", 23 August 2008, Blic, <http://www.blic.co.yu/politika.php?id=54080>

⁶ KIPRED interview with top ICO official, 9 October, 2008.

north⁷. But Serbs in the south do not agree with such an arrangement. The biggest supporter for the establishment of customs and EULEX presence throughout Kosovo is Rada Trajkovic, a Serb leader from central Kosovo. She is convinced that Serb population will benefit from EULEX, strategically supporting a single international presence throughout Kosovo to prevent partition, but she has a limited influence in the north⁸.

The Serbs in northern Mitrovica do not have a clear leadership. Not even the “municipal elections” organized by Serbia on 11 May 2008 have produced a clear voice for them. While the Democratic Party (DS) of Boris Tadic won the elections in Serbia, the Serbian Radical Party (SRS) and Democratic Party of Serbia (DSS) won in Mitrovica, Zvecan, Zubin Potok and Leposavic⁹. Before the DS-Social Party of Serbia (SPS) government was created in Belgrade, Kostunica and Samardzic pushed for the establishment of “Assembly of Association of Municipalities of Autonomous Province of Kosovo and Metohija”¹⁰. Tadic initially objected to the creation of the Assembly, but later instructed the DS members to join it¹¹. While the SRS and DSS control the Assembly, the DS and G17 control the Ministry for Kosovo and Metohija, with Goran Bogdanovic as a minister, and Oliver Ivanovic as the state secretary. Hence, Tadic controls the finances whereas Kostunica and SRS control the political landscape in the north. Despite indications from DS and G17 that Serb radical leaders in the north like Marko Jaksic and Milan Ivanovic would be arrested for embezzlement of Belgrade’s funds dedicated to Kosovo Serbs, the steps for such an act have been halted from the highest authorities in Belgrade¹². Serbia wants to use this lack of clarity in the north to manipulate the deployment of EULEX, while not giving up the Samardzic’s plan for functional division of Kosovo. This plan goes hand in hand with Tadic’s statements on partition of Kosovo where “both sides would gain”, disclosing Belgrade’s final aim towards Kosovo¹³.

Despite the political problems, relations between the Mitrovica Serbs and Albanians have not been completely destroyed. Also, the youth from northern Mitrovica uses the significant improvement in freedom of movement in Kosovo and frequently visit Pristina¹⁴. But, open cooperation between them remains a hostage of the swift actions coming from parallel structures and aggressive Serb IDPs in the north.

b) The attitudes of the Albanian leadership

⁷ “Marreveshjet i duan ne tetor”, Express, p.4, 14 October 2008, <http://www.gazetaexpress.com/pdf/1306.pdf>, KIPRED interviews with top ICO and UNMIK officials, October 2008

⁸ KIPRED interviews with Rada Trajkovic, September/October 2008.

⁹ Mitrovica municipal assembly: SRS 11, DSS 9, DS 6, SPS 2, others 2.

Zvecan municipal assembly: SRS 9, DSS 8, Serb National Council (SNV) 4, SPS 3, others 3.

Zubin Potok municipal assembly: DSS 19, SPS 9, SRS 3.

Leposavic municipal assembly: SRS 10, DSS 8, DS 4, SPS 3, SNV 2, others 4.

¹⁰ The “Assembly” was established on 28 June, 2008. The president of this body is Radovan Nacic from SRS, and his deputies are Marko Jaksic from DSS and Srdjan Nikolic from SRS

¹¹ Bogdanovic: DS ulazi u Skupstinu srpskih opstina na Kosovu, 11 July 2008, Blic. <http://www.blic.co.yu/politika.php?id=48951>

¹² KIPRED interview with a Kosovo Serb leader, 3 October 2008.

¹³ Tadic: U novim pregovorima sve opcije, 26 September 2008,

<http://www.kim.sr.gov.yu/cms/item/news/rs.html?view=story&id=6405§ionId=8>

¹⁴ KIPRED observations and interviews in northern Mitrovica and Pristina, July-October 2008

Kosovo Albanian leadership has been completely incapable to develop a vision and a strategy for the north in the last nine years. They have preferred to use press-conferences at large to demand from international community to take actions in the north, instead of providing feasible policy options for dealing with the same. Up to date, there has been no proposal coming from either Pristina or southern Mitrovica for a viable and sustainable solution, which would take the legitimate Serb and Albanian concerns into account. It is worth mentioning that no Pristina Government has moved to assist Mitrovica in overcoming its accumulated problems which range from return of displaced persons, reconstruction, conciliation and rule of law. For the first time the Government in Pristina has allocated €2 million in August 2008 for Mitrovica, when Prime Minister Thaci stated that the financial means would be used for investment in building roads, sewage and reconstruction of houses¹⁵. A clear public plan has not been presented yet. Although this step will help the Albanians in the north who have been forgotten for the past nine years, the lack of comprehensive strategy to incorporate the Serbs is a short term measure without a long term vision and strategy.

