

Kosovo: Štrpce, a Model Serb Enclave?

I. OVERVIEW

Štrpce, one of Kosovo's largest Serb enclaves and one of the few with good Serb-Albanian relations and economic prospects, risks falling victim to the status dispute between Belgrade and Pristina. But it also has a chance to demonstrate to Serbs that they can protect their interests within Kosovo's constitutional order. Since May 2008, the municipality has been governed by competing authorities, both Serb-led: an official government appointed by the UN in the face of local opposition and a parallel regime elected in defiance of Kosovo law. Neither has the capacity to perform its duties. The impasse has deprived this peaceful enclave of effective government and devastated its economy, notably by preventing regulation of its lucrative property market and blocking privatisation of the Brezovica ski resort. Local elections on 15 November 2009 can end the uneasy status quo, give Štrpce a legitimate government and unlock its economic potential. Belgrade, Pristina and the international community should encourage voting and thereafter equip the municipal government with the expanded powers and resources it needs.

Belgrade has long viewed Kosovo's Serbs as an instrument with which to undermine Kosovo's independence, sponsoring parallel elections under Serbian law and providing substantial economic support. But Serbia lacks the ability to provide meaningful government services in southern enclaves such as Štrpce. The parallel municipal government provides few benefits to residents and is increasingly irrelevant to their daily lives. Serbia should place the interests of Štrpce's residents first and acknowledge that they require a relationship with authorities in Pristina. By supporting a multi-ethnic municipality, Belgrade would continue to play a role in the institutions most important to the local Serbs, such as education and healthcare, while at the same time it would give residents the opportunity to focus on everyday issues that are meaningful to them.

The Kosovo government has been slow to grant Štrpce and other municipalities the enhanced powers and competences envisaged by the Ahtisaari plan, the framework document developed by Martti Ahtisaari, the former president of Finland, when he attempted to mediate the status dispute as the UN Secretary-General's special rep-

resentative before the territory declared independence. Pristina insists that such decentralisation develops in both the southern enclaves and hardline Serb north, partly to avoid setting any precedent that could stoke thoughts of partition. Many in the government also view decentralisation as a reward, not a right, and expect Kosovo's Serbs to accept the central government's authority explicitly before powers are transferred to their municipalities. Low Serb turnout in the election, in this view, would be justification for more delay in implementing decentralisation.

Some Serb parties will stand, but without the participation of the large, Serbia-based ones, turnout may be too low to produce an electoral result fully in accordance with actual demography and political preferences. In that event, Pristina should act to enable a united, multi-ethnic municipal government:

- The ministry for local government affairs should in these exceptional circumstances appoint a local Serb mayor and new municipal assembly drawn from the registered Serb and Albanian candidates. This would provide Štrpce a genuinely representative municipal government, albeit one in which only the Albanians may have demonstrated this credential by receiving a true electoral mandate from their constituents. But the mandate of the Serb incumbents, already extended once, has no legitimacy and should not be extended again.
- The Kosovo government should then entrust the new municipality with the enhanced competences and other tools it needs to manage Štrpce on behalf of all its residents.

Establishing a legitimate, effective municipal government would ensure that Štrpce can deal effectively with its main issues – Brezovica (Kosovo's best known tourist destination) and the Weekend Zone, prime real estate in the heart of the Sharri/Šara National Park. The Brezovica ski resort features some of the best slopes in Europe; suitably developed, it could drive economic growth and job creation throughout the local region. Privatisation and development have been held up for a decade by ownership disputes and allegations of corruption; fresh local leadership is needed.

Once Kosovo's environment and spatial planning ministry (MESp) prepares a comprehensive land-use plan and

the municipality approves it, the resort should be placed on the market. Any property claims by Serbian companies can be resolved by the special privatisation chamber of the Kosovo Supreme Court, which has a majority of international judges.

A new approach is also needed for the Weekend Zone, where hundreds of luxurious villas have been built, many illegally, within the national park. Control over construction there has been one of the most lucrative perks for both current municipal governments. Inability to maintain order in the Weekend Zone saps credibility, harms the environment and deprives the municipality of tax revenue it badly needs. Demolition of illegal buildings is not the answer. Instead:

- the new municipal authorities should impose stiff fines on owners and legalise existing houses, while preventing further construction; and
- if necessary, EULEX, the European Union's law enforcement mission in Kosovo, should use its authority to investigate and prosecute corruption.

Progress in Štrpce would likely have a catalytic impact on decentralisation throughout Kosovo. The municipality can serve as a model towards which newly formed Serb-majority municipalities can strive. With Belgrade boycotting decentralisation and Pristina seemingly uninterested in the process, visible, on the ground developments and benefits are the best bet for convincing sceptical Serbs that they have a future in Kosovo.

II. TWO GOVERNMENTS, ONE TOWN

Štrpce/Shtërpçë is a mountainous municipality in the southern part of Kosovo, on the border with Macedonia. It consists of sixteen villages, including the town of Štrpce.¹ The population is 13,600, of which 9,100 are Serbs and 4,500 are Albanians.² The municipality also houses 700 to 1,000 displaced persons, mostly from Ferizaj/Uroševac and Prizren. It is the home of the Sharri/Šara National Park and the Brezovica ski resort, two areas which present some of Kosovo's prime real estate and economic potential.

¹ Eight of the villages are Serbian, four are Albanian and four are ethnically mixed. Serbs use Štrpce and Albanians Shtërpçë for both village and municipality; this briefing uses the Serb name. For more on Štrpce in the context of the Kosovo Serb community, see Crisis Group Europe Report N°200, *Serb Integration in Kosovo: Taking the Plunge*, 12 May 2009.

² UNMIK Štrpce Fact Sheet. There are also 37 Roma.

Štrpce town is home to a substantial Serb professional and business elite. Indeed, the municipality has more doctors than it needs, most of whom work in an over-staffed primary care clinic and draw Serbian salaries.³ Serb and Albanian children attend separate primary and secondary schools.⁴ Among the Serbs, many state jobs are little more than a form of public assistance and are increasingly seen in Belgrade as an unwelcome burden on Serbia's budget. Even so, parallel local authorities are not trying to deal with overstaffing of workers in Serbian state institutions. Many local offices in Kosovo are part-time positions, and in Štrpce a considerable number of officeholders also draw salaries from state enterprises. Indeed, Serbia-financed state employment is the main source of income for residents.

Kosovo's state budget, itself burdened by overstaffing, cannot take on large numbers of Štrpce's Serbs. Solving the overstaffing problem requires the creation of private sector jobs to take up the slack. With unemployment running between 35 and 60 per cent, privatisation of the Brezovica resort, the only employer capable of hiring large numbers, is imperative.⁵

Good inter-ethnic relations survived the 1998-1999 war and subsequent violence in surrounding areas. Very few Serbs have left, and the municipality boasts the highest percentage of refugee returns in Kosovo. The majority Serbs consider their Albanian neighbours as indigenous to the area – a rare attitude. There are no accusations of them “coming over” from Albania or Drenica. Albanian villagers do not object to the Serbs' leading role in the municipality. The communities nourish strong ties to the area and share hopes for its prosperity.

³ The health system encompasses one primary health centre in Štrpce and eight sub-centres, six of which are serviced by Serb staff; the all-Albanian one is in Brod/Firraja; separate Albanian and Serb clinics share a building in Drajkovce/Drajkoc. While the Kosovo health ministry employs sixteen medical staff in Štrpce, its Serbian counterparts finance over 300 Serbian health workers. Štrpce has enough specialists to support a secondary care institution; currently, serious cases are treated in Gračanica and Mitrovica North (for Serbs) and Pristina (for Albanians).