In practice Pristina has left the political responsibility for the north to the mayor of Mitrovica, former Prime Minister Bajram Rexhepi. Although the Government is offering a “special beneficial treatment” to southern Mitrovica, it has not mobilized its governmental capacities for solving problems of the north. Rexhepi’s operational capabilities are limited to a tactical level while missing the strategic policy and full institutional support from the Government. Thus, his performance has sadly been ineffective in development, but very positive on managing the political situation. At the same time, Rexhepi has missed the opportunity to mobilize the capacities of Mitrovica including the explicit commitment of the multiethnic civil society organizations. In particular, Community Building Mitrovica (CBM) led by Valdete Idrizi¹⁶ has been instrumental in linking the north and south of the city through concrete confidence building measures. At instances, some specifically important sensitive dealings of the organization were politically abused by the local leadership¹⁷. The experience has proven that civil society can play a very important role at the grassroots level in both parts of Mitrovica for normalization of communication, ease of political tensions and for facilitating community development projects across ethnic lines. All stakeholders should seriously take this fact into account for their future actions.

Despite the tense political rhetoric, there is an on-going communication between a number of politicians of Kosovo’s and Serbia’s Government¹⁸. This communication has been interpreted as positive in solving small practical problems. However, this dialogue can be consumed fast if it becomes short of substantive delivery. What Pristina fails to comprehend is that without a tangible strategy which will incorporate the Serbs, voices for partition will grow stronger both in Kosovo and abroad. This can bring Kosovo to a situation where the

¹⁵ Qeveria premton 2 milino euro investime ne pjesen veriore te Mitrovices, 18 August 2008, <http://www.telegrafi.com/?id=46&a=420>

¹⁶ On 10 March 2008, Idrizi’s efforts were recognized by the United States when she was presented with the International Women of Courage Award at the State Department. <http://www.america.gov/st/hr-english/2008/March/20080310114231ajesrom0.6702997.html>

¹⁷ CBM statement on cemeteries, September 2008.

¹⁸ KIPRED interview with Bajram Rexhepi, mayor of Mitrovica, 10 October, 2008; Oliver Ivanovic 12 June 2008.

international partners will suggest partition as the most viable plan¹⁹. Leaders in Pristina have not produced a counter-argument, but mostly rely on a domino-effect of a regional wide redrawing of the borders. The consequences of such an arrangement would be disastrous. It would mark the complete destruction of the idea and viability of Kosovo's statehood; would increase the intra-Albanian societal turmoil, and would lead to a parallel decline in the confidence of the West by a segment of population which would turn towards religious radicalism.

c) Problems with reconfiguration

The riots in northern Kosovo in February and March 2008 have further diminished the civilian international presence in the area. It took almost eight months for the reopening of the court in northern Mitrovica, which was closed in March 2008 after KFOR and UNMIK Police clashed with the Serb radicals²⁰. The reopening of the court does not tell much about the prospects of implementation of the rule of law in the area, because of UNMIK's failures in the past. UNMIK also faced major internal problems in executing its own reconfiguration. While at the central level in Pristina the cooperation between UNMIK and EULEX is improving, the out-going UNMIK regional administrator of Mitrovica Gerrard Galluci has been fiercely opposed to the deployment of EULEX in the north. Instead of explaining to the local Serbs the benefits of the EU mission, Galluci claimed that the "Serb people object to it", while in reality a number of Serbs from northern Mitrovica are approaching EULEX for employment and are offering housing²¹. Various international officials in Pristina and Mitrovica have complained that Galluci also obstructed the implementation of basic infrastructural projects in the north, and has personally contributed to raising inter-ethnic tensions. Furthermore, UNMIK municipal administrators in northern Kosovo visit Albanian inhabited villages and ask them to cooperate with Serb parallel structures²². Galluci's legacy has been in maintaining the status quo in the area.