⁴ Štrpce has eighteen schools with 2,540 students. Half the schools are Serbian, with 1,676 students (547 in secondary education). The Albanian schools are in the Albanian-majority villages, the biggest being Firraja. They have 864 students (135 in secondary schools). Serb schools have more than double the employees – 153 to 66 – of the Albanian schools, follow the Serbian curriculum and are financed by the Serbian education ministry. Albanians follow the Kosovo curriculum and are under the Kosovo ministry.

⁵ Crisis Group interview, Organisation for Security and Co-operation in Europe (OSCE) official, Štrpce, May 2009.

Štrpce can play a key role as a centre for Serbs south of the Ibar, few of whom have experience in municipal government. Despite the fact that the majority of the Kosovo Serb population is in the South, Mitrovica has been established as the sole centre for all Kosovo Serbs in education, health and finance. With the enclave Serbs unhappy at what they see as disproportionate power in that city,⁶ Štrpce has the potential to shift the balance in their favour. Because it is over 100km from Serbia proper, it is often labelled as “isolated”,⁷ but the distance makes for a more realistic approach toward Kosovo institutions than in the north and suggests that high-level politics might not interfere as much in everyday matters.

The 1998-1999 conflict deeply traumatised Štrpce. The municipality saw relatively little fighting and escaped with few fatalities, but most Albanians were forced to flee to Macedonia and Albania, and hundreds of their houses were destroyed.⁸ Štrpce’s Serbs attribute these crimes to “outsiders – paramilitary thieves from Serbia, MUP [Serbian internal affairs ministry] forces from outside Kosovo and [Kosovo Albanian] KLA units from Drenica”.⁹ Serbs expelled from Prizren and Uroševac/Ferizaj sought refuge in Štrpce. Post-conflict tension was high, but few Serbs fled in the aftermath of NATO occupation, and Štrpce remained an island of relative calm. The UN interim administration (UNMIK) quickly reestablished a municipal government and organised elections the Serbs boycotted.¹⁰ As elected officials from the Albanian Democratic Party of Kosovo (Partia Demokratike e Kosovës, PDK) and the Democratic League of Kosovo (Lidhja Demokratike e Kosovës, LDK) took their seats in the municipal building, the Štrpce Serbs staged mass protests in the town centre, claiming they did not represent them.

The situation improved in 2001, when Nebojša Čović became the head of the Coordination Centre for Kosovo/CCK (Koordinacioni centar Srbije za Kosovo i Metohiju, KCK) in Belgrade. His engagement with UNMIK led to the only mass participation by Serbs in Kosovo elections – the 2001 parliamentary and the 2002 municipal contests. This breakthrough had a positive effect on Štrpce – finally there was chance to create a municipality that reflected the area’s demography, with the

legitimacy to deal with issues such as return of internally displaced persons (IDPs), reconstruction of damaged property and freedom of movement. Voter registration was a success, with 17,426 recorded, out of which 11,771 (67.6 per cent) cast ballots despite a boycott of both processes by the ultra-nationalist Serbian Radical Party (Srpska radikalna stranka, SRS).¹¹ Of the major Serbian parties, only the Democratic Party of Serbia (Demokratska stranka Srbije, DSS) participated on its own; the others joined coalitions or local initiatives.¹²

Sladjan Ilić, a popular local figure, was elected mayor of Štrpce. Willing to reach across the ethnic divide, he is widely credited with creating the conditions for the return of Albanian refugees, as well as attempts at greater integration in education and healthcare.¹³ Seeking “not to allow ethnicity to determine who can own property here”, he also allowed Albanian owners to reclaim and repair their property in the Weekend Zone.¹⁴ Ilić achieved good results: Štrpce is still the most successful municipality for returns and is one of the few places in Kosovo where one can find Albanian and Serbian healthcare institutions in the same building. The return of Albanian property owners to the Weekend Zone led to increased interest in the area. But he was heavily criticised by Serb members of large parties as inexperienced and, for addressing Albanian problems first, unpatriotic and foolish as well.¹⁵ Impulsive and emotional, Ilić twice offered to resign before finally leaving the post in early 2004. International observers and Štrpce Albanians now view his administration nostalgically as a period of multi-ethnic cooperation.¹⁶

Stanko Jakovljević, the local head of the Democratic Party (Demokratska Stranka, DS) and member of the

⁶ Crisis Group Report, *Serb Integration in Kosovo*, op. cit.

⁷ Crisis Group interviews, Mitrovica/Belgrade, 2008/2009.

⁸ “Political Killings in Kosova/Kosovo, March-June 1999”, American Association for the Advancement of Science, American Bar Association Central and East European Law Initiative (Washington DC, 2000).

⁹ Crisis Group interview, senior Serb politician, Štrpce, January 2009.

¹⁰ Crisis Group interviews, Serb politicians, Belgrade, Štrpce, 2008-2009.

¹¹ “Kosovo Local Elections 2002”, OSCE, www.osce.org/documents/mik/2002/11/20461_en.pdf.

¹² The Movement for Kosovo and Metohija (Pokret za Kosovo i Metohiju) received 8.38 per cent of the vote; the Serb Democratic Movement (Srpski Demokratski Pokret, SDP) 14.39 per cent; the Serbian Renewal Movement (Srpski pokret obnove, SPO) 6.76 per cent; the Kosovo Objective Party (Kosovska Objektivna Stranka, KOS) 5.72 per cent; the Return Coalition (Koalicija Povratak) 9.28 per cent; the Socialists of Sirinička Župa (Socijalisti siriničke župe, the renamed local Socialist Party of Serbia, SPS) 18.42 per cent and the DSS 11.65 per cent. Among Albanian parties, the LDK got 10.93 per cent, the PDK 14.14 per cent and the Socialist Party of Kosovo (Partia Socialiste e Kosovës, PSK) 0.33 per cent.

¹³ Crisis Group interviews, international officials, Pristina, Štrpce, May-July 2009.

¹⁴ Crisis Group interview, Sladjan Ilić, Štrpce, 22 May 2009.

¹⁵ Crisis Group interview, DSS and SRS officials, Štrpce, 2008-2009.

¹⁶ Crisis Group interview, international officials and Albanian politicians, Štrpce, May/June 2009.

Return (Povratak) coalition, replaced Ilić as mayor. Older and less active, he also divided his time between several positions, including university professor and eventually KCK coordinator for Štrpce. This gave him multiple incomes but also conflicting loyalties: as mayor, he operated within the UN framework, while in his other positions he answered ultimately to Belgrade.

The anti-Serb riots of March 2004 largely bypassed Štrpce, although an Albanian group killed two Serbs in the nearby village of Drajkovac.¹⁷ Nonetheless, the violence deeply alienated the Serbs from Kosovo's institutions and broke down trust; nascent local initiatives to cooperate with Pristina ground to a halt. Serb politicians aligned themselves closely to Serbia-based parties; the ensuing shakeout created tension and rivalry within Štrpce's Serb elite and left Jakovljević, as leader of a locally small and unpopular party, exposed.¹⁸ The multi-ethnic municipality continued to function but could achieve little and was notably unable to stop illegal construction in the Weekend Zone. Rumours of municipal corruption spread.¹⁹ Jakovljević also vacillated over privatisation of the Brezovica resort, irritating both Pristina and international officials.²⁰

Štrpce's experiment with elected government ended, in effect, with the elections of November 2007. Distressed by Kosovo's moves toward independence, and led by Vojislav Koštunica's nationalist DSS, Serbia called for a boycott. Many Štrpce Serbs depended on payments from Serbian institutions, and Belgrade took steps to enforce the boycott, including instructing KCK officials to take the names of anyone who voted.²¹ The boycott was almost completely effective: only fourteen Serbs cast ballots alongside their Albanian neighbours.²² The Special Representative of the UN Secretary-General (SRSG), Joachim Rucker, declined to certify the election results in Štrpce, instead extending the mandates of Serb officials, including Jakovljević. This infuriated the local PDK

branch, which felt its electoral victory entitled it to the mayor's office.²³

Kosovo declared independence in February 2008. Serbia responded by creating parallel local governments throughout Serb areas and ordering all Serbs in Kosovo institutions to leave their posts. The elections Serbia held in Kosovo on 11 May 2008 were a clear violation of UN Security Council Resolution 1244, and Rucker promptly declared them illegal. Nonetheless, turnout among Kosovo Serbs was heavy, and parallel Serbian municipalities sprang up across the republic.²⁴ In Štrpce, more than 80 per cent of the local Serbs voted, and the SRS won the largest share of seats.²⁵ In the first of many odd twists, Stanko Jakovljević – still the official mayor of Štrpce – also stood for election in the parallel Serbian municipal government (as head of the DS list), and won a seat in the parallel assembly.²⁶

Since May 2008 Štrpce has had, at least on paper, two mayors, two municipal assemblies, and two town governments. In fact, mass Serb defections left the official municipality without a functioning assembly.²⁷ Jakovljević, the official mayor, also participates in the parallel municipal assembly, which does function. His rival, the parallel mayor Zvonko Mihajlović, seized the actual mayor's office, forcing Jakovljević to work from the adjacent deputy mayor's office.

The official municipality lost half its office space but kept control of the cadastral office, which is one of the most important municipal government institutions, since it maintains all local property records and is involved in all property transactions and building permissions. The holder of the post would thus be well placed, if so inclined, to profit from under-the-table deals involving the Weekend Zone. The official municipality is also involved in issuing Kosovo documents, including vehicle regis-

¹⁷ Crisis Group Europe Report N°155, *Collapse in Kosovo*, 22 April 2004.

¹⁸ Crisis Group interview, Serb journalist, Štrpce, May/June 2009.

¹⁹ The nickname given to Mayor Jakovljević – *Deviza* (Foreign Currency) – relates to alleged bribery over illegal construction. Crisis Group heard many people, including some of Jakovljević's colleagues, using this nickname repeatedly.

²⁰ Crisis Group saw several letters granting, and then withdrawing, consent for privatisation, that the municipality sent to Pristina and the Kosovo Trust Agency (KTA).

²¹ Crisis Group observation, November 2007.

²² Overall turnout was 1,597. The Kosovo election commission does not release voter data by ethnicity, but non-Albanian parties received only fourteen votes. Results can be found on the election commission's website, www.kqz-ks.org.

²³ Crisis Group interview, Ali Halimi, deputy mayor, Štrpce, January 2009.

²⁴ For more on the parallel elections and their consequences, see Crisis Group Report, *Serb Integration in Kosovo*, op. cit.

²⁵ Crisis Group interview, Serb journalist, Štrpce, 2 June 2008; "Rezultati lokalnih izbora na Kosovu [Local election results in Kosovo]", B92 (online), 16 May 2008.

²⁶ Kosovo Prime Minister Hashim Thaqi extended Mayor Jakovljević's mandate on 3 July 2008 under international pressure, after an earlier extension by UNMIK had expired.

²⁷ Many took jobs at the parallel municipality but some have returned to the official municipality due to lack of work elsewhere. Attempts to revive the official municipal assembly have failed due to pressure from the parallel structures; all potential candidates for official municipal assembly president have withdrawn. Crisis Group interviews, Albanian politicians, Štrpce, Pristina, May-August 2009.

trations needed to drive outside the Serb enclaves.²⁸ Štrpce's Albanian residents deal only with the official municipality, in which they hold several important positions, notably deputy mayor.

The parallel municipality mediates between Štrpce's Serbs and Serbia and plays a more important role in their lives than its official rival.²⁹ It handles social programs ranging from pensions and unemployment benefits to health insurance and also provides Serbian identity papers that are necessary to use the area's Belgrade-funded medical facilities and schools.³⁰ Many residents draw benefits from Serbia and Kosovo simultaneously and interact with both municipalities.³¹ The parallel municipality also handles road maintenance, garbage collection and landscaping in Štrpce through its relationship with the Serbian public company charged with those activities.

For Pristina and the international community's representatives there, the parallel municipality is not legitimate.³² Its advantage over the official municipality is almost wholly the consequence of the latter's weakness; even a minimally functional municipal government would quickly out-perform the parallel structures, which cannot meet many of Štrpce's most pressing needs. Without contacts with the Kosovo government, for example, the parallel government cannot issue documents recognised elsewhere in Kosovo (except in other Serb enclaves); nor can companies register with it. The municipality cannot participate in regional planning or avail itself of funds for road and infrastructure development. Its ability to stimulate growth depends on donations from Serbia, such

as the kindergarten given by the Vojvodina Executive Council that received more than 2,000 applications for the 50 available jobs.³³ In effect the parallel body is little more than a consulate for the Belgrade government that also provides road-cleaning and sanitation services.

Both sets of officials are capable of acting pragmatically and stepping outside their formal roles when required. Official and parallel authorities were pulled into a tense standoff over electricity in July-August 2009. Like many Serb enclaves, Štrpce had tapped into the electric grid without paying for years. The Kosovo electricity company, KEK, finally demanded payment, and Serbia declined to intervene, telling the parallel municipality to pay up. Unable to meet with KEK in their official capacity, parallel officials presented themselves as "village representatives" and negotiated with the Kosovo authorities, while the official mayor participated in talks in a dual capacity – as the official mayor when meeting the KEK delegation and as a deputy in the Serb municipality when meeting with the parallel municipality officials. Keeping communications open helped defuse a potentially violent incident on 29 July 2009, when an angry crowd gathered after KEK forced entry into the Štrpce sub-station and expelled the Serbian workers.³⁴

All funding from Pristina under the 2008 and 2009 capital investment budgets went to projects in the Albanian parts of Štrpce. The official mayor did not seem interested in lobbying Kosovo institutions for money, and Pristina was not eager to benefit a Serb population it said was loyal primarily to Serbia and the parallel institutions. Štrpce's Serbs consequently lost out on their share of €1.4 million in development funds.³⁵ Recently, however, international representatives have urged Pristina to include the Serbs in their projects, and a European Commission-sponsored €430,000 project for a water supply system in Štrpce is due to start in November 2009.³⁶

²⁸ Some Serbs drive unmolested on old, now illegal, Serbian plates throughout Kosovo, but many are understandably nervous leaving the enclave without legal registration. Kosovo documents, including new passports, are issued in Drajkovce/Drajokoc village due to the parallel municipality's occupation of municipal offices in Štrpce town. By June 2009, more than 1,400 Serbs had applied for Kosovo IDs. Crisis Group interview, interior ministry, Pristina, June 2009.

²⁹ Crisis Group interview, international official, Štrpce, January 2009.

³⁰ Birth, death and marriage certificates, citizenship, residence and proof of (Serbian) property ownership documents can all be obtained through the parallel municipality. They are issued in Niš and Vranje, but citizens apply and collect the papers at the municipality. New, biometric passports for Kosovo residents are now issued only at a centre in Belgrade, however, and even those will apparently be excluded from the visa-free travel promised to other Serbian citizens by the European Union.

³¹ Monthly pension and social welfare payments from Belgrade are 11,000 dinars (€120). The equivalent Kosovo payments are €40-€80, but many in Štrpce collect both.

³² Albanian officials in the official municipality are blunter: "Parallel municipality officials are little more than criminals". Crisis Group interview, Ali Halimi, Štrpce, January 2009.

³³ Crisis Group interviews, parallel municipality official, Štrpce, December, 2008. The vacancies were notified several times, as reports of nepotism and corruption in filling them surfaced. Crisis Group witnessed a queue of angry job-seekers waiting to see the mayor during the weekly session at which he made himself available to meet with citizens.

³⁴ Part of the dispute concerned the status of the fourteen employees of the Serbian electricity utility EPS in Štrpce, all of whom receive 150 per cent of the salary of their counterparts in Serbia, although they do little more than make minor local repairs. Crisis Group telephone interview, Serb journalist, Štrpce, 29 July 2009.

³⁵ €1 million from the transport ministry and €400,000 from other government sources. Crisis Group interview, government official, Pristina, August 2009.

³⁶ Crisis Group interview, international official, Pristina, August 2009.

III. ELECTING A NEW MUNICIPAL LEADERSHIP

Kosovo's local elections, scheduled for 15 November 2009, offer the best opportunity to end the duel between the official and parallel municipalities and give Štrpce the functional local government it badly needs.³⁷ This would help its residents most but would also benefit both Serbia and the government in Pristina. Belgrade is less and less tolerant of the costly and ineffective parallel municipalities, partly because they are largely staffed by members of parties bitterly hostile to the ruling Serbian coalition.³⁸ And a Serb-led municipality operating within the Kosovo framework would help Kosovo show it has the maturity to graduate to full, unsupervised independence.

Both Serbia and Kosovo, however, are obstructing the establishment of an effective municipality in Štrpce. Belgrade fears that any official Serb participation in Kosovo institutions would weaken its case against Kosovo's independence declaration at the International Court of Justice (ICJ), scheduled for public hearing on 1 December 2009.³⁹ After boycotting the last elections, held under UN auspices, Serbia does not want to look like it is backing down by approving these elections in independent Kosovo.⁴⁰ It quietly explored ways of assigning responsibility to a formally neutral body such as the Organisation for Security and Cooperation in Europe (OSCE) or the Council of Europe (COE) but flatly rejected cooperating with Kosovo institutions,⁴¹ and in June 2009, it called for a boycott.

Pristina does not consider decentralisation – the transfer of competences to municipalities, and the creation of several new minority municipalities – a high priority. The government sees this as a reward that it does not

wish to bestow on boycotting Serbs: Pristina “cannot give power to the people when there is such a high level of disloyalty”, a senior government official said.⁴² Senior international officials have understanding for this view, so there is slight pressure to implement this vital part of the Ahtisaari plan.⁴³ Kosovo's leaders are also sensitive to any differences in policy toward northern Kosovo and the southern Serb enclaves that, in their view, could become a precedent for partition. For this reason, they refuse to transfer enhanced competences to Štrpce before establishing control over Mitrovica municipality.⁴⁴ Štrpce's Albanian leaders doubt the wisdom of decentralisation, suspecting that it would plunge the municipality “deeper into chaos and crisis” by rewarding “disloyal” Serbs.⁴⁵

Belgrade and Pristina view Štrpce through the lens of their larger agendas, in particular the struggle to define Kosovo's status. The price for this is neglect and dysfunction in the municipal government that harms its Serb and Albanian residents alike. The interests of Štrpce's people should be the priority. They should not be kept in limbo while legal and diplomatic battles are waged by capitals. The international community in Kosovo has some responsibility for ensuring the successful implementation of the Ahtisaari plan. Its International Civilian Office (ICO) has executive powers under Kosovo law and should press the Kosovo government to implement decentralisation in Štrpce without delay.⁴⁶ At the same time, Belgrade should be urged not to take any steps to enforce its boycott, but rather commit to supporting whatever government emerges from the local elections.

Concrete steps are needed, starting with the transfer of competences from the central government to the municipality immediately after the November elections. Decentralisation has several components. As a Serb-majority municipality, Štrpce should have “enhanced municipal

³⁷ For more detail on the elections, see “Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo”, UNSC S/2009/497, 30 September 2009.

³⁸ Crisis Group interview, government official, Belgrade, August 2009.

³⁹ Crisis Group interview, Serbian government official, Belgrade, 25 June 2009. The UN General Assembly requested an advisory opinion from the ICJ on 8 October 2008, on whether “the unilateral declaration of independence by the Provisional Institutions of Self-Government of Kosovo [is] in accordance with international law?” ICJ press release, 10 October 2008.

⁴⁰ Crisis Group interview, Serbian government official, Belgrade, 25 June 2009.

⁴¹ Crisis Group interviews, Kosovo ministry official, Belgrade, April/June 2009. The OSCE or the COE could only organise the elections if asked by the SRS. His diminished capacity and Pristina's refusal even to discuss it make such a scenario unrealistic.

⁴² Crisis Group interview, Pristina, 11 March 2009.

⁴³ Crisis Group interview, international official, Pristina, August 2009.

⁴⁴ Crisis Group interview, local government ministry official, Pristina, 20 August 2009.

⁴⁵ Crisis Group interview, Ali Halimi, deputy mayor, Štrpce, 10 June 2009.

⁴⁶ The ICO could press the government “behind closed doors” to transfer enhanced competences to Štrpce. Crisis Group interview, international officer, Pristina, 2 September 2009. An international official cautioned that the International Civilian Representative in Kosovo, Pieter Feith, is wary of using his executive powers lest that seem to “add water to Belgrade's mill in the ICJ case”. Crisis Group interview, Pristina, August 2009.

competences".⁴⁷ While these should be transferred to all Serb-majority municipalities when they are ready for them, Štrpce is best placed to begin the process. The municipality should have authority over primary and secondary healthcare, including budgetary and administrative control over facilities in the area. With its surplus of doctors, Štrpce could become a regional medical centre that, while primarily appealing to nearby Serbs, could and should also serve the Albanian population and visitors to the Brezovica resort. Administrative control would allow the municipality to set the schedules of approved medications, negotiate their purchase and finance their acquisition with funds from Serbia or donors.⁴⁸ Currently these matters are handled by Pristina (for the Albanian clinic in Štrpce) using a cumbersome tender process.

Štrpce should also have full authority to impose "local taxes, charges and fees" and to set its budget.⁴⁹ Given the large sums of money already moving through the municipality via the Weekend Zone and the potential for much larger investment in the Brezovica resort (see below), this is an important power. In time, Štrpce could become self-sustaining. For several years, however, its exercise of municipal responsibilities in health, education, environmental protection, water supply, sanitation, road repair and other services would depend on outside funds. The Kosovo government should subsidise it for some time, and Serbia should continue providing money for social services but redirect it from the parallel municipality. Štrpce's government should also be empowered to seek and receive donor funds for its own needs and for regional projects coordinated with other municipalities.

The municipal assembly should have effective control over the appointment of the Kosovo Police station commander.⁵⁰ Primary and secondary schools are municipal responsibilities throughout Kosovo and in Serb areas are free to use textbooks and curricula mandated by Serbia's education ministry.⁵¹ Implementing these aspects of decentralisation would ensure that Štrpce's Serb

schools, clinic and police remain as they are – Serb-led – while removing them from the unaccountable and dysfunctional supervision of the parallel municipality, thus benefiting residents, Pristina and Belgrade alike.

Kosovo's central government should also delegate responsibility for business registration and licensing and forestry protection. Štrpce is already charged with regulating land use, notably in the Weekend Zone and the Brezovica resort. Privatisation of the resort cannot go ahead without a valid land use plan created by Kosovo's environment and spatial planning ministry (MESP) and enacted by the municipal assembly.

Štrpce can be a municipality that Pristina and Belgrade see as legitimate, if they refrain from viewing it through the prism of their mutual antagonism. Establishment of a functioning municipality in turn would help create a local political elite comfortable dealing with both. Normalisation of relations and easing of tensions need to start at the local level. The present impasse suits only those who have spent years in top positions, without clear mandates or accountability. Neither Serbia nor Kosovo derive benefit – not even rhetorical advantage – from the status quo. Štrpce might also become a model and leader for the southern and eastern enclaves, attracting regional projects and ensuring that new municipalities like Klokot/Kllokot and Ranilug/Ranillug do not look only towards the north and Mitrovica.

Neither the official nor parallel administration can handle the full range of responsibilities decentralisation will bring. This is why the November elections are so important. A number of small Serb parties will put up candidates, and Ilić, the popular former mayor, will stand as an independent. Several groups, notably the young, the poor and the many IDPs from Prizren and Uroševac/Ferizaj, are interested in voting; others, including most of those dependent on Serbian salaries, are more reluctant. Štrpce is a rural and somewhat isolated place; the benefits of decentralisation are poorly understood, and fears of abandonment by Serbia are acute. A concerted effort by international actors and – in the background – Pristina to explain the concrete advantages and reassure Serbs that voting will not imperil their ties to Belgrade could make a real difference. Turnout will not be high, but with effort, it can be high enough to yield representative results. If sufficient Serbs vote to force a mayoral runoff, the Serb candidate would likely win in the second round.

Nonetheless, Štrpce's Serbs may boycott the election, especially if Belgrade pressures them. In that event, the policy options would be stark. Kosovo's government

⁴⁷ "Comprehensive proposal for the Kosovo Status Settlement", UNSC S/2007/168/Add.1, 26 March 2007, Annex 3, Article 4. The Security Council document includes what is commonly called the Ahtisaari plan. See also Crisis Group Report, *Serb Integration in Kosovo*, op. cit., pp. 23-26.

⁴⁸ Lack of cooperation between the Kosovo ministry and Serb clinics led to several high profile delays of shipments to Serb areas in 2008: "Blokirani lekovi [Medical supplies blocked]", B92 (online), 28 August 2008.

⁴⁹ Comprehensive proposal, op. cit., Annex 3, Article 8.

⁵⁰ Under the Comprehensive proposal, in Serb areas the municipal assembly proposes two candidates to the Kosovo internal affairs ministry, which chooses one; Annex 8, Article 2.6.

⁵¹ Comprehensive proposal, Annex 3, Article 7.

would prefer to allow an Albanian mayor to take office, while extending the mandates of the municipality's Serb councillors.⁵² This would be illegal: the government has no authority to extend mandates.⁵³ Štrpce's Albanians understandably resented past extensions, which deprived them of electoral victory, but Albanian leaders understand that given the large Serb majority in the municipality, an effective government requires Serb leadership.⁵⁴

If there is a boycott, executive appointments will be needed. On behalf of the government, the ministry for local government affairs (MLGA) is best placed politically to make these; Kosovo Serbs have dealt with it for years and are familiar with it. In the event of a boycott, therefore, the ministry should begin by consulting the local community in order to identify candidates with strong credibility and support and to build consensus for its appointments, along with a campaign designed to show the benefits of cooperation. This should be accompanied by international advocacy to encourage Belgrade to give a nod of approval to the participation of local Serbs. It should then select a new mayor from among the registered Serb candidates to serve as an interim administrator and to name heads of departments.

The MLGA should also appoint members of an interim assembly from the Serb candidate lists. If the boycott is only partial, appointments should be in rough proportion to electoral results, while taking into account skills and expertise. These Serb assembly members should then work with their elected Albanian colleagues. If the special circumstances make such inherently undemocratic executive appointments necessary, the priority should be to obtain the best government, not strict adherence to percentages. Department heads and the assembly should, however, reflect Štrpce's ethnic breakdown.

One of the new administration's first tasks should be to evict the parallel municipality from the mayor's office. It is important for it to do this on its own, without involving Pristina or international organisations, in order to send a clear signal that it has arrived and will not be

as lethargic or committed to the status quo as its predecessor. Its next step should be to remove from the municipal building the many posters that feature SRS party leader Vojislav Šešelj, who is on trial in The Hague for war crimes. Having a municipal structure determined to work in the interests of Štrpce and with the mechanisms to achieve its aims is the best way to change the minds of locals who boycotted the elections. The parallel municipality can only be made irrelevant if the new official municipality starts to solve people's everyday problems. With the influence of the parallel municipality minimised, Belgrade would face a pragmatic decision over what to do with an expensive apparatus that serves little purpose.

The international community in Kosovo and officials in Pristina are not making Štrpce a priority. While an OSCE mission monitors both municipalities, there is little input for solving problems. Offering Štrpce a fast track towards decentralisation is also off the table, since Pristina is wary of rewarding Štrpce until the parallel municipality is disbanded, and the internationals dealing with decentralisation are focused on building up the new municipalities. "The focus is not on Štrpce", an international official said. "The focus is on making Klokot and Ranilug as administratively developed as Štrpce".⁵⁵ While official municipality authorities are eager for decentralisation to give them more power, parallel officials defiantly say, "we already have more control and funds than decentralisation would offer us".⁵⁶ However, as the ongoing crisis in Belgrade over Serbia's budget shows, those funds are not likely to be around for long.

IV. BREZOVICA

The Brezovica ski resort is the most important economic resource in southern Kosovo. An alternative venue during the 1984 Sarajevo Winter Olympics, its potential surpasses that of better-known regional competitors such

⁵² Crisis Group interview, MLGA senior official, 4 September 2009. First the SRS, then the government applied this policy in Novo Brdo/Novobërdë in July 2008.

⁵³ The government's previous extension of the mayor's mandate in Štrpce was in clear contradiction to the Kosovo Local Election Law, Article 11, and the Kosovo Local Self Government Law, Article 50, but seemed necessary due to the lack of any other solution to the problem.

⁵⁴ If the government appoints a Serb mayor after a Serb boycott, as outlined below, the leading Albanian candidate could in theory appeal to the Election Commission; since he or she is likely to belong to the governing PDK, however, such a move is unlikely.

⁵⁵ Crisis Group interview, Štrpce, 23 May 2009. Klokot-Vrbovac/Klllokot-Vërbovc and Ranilug/Ranillug are two of the five new Serb-majority municipalities proposed under decentralisation. Klokot-Vrbovac will encompass the Serbian villages and areas around Vitina/Viti; Ranilug will become the centre of Serbian villages north of Gnjilane/Gjilan and around Kamenica/Kamenicë. The other municipalities are Parteš/Partesh, which mostly encompasses Serb areas south of Gnjilane/Gjilan, Mitrovica North; Gračanica/Gračanicë (including parts of Kosovo Polje/Fushë Kosova, Lipjan and Pristina) and the extended municipality of Novo Brdo/Novobërdë, including Serb villages north of Kamenica and west of Gnjilane.

⁵⁶ Crisis Group interview, parallel municipality official, Štrpce, 17 July 2009.

as Bulgaria's Bansko.⁵⁷ During its heyday in the 1980s, the resort hosted 120,000 overnight stays, about half during the ski season and half in the summer, when its alpine meadows and streams are ideal for hiking.⁵⁸ Located on the slopes of Sharri/Šara Mountain and within the national park, Brezovica is thought to have some of the best, longest and highest ski runs in Europe.⁵⁹ It is an easy hour's drive from the Skopje and Pristina airports, both served by low-cost carriers, and thus well-placed to break into the international winter sports market.

The resort is in bad physical shape, however, and is tangled in an ownership dispute between Serbia and Kosovo going back almost a decade. Its three small hotels are decrepit; one is currently used as a base for the NATO (KFOR) peacekeepers, and another houses displaced persons and the offices of several Serbian companies. Building new hotels would probably be cheaper than renovating the existing ones.⁶⁰ The ski lifts, built in the 1980s by German and Swiss contractors, have decayed to the point of being unsafe. While no one has been badly hurt, they frequently malfunction and strand skiers.⁶¹ A trickle of visitors, almost all from Kosovo, still come but do not generate enough income to sustain the resort's 240 workers, who often go unpaid for months.⁶²

Privatisation, the key to the resort's future and Štrpce's prosperity, has been blocked for almost a decade by a complicated dispute involving several Serbian companies, their local subsidiaries, UNMIK and the Kosovo and Serbian governments. The core of the dispute is political, but legally it turns on the relationship between the Serbian company that claims ownership, Inex, and its branch in Štrpce. The latter registered as a socially-owned enterprise (SOE) – a distinctive corporate category under Yugoslav socialism – in Ferizaj/Uroševac in 1954.⁶³ All SOEs in Kosovo are subject to privatisation by local authorities, initially by the Kosovo Trust Agency

(KTA) UNMIK established in 2002 and now by the Privatisation Agency of Kosovo (PAK), an independent body with international participation.⁶⁴

Belgrade, however, points out that Inex also registered the Brezovica resort as its own corporate property in a Belgrade court in 1973,⁶⁵ which would give Serbia jurisdiction.⁶⁶ Serbian officials note that Inex has already sold some of its property elsewhere in Kosovo and argue that this sets a precedent that should be followed in Brezovica.⁶⁷ Former mayor Ilić believes trying to determine the real owner is a fool's errand: "UNMIK spent ten years searching for the answer without finding it".⁶⁸

The KTA and Serbia both launched early, abortive attempts to sell the ski resort. The KTA obtained approval from the UN headquarters and advertised in publications such as *The Economist*, but called off its offers after approval was withdrawn.⁶⁹ Serbia's Privatisation Agency issued its own tender in June 2006 but withdrew it the same year under strong UN pressure.⁷⁰ Serbia may ob-

⁵⁷ Crisis Group interview, contractor dealing with ski centre privatisation, Štrpce, 20 May 2009.

⁵⁸ Crisis Group interview, Aleksandar Janičević, head of Inex ski centre Brezovica, Štrpce, 22 May 2009.

⁵⁹ The mountain has 30 kilometres of ski slopes between 1,700 to 2,500 metres above sea level, with a maximum vertical drop of 804 metres; additional ski areas can be developed on adjacent slopes. An average of 128 days per year are suitable for skiing. See www.brezovica-ski.com/sr/brezovica-40.

⁶⁰ Crisis Group interviews, government/international observers, Štrpce/Belgrade, May 2009.

⁶¹ Crisis Group interviews, Brezovica visitors, Pristina/Štrpce May/June 2009.

⁶² Crisis Group interview, Aleksandar Janičević, head of Inex ski centre Brezovica, Štrpce, 22 May 2009.

⁶³ It is registered as an SOE, INEX SAR-PLANINA, Brezovica, Commercial Court, Fi – 699/89, 27 December 1989.

⁶⁴ The Ahtisaari plan, which forms the basis for Kosovo's independence and has been incorporated into Kosovo law, provides for all property of Serbia within Kosovo to pass to Kosovo (Article 8.3), and regulates SOE privatisation with a right to appeal to the Kosovo Supreme Court's special chamber, which has a majority of international judges. Comprehensive proposal, op. cit., Annex 7, Article 2; "On the Establishment of a Special Chamber of the Supreme Court of Kosovo on Kosovo Trust Agency related matters", UNMIK Regulation 2002/13. The PAK took over the assets, liabilities and responsibilities of the KTA in 2008.

⁶⁵ Crisis Group interview, Inex Interexport official, Belgrade, 4 June 2009; Dr. Nenad Popović, *Otvoreno o Ekonomiji Kosova i Metohije* [Openly about the Economy of Kosovo and Metohija], (Belgrade, 2008), p. 274.

⁶⁶ Crisis Group interview, Inex Interexport official, Belgrade, 4 June 2009. In fact, two Inex subsidiaries – Inex Interexport and Inex Hotels – plus the local office in Štrpce claim title to the ski resort.

⁶⁷ Ibid.

⁶⁸ Crisis Group interview, Sladjan Ilic, Štrpce, 21 May 2009.

⁶⁹ Paul Acda, the former KTA chairman, told Crisis Group that Belgrade pressed the UN Department of Peacekeeping Operations (DPKO) which, at the last minute, instructed UNMIK to call off the tenders. Interview, Pristina, June 2009. Crisis Group has seen several cables from the UN authorising privatisation of Brezovica. Inex and Serbian officials believe the abortive attempts indicate serious doubts in the UN about the ownership of Brezovica. Crisis Group interviews, Štrpce and Belgrade, May to July 2009.

⁷⁰ Crisis Group interview, Paul Acda, former KTA chairman, Pristina, June 2009. A Serb politician in Štrpce told Crisis Group that disputes within the Serbian governing coalition and the commercial interests of its members contributed to failure of the privatisation attempt. Crisis Group interview, Štrpce, 21 May 2009.

ject to a fresh attempt by PAK, but that should not forestall a tender. If Inex believes its property rights have been ignored, it could take the case to the special chamber of Kosovo's Supreme Court dealing with privatisation claims, a chamber that has international judges.

The privatisation process must be transparent to the local population. Brezovica's workers hope for a large cash payout – Kosovo law entitles them to 20 per cent of the purchase price.⁷¹ Residents and local officials canvassed by Crisis Group expect privatisation to net between €20 million and €50 million; even the lower estimate would bring each worker a payout equivalent to many times an average annual salary.⁷² These expectations may be unrealistic, since the purchase price will depend heavily on the details of the tender and especially on investment requirements and land use permissions. Typically, ski resort operators earn more from development and sales of condominiums than from hotel and piste operations.⁷³ Municipal permission to build residential units in the ski area would strongly affect the price. International experts estimate the resort may require an investment upwards of €100 million to become viable and would be unlikely to turn a profit for the first five years.⁷⁴

A successful privatisation could sell the resort for a nominal price, with the buyer committed to major investment and job creation, to be recouped through property development. This could revitalise the area and open up 500 new jobs, absorbing much of Štrpce's unemployment, but would leave existing employees without their hoped-for bonus.⁷⁵ In a region where stories of corrupt privatisation and victimisation of the workers are rife, this is a danger. To avoid undermining the government's fragile credibility, the privatisation process must include outreach to and consultation with the

community and the ski centre's employees. Requirements that the workforce should continue to reflect the local ethnic mix and that the buyer be an established ski centre operator are widely accepted by all sides and should remain in place.

The first step toward privatisation belongs to the Kosovo environment and spatial planning ministry (MESP), which, as noted, must adopt a land-use plan for the area. The municipality's approval is also required.⁷⁶ Because Brezovica is located within a national park, decisions on what can be built are environmentally sensitive as well as economically important. The plan should allow enough construction to make the resort an engine of development without inflicting excessive damage on one of the region's most pristine mountain ranges. MESP should act quickly: it has draft plans, prepared by its Institute for Spatial Planning, that are likely to be accepted without major changes.⁷⁷ It should also clean up the illegal roadside garbage dumps, some of which heavily pollute mountain streams. The parallel municipality shows little interest in this, and help from Pristina would improve relations with residents, Serb and Albanian alike.⁷⁸

The PAK, eager to privatise Brezovica, is making preparations, including development of a "Brezovica Tourist Zone", with finalisation expected in late 2010,⁷⁹ and is coordinating closely with the municipality through two officials based permanently in Štrpce.⁸⁰ Serbian institutions refuse to deal with the PAK, as with all other Kosovo government bodies, and continue asserting their claims to ownership.⁸¹ However, the major international organisations involved – the European Commission and

⁷¹ UNMIK Regulation 2003/13, Section 10.1; Eligible Workers: Administrative Direction No. 2005/12, Section 4.1.

⁷² For this reason, ski centre workers prefer a high purchase price with no subsequent investment or job creation to a low price with greater long-term benefits. Crisis Group interviews, ski centre workers, Štrpce, May-July 2009.

⁷³ Crisis Group interview, Kirk Adams, former KTA director, Pristina, 1 June 2009. Serbian officials told Crisis Group that privatisation of the hotels alone would not "fetch more than one Euro". Interviews, Brezovica Ski Resorts officials and Serbian economy and regional development ministry, Štrpce, Belgrade, May-June 2009.

⁷⁴ Crisis Group interview, international contractor, Štrpce, May/July 2009.

⁷⁵ Crisis Group interviews, international privatisation expert, Štrpce, May/June 2009. Several international companies expressing interest in Brezovica have offered up to 3,000 new jobs in the area. Crisis Group interview, Paul Acda, former chairman of the KTA Board, June 2009.

⁷⁶ Crisis Group interview, MESP official, Pristina, August 2009.

⁷⁷ Crisis Group interview, international privatisation consultant, Štrpce, 20 May 2009.

⁷⁸ Crisis Group interviews, parallel municipal official, Štrpce, 21 May 2009; university professor and environmental activist, Štrpce, 23 May 2009.

⁷⁹ Crisis Group interviews, Dino Hasanaj, chairman, board of directors, Shkelzen Lluka, director, regional coordination, PAK, Pristina, 19 August 2009.

⁸⁰ Crisis Group interview, Dino Hasanaj, chairman, board of directors, PAK, Pristina, 19 August 2009.

⁸¹ In April 2008, Inex formed a joint venture with the Serbian public ski operator, claiming title to Brezovica and promising large investments; "Sudbina Brezovice Biće Odredjena u Narednih Nekoliko Meseci [Fate of Brezovica to be decided in the next few months]", *Danas*, 10 March 2008. Nothing has been built except a short road segment; no salaries have been paid since March 2009. Crisis Group interviews, ski centre workers, Štrpce, May/June 2009. Serbia has spoken of an "informal privatisation" under its auspices; observers dismiss this as unrealistic. Crisis Group interviews, adviser to Economy and Regional Development Minister Dinkić, Belgrade, 3 June 2009; international privatisation expert, Štrpce, June 2009.

the European Bank for Reconstruction and Development (EBRD) – consider the PAK the sole institution with authority to privatise Brezovica.⁸²

There is no practical alternative.⁸³ Serbia lacks capacity to enforce decisions related to the sale of Brezovica. Inex can, and should, register its concerns initially with the PAK and, if necessary, with the Kosovo Supreme Court's special chamber. Both bodies have significant international participation, so working with them need not be viewed as implying recognition of the territory's independence. Contacts with the PAK can be handled informally, and Pristina and Belgrade seem open to low-key discussions.⁸⁴ A majority of the special chamber's judges are not even Kosovars. Inex and the Serbian government should recognise that trying to delay or obstruct privatisation would harm Štrpce's Serbs far more than it possibly could the Kosovo government.

V. THE WEEKEND ZONE

The Weekend Zone – an area of legal, semi-legal and flatly illegal cottages and villas near Brezovica and within the Sharri/Šara national park – is also vital to Štrpce's future. Once a collection of modest retreats for Kosovo and Yugoslavia's Communist elite, it has become a symbol of political corruption and municipal incapacity and threatens to harm Štrpce's otherwise calm inter-ethnic relations. Restoring order to the Zone should be high on the new municipal government's agenda.

The troubles began in the 1970s, when municipal authorities decided to expropriate the land leading up to Brezovica and turn it into an exclusive holiday zone for the political elite.⁸⁵ In theory, the Serb owners were paid for their land, but many claim they received little or no payment, and some say they were not even consulted. These claims are still being litigated – very slowly – in the Kosovo courts.⁸⁶ Plots went to prominent figures from all parts of Yugoslavia, including many members of Kosovo's Albanian elite.⁸⁷ This provoked Serb resentment

at what some Štrpce Serbs still view as “an attempt to Albanianise an area that used to be purely Serb”.⁸⁸ In the 1970s and 1980s, regulations limited construction in the Weekend Zone to a maximum of 50 square metres, very small cottages with minimal environmental impact.⁸⁹

The war of 1998-1999 devastated the Weekend Zone: almost all Albanian-owned property was burned. But residents began returning and rebuilding in 2001, and it quickly became clear the old rules no longer applied. A wave of new construction – all illegal – broke over the area. Some owners put up structures ten times the original size; others built small hotels and restaurants.⁹⁰ Today there are over 300 houses in the Zone, and despite an UNMIK regulation prohibiting sales, many have changed hands.⁹¹ Kosovo's new elite – prominent Albanian politicians and intellectuals and former Kosovo Liberation Army (Ushtria Çlirimtare e Kosovës, UÇK) fighters – now own many of them.⁹² A local Albanian leader said he would “not be surprised if the government holds its meetings in the Weekend Zone”.⁹³

Illegal expansion and new building is still going on.⁹⁴ Neither the official nor the parallel municipality have managed to curtail the growth, and it is not clear either has really tried.⁹⁵ Rumours of bribery are widespread

⁸² Crisis Group interview, Fabio Serri, EBRD office head, Pristina, 13 August 2009.

⁸³ Institutions recognised by both Serbia and Kosovo, such as EULEX, are reluctant to get involved. Crisis Group interview, international official, Pristina, August 2009.

⁸⁴ Crisis Group interviews, Belgrade, Pristina, May-August 2009.

⁸⁵ Štrpce and Brezovica were then part of Uroševac/Ferizaj municipality.

⁸⁶ “TV Danas i Sutra – Vikend Zona na Brezovica [TV Today and Tomorrow – Weekend Zone in Brezovica]”, 29 June 2007, www.unmikonline.org/pio/tv/scripts/danas_i_sutra/290607.htm.

⁸⁷ Crisis Group interview, Bosnian owner of property in Weekend Zone, Pristina, 15 June 2009.

⁸⁸ Crisis Group interview, Kosovo Serb politician, Štrpce, 22 May 2009.