EULEX has in place operational plans for deployment in the north²³, but the mission is facing serious problems with political guidance coming from Brussels. The EU has not given so far the "green light" for effective deployment of its own mission in the entire territory of Kosovo due to fears that Belgrade sponsored armed groups will turn to violence. Also, Brussels is hampered by various member-states, including some who have recognized Kosovo, which are pushing for their own agendas when it comes to UNMIK, EULEX and territorial integrity of Kosovo. Public statements of the Swedish Foreign Minister Carl Bildt in support of two international missions in Kosovo – EULEX for south of Ibar and UNMIK for the north²⁴ have raised concerns in Pristina that this option could lead to the

¹⁹ KIPRED interviews/correspondence with international officials and diplomats, July, August, September, October 2008.

²⁰ UNMIK Press Release 1740 "UNMIK reopens court in north Mitrovica", 3 October 2008. On 3 October 2008, UNMIK reopened the courthouse, which is staffed by UNMIK international personnel and the prosecutors and international judges will only handle urgent criminal cases, and apply UNMIK law and procedure.

²¹ KIPRED interviews with top ICO and EULEX officials, 8 and 9 October, 2008.

²² KIPRED interviews with ICO and Mitrovica municipality officials, 9 and 10 October, 2008.

²³ KIPRED interview with top EULEX official, 8 October 2008.

²⁴ Bildt: Euleks nije uslov za Srbiju, 13 October 2008, Dnevnik, <http://www.dnevnik.co.yu/modules.php?name=News&file=article&sid=45681>

creation of “one country, two legal systems”, and eventually to final partition of Kosovo. As long as Belgrade sees that not even the EU is fully united on EULEX presence throughout Kosovo, it can play to these differences to further undermine the role of the EU as a political and security factor for the regional stability. Brussels and other EU member states officials have at the same time gone over their head to explain that EULEX is a “status neutral” mission and a technical operation which is not mandated to implement the Ahtisaari plan.

International Civilian Office (ICO) has been active and functional in Kosovo since the beginning of its mandate. It is opening regional offices throughout Kosovo and is also active, but not present in the north. Its performance on the ground has been impressive taking into account that neither UNMIK, Organization for Security and Cooperation in Europe (OSCE) mission in Kosovo nor Council of Europe have any formal relations with it. As a single institution which explicitly supports the independence of Kosovo, ICO, together with KFOR, has the highest legitimacy of the international institutions in Kosovo. ICO’s activities have not been highly public, but effective with its work with Kosovo’s institutions²⁵. The test of ICO success will be measured with the implementation of decentralization and the creation of new municipalities, most notably with the creation of Mitrovica North municipality. Without the US and especially EU’s explicit, concrete and full support, it is hardly likely that the mission will fulfill its declared objectives, in which case Kosovo’s statehood and territorial integrity will be endangered.

Time is running out for the reconfiguration of international presence in Kosovo. The existing institutional chaos cannot continue longer than the beginning of 2009. Instead of implementing Ahtisaari’s plan, Kosovo can easily find itself to the brink of state failure. Moreover, the Government of Kosovo will be reluctant to move ahead with the implementation of Ahtisaari’s proposal if UNMIK keeps running administrative and rule of law affairs in Serb populated areas²⁶. Key elements of Ahtisaari’s plan can fail if the north remains outside of Pristina’s orbit. International and national authorities do not have the luxury to hold another round of elections in 2009 without Serb participation and establishment of new municipalities. If this were to be the case, the north of Kosovo will become a “frozen conflict” and heaven for organized crime at best, while the rest of the Serbs would yet again miss the opportunity for legitimate and legal representation and taking their future in their own hands. They would also lose the confidence for sustainable and prosperous life in the enclaves, with a new wave of silent immigration taking place. Northern Kosovo cannot be granted the role of keeping hostages both Pristina and the rest of the Serbs.

III. Consequences of socio-economic devastation

The area of Mitrovica South, North and Zvecan municipality has been a single municipality and a single economic zone in the past, developed around Trepca mining industrial complex and its processing facilities. Trepca used to be the biggest producer of lead, zinc and

²⁵ KIPRED interviews with Kosovo Government and ICO officials, September/October 2008

²⁶ KIPRED interview with Ministry of Local Governance, 13 October 2008

accumulators in former socialist Yugoslavia²⁷. In 1989, Trepca complex employed approximately 10,000 workers from Mitrovica region, of which 6,500 Kosovo Albanian, around 3,000 Kosovo Serbs, and 400 others²⁸, thus generating most of the employment in the area. In 2008, 1,356 Albanians and 1,200 Serbs worked in the remains of Trepca complex²⁹. As European Stability Initiative (ESI) rightly put it, there is no place in South Eastern Europe which suffers simultaneously from unresolved ethnic tensions and consequences of deindustrialization, and "nowhere else has the combination of the two produced a social and economic crisis as severe as in the twin municipalities of Mitrovica and Zvecan in Northern Kosovo"³⁰.

Presently, the unemployment rate in Mitrovica South with population of approximately 66,000 is 60%; most of the 19,674 employed are in the private sector, while Kosovo budget supports approximately 4,000 employees and provides social transfers to 8,000 people³¹. There is insufficient data for Mitrovica North and Zvecan. According to estimates, most income in the northern Mitrovica and Zvecan comes from Serbia's budget supporting 4,100 employees and providing social transfers to 2,400 people³², an area of approximately 24,000 people.

Socio-economic situation is a threat to peace and stability in the Mitrovica region. Until 1989, Mitrovica was one of the most progressive cities in Kosovo, with stable social fabric across ethnic lines and a largely secular society. This social environment was destroyed in phases, beginning in early 1990ies when virtually all the Albanian workers were expelled from the public sector by Belgrade's authorities, the sudden poverty which struck the area, peaking with the war in 1998-99 and the effective division of the city. Trepca complex was almost completely destroyed, not only because of the deindustrialization time which struck the former communist world, but also because of extremely poor management by Serbia's government. The hopes of the local Albanians for economic prosperity have been shattered in 1999/2000 when they realized they will be unable to return to their previous work places within the industrial complex of Trepca.

The Serbs, on the other hand, have found themselves fully dependant and trapped by Belgrade and its sponsored structures in the city, remaining without any realistic prospects for sustainable economic development. In the last 9 years, Serbia's parallel structures have provided only survival and have proven to be incapable in providing development. The north is a striking example of the delivery limits of parallel structures. Parallel structures of Serbia have halted the transition of the area from state dependent incomes to free market economy. This dependency is the primary reason why there is an appearance of cohesion among the Serbs in the north and why there are no public voices opposing Belgrade's grip. It is through this prism that the situation in the north should also be assessed.

²⁷ Kosovo Municipalities – Short Profile, Association of Kosovo Municipalities, p.72 Pristina, June 2008.

²⁸ Trepca 1965-2000, LLA/ESI report 2003, p.16, http://www.esiweb.org/pdf/esi_document_id_62.pdf

²⁹ KIPRED interview with Naip Zeka, Chairman of the Governing Board of Independent Commission for Mines and Minerals, Government of Kosovo, 17 October 2008

³⁰ People or territory? A proposal for Mitrovica, February 2004, ESI,

http://www.esiweb.org/index.php?lang=en&id=156&document_ID=50

³¹ Strategjia e zhvillimit ekonomik lokal 2009-2011, p. 17-18, Kuvendi Komunal i Mitrovices, September 2008

³² This figure is for 2004, KIPRED assess that the number is larger. Mitrovica: Kosovo's Litmus Test. ESI Discussion Paper, p.6, 28 April 2006. http://www.esiweb.org/pdf/esi_document_id_75.pdf

A considerable number of Mitrovica inhabitants in the last years have switched from secularism to social life organized around religion. A foreign element to Mitrovica was introduced in the late 1990's when the radical Islamists were installed by Serbian State Security Service (DB)³³. After the war, the different Islamist elements also found a fertile ground for their growth. Especially successful were the Wahhabists who have used huge poverty to filling their ranks, often through offering individual financial benefits ranging from €300- €400 per month³⁴. The Wahhabi were in the front lines in Mitrovica during March 2004 riots³⁵. The local leadership and the Government of Kosovo, though privately alarmed, proved to be careless and unable to deal with this phenomenon. Instead, many believe unrealistically that this issue will just go away. Without economic development and fighting poverty, religious extremism and ethnic radicalism will continue to grow, and no superficial short-term political solution will be viable without the means for a prosperous life.

IV. Phased solution for the way forward

Mitrovica South, Mitrovica North and Zvecan municipalities present a single economic devastated area, where inter-ethnic tensions clash directly. After lengthy consultations with all stakeholders, KIPRED proposes a phased political and economic developmental solution for the area which poses an opportunity for stabilizing both the area and Kosovo at large.