⁸⁹ The land itself was not sold; residents own only their houses. Crisis Group interviews, property owners in Weekend Zone, Štrpce/Pristina, May-June 2009.

⁹⁰ Ex-mayor Sladjan Ilić told Crisis Group his administration was unable to stop the expansions. Interview, Štrpce, 21 May 2009.

⁹¹ Crisis Group interview, municipal cadastral office, Štrpce, 21 May 2009. “On the registration of contracts for the sale of real property in specific geographical areas of Kosovo”, UNMIK Regulation 2001/17.

⁹² Nexhat Daci, former speaker of the Kosovo Parliament, is the most prominent returnee to the Weekend Zone.

⁹³ Crisis Group interview, Štrpce, 10 June 2009.

⁹⁴ Municipal officials showed Crisis Group a document stating that 66 new objects were started or completed between July 2008 and March 2009. The official municipality claims only eleven houses were built before the parallel municipality took over. Crisis Group interview, municipal official, Štrpce, May 2009. Parallel Mayor Zvonko Mihajlović told Crisis Group that some of the recently-built structures were begun before he took over; he blamed a “lack of resources and obstruction from the other municipality” for his administration's inability to control the Zone. Crisis Group interview, Štrpce, 21 May 2009.

⁹⁵ On 31 July 2008, the parallel municipal officials set up a checkpoint on the road leading to the Weekend Zone, saying construction vehicles were barred. “Brana anarhiji i nelegalnoj gradnji [A barrier to anarchy and illegal construction]”, *Glas Javnosti*, 8 August 2008. It had little effect: Crisis Group

and, in some cases, seem well-founded. Senior officials in the cadastral office themselves reportedly own illegally expanded property in the Zone.⁹⁶ Three prominent Kosovo Albanian businessmen told Crisis Group that they gave up on building weekend houses on their property, even though they had all the necessary paperwork, because municipal officials asked them for bribes ranging from €700 to €1,200.⁹⁷ Incapacity is as much a problem as corruption. An international official, who owns one of the few original, unexpanded cottages, tried obtaining approval for repairs but was told simply to “bribe the ramp guards” when transferring his building material, because the municipality did not have the manpower to find the documents needed to issue a permit.⁹⁸

Establishing order in the Weekend Zone will not be easy, even for a new municipal government. Many Štrpce officials have worked in one of the administrations that tried to curtail the growth of the Zone, with a lack of success that may have been deliberate. Their credibility is weak. Even with the best intentions, the municipality may lack capacity to administer the area in a transparent and orderly way. Both mayors, while refusing to cooperate with each other, agree that the European Union’s rule-of-law mission (EULEX) should take the problem off their hands.⁹⁹ International observers point out that the municipality did nothing with the findings of OSCE studies on illegal construction in 2003 and 2004.¹⁰⁰ The lack of a solution may suit both sides, as it allows them to continue to profit from the chaos.¹⁰¹ Certainly it suits the Pristina elite.

saw building material pass through several times in May-June 2009, and former checkpoint officers said its sole objective was “to obtain an extra bribe from those building in the Weekend Zone”. Crisis Group interview, Štrpce, 22 May 2009. However, an independent Serb journalist said construction “slowed visibly” under the parallel administration while the checkpoint was operational. Crisis Group interviews, Štrpce, May-June 2009. The Kosovo Police took over the checkpoint without resistance on 14 July 2009.

⁹⁶ Crisis Group interview, international official, Štrpce, May 2009. Crisis Group observed work to develop a terrace area for a Weekend Zone restaurant reportedly owned by a municipal official.

⁹⁷ Crisis Group interviews, Weekend Zone property owners, Pristina, June 2009.

⁹⁸ Crisis Group interview, international official, Štrpce, May 2009.

⁹⁹ Crisis Group interviews, Štrpce, May 2009. Both mayors rejected working together to find a solution.

¹⁰⁰ Crisis Group interview, international official, Štrpce, 21 May 2009.

¹⁰¹ Crisis Group interview, international official, Štrpce, Belgrade, June-July 2009.

The municipality needs help if it is to restore order to the Weekend Zone after the November vote. MLGA staff should coordinate with the government and the Kosovo Cadastral Agency to aid the cadastral office as it attempts to put records in order and build capacity to issue permits in a timely and transparent way. The MESP should work with the new municipality and finalise a land-use plan for the Brezovica region and the Weekend Zone that determines what kinds of structures can be built and expanded and preserves most of the national park from development.¹⁰² The priority should be to stop new illegal construction work in the Zone.

Existing illegal buildings should not be demolished. Many owners are politically powerful; razing their villas would inflame tensions and make Štrpce’s return to normal life harder. Instead, the municipality should use its authority to impose local taxes and stiff fines, graded to the size and expense of the buildings. Owners who pay should have their holdings legalised.¹⁰³ Revenue from legalisation would be a windfall for Štrpce’s cash-strapped municipality; and even a modest property tax on the Zone would significantly boost the town budget. Pristina and the International Civilian Office would have to give political support. A Serb-led municipal government could not take on powerful Albanian owners alone. EULEX should make it clear that it will use its authority to prosecute corruption, if Štrpce and the Kosovo government cannot implement the rule of law in the Weekend Zone.¹⁰⁴

And perhaps even more importantly, such action would send a signal to the Štrpce Serbs that they can solve the problems that bother them the most, above all lawlessness in the Weekend Zone, corruption and unplanned construction that is ruining the natural environment of their municipality.¹⁰⁵

¹⁰² Sharri/Šara is Kosovo’s largest national park and is to figure prominently in its compliance with EU programs such as Natura 2000 and the Emerald Network that require national parks to be protected and any illegal activity there punished.

¹⁰³ A law that would legalise structures erected without permission is currently being considered.

¹⁰⁴ Enforcement of fines is a problem throughout Kosovo, making political support from the government and EULEX vital.

¹⁰⁵ Crisis Group interviews, Štrpce residents, May-August 2009.

VI. CONCLUSION

Štrpce offers Kosovo's best hope of establishing a fully functional, prosperous Serb-majority municipality and thus showing that Serbs can secure their interests within Kosovo's constitutional framework. For the most part its residents are determined to stay, harbour few illusions about partition or return to Serbian rule and get along well with their Albanian neighbours; the municipality has an optimism rare among Kosovo's Serb enclaves. It can be an invaluable role model for the fledgling municipalities that are mandated by the Ahtisaari plan and expected to be created in 2010. Failure in Štrpce could likewise have dire consequences. It is hard to see how decentralisation and Serb integration can work anywhere, if they cannot work there. The perpetuation of divided and ineffective government would harm its residents most of all but would also reverberate through the enclaves and the north.

Serbia should find it relatively easy to support this process, since much of what it does for Štrpce's Serbs is uncontroversial and should continue after the elections. Ceasing to support the parallel structures would save money and cost it little. At the same time, Belgrade plainly has no capacity to provide extensive governmental services in Štrpce: its residents are too dependent on Kosovo neighbours and cannot rely wholly on a Serbian administration whose acts are not recognised elsewhere. Nor can Serbia provide rule of law. If it chooses to obstruct the new municipal government, it would be sacrificing the existential concerns of Štrpce's Serbs.

The governments of Kosovo and Serbia and the international community, each for their own reasons, have neglected Štrpce. Despite the municipality's great promise, it is no one's priority. This must change. The urgent task is to support Serb participation in the November 2009 elections and, if turnout is too meagre, to name a Serb