In developing this proposal, KIPRED has taken into account the Guiding Principles of Contact Group for territorial integrity of Kosovo, and Ahtisaari's proposal as the most sustainable political solution. KIPRED proposes an economic development package for Mitrovica and Zvecan, as an "Ahtisaari Plus" settlement. This proposal has three phases – i) full establishment of rule of law; ii) successful implementation of decentralization in the north; and iii) implementation of "economic package". This is an indivisible package, which cannot be implemented partially, and is conditional to the full implementation of each phase. The implementation of these three phases should begin in November 2008 and end in mid 2010.

Phase 1 – Establishing the rule of law

- Full deployment and functionality of EULEX in northern Kosovo successfully concluded, with active support by UNMIK and KFOR.
- Customs services at the border crossings 1 and 31 to be re-opened, effective functional border regime to be re-established.
- The status of Kosovo Police in the north resolved.
- Parallel security structures supported by Serbia are fully disbanded.

³³ KIPRED interview with a former Yugoslav diplomat, September 2008.

³⁴ KIPRED interviews with prominent community activists in Mitrovica and an advisor to Bajram Rexhepi, September/October 2008.

³⁵ Bajram Rexhepi's speech at Alpbach Forum Political Symposium from August 24 to August 26, 2008, Austria

Phase 2 – Implementation of decentralization

- Task forces for implementation of decentralization in the north are established and operational.
- The Government of Kosovo and donor community create a “trust fund” for infrastructural development and reconstruction amounting to €30 - €50 million for Mitrovica South, Mitrovica North and Zvecan municipalities.
 - This sum should be available to municipalities during their first 4-year term.
 - The “trust fund” should become fully operational after municipal elections, and should be supervised by ICO and representatives of the three municipalities.
- Organizing successful municipal elections, and establishing local Kosovo Serb legal and legitimate leadership.
- UNMIK Police should hand over its formal competencies to Kosovo Police Service in the region of Mitrovica.
- The first round of privatization in this period should focus on privatization of socially owned enterprises throughout the north, encouraging full Kosovo Serb participation.
- Kosovo Government and the donor community should support local NGOs in the north to implement multi-ethnic projects.

Phase 3 – Implementation of “special investment area”, “free customs zone” and conducting “special environmental study”

“Special investment area”

- Will cover the territories of three municipalities – Mitrovica South, Mitrovica North and Zvecan.
- The purpose for creating this area is to offer a sustainable economic revival tool for the de-industrialized area and introducing attractive incentives for foreign and domestic direct investments and rapid employment of all communities.
- This area should be supervised by a special body comprised by the Ministry of Economy and Finances (MEF) and the representatives of the three municipalities.
- Companies which conduct their economic activities in the area, shall be exempt from paying:
 - a. Municipal taxes (licensing, property taxes, etc);
 - b. profit tax at the central level;
- The companies will be required to pay all other taxes (income tax, labor contributions and labor income tax, VAT on goods and services).
- The municipal governments in cooperation with the Ministry of Trade and Industry and national Government should work on promoting this area for labor intensive industries.
- In this respect the municipal authorities should offer the lands for free in exchange for employment and proper investment plans in medium term timeframe.

“Free customs zone”

- Should be located in between the railway and joining of Ibar and Sitnica rivers, because of its geographic location (triangle of the three municipalities) and the required infrastructure already in place.
- This location has sufficient space and optimal conditions for control and management of production and business services by all communities of the region of Mitrovica;
 - a. No corporate and profit taxes;
 - b. The zone should be used for production, trade purposes and shipment;
 - c. The goods can be imported without taxes and customs;
 - d. Imported new equipment and machines for production purposes should be free of customs if used in the “free customs zone”;
 - e. Any fees generated in the zone should be given to the “trust fund”.
- This zone should be supervised by EULEX, Kosovo Customs Service, MEF and the representatives of the three municipalities.

“Special Environmental Study”

- Due to a long mining and industrial experience, the soil and waters of the Mitrovica area are polluted. Conducting a study on soil and water condition is of high importance. There is excessive amount of lead in the area, which also affects public health. It is very important to place pre-conditions for development of agriculture as well.

Note:

1. *These arrangements should last until Kosovo signs the accession treaty with the European Union.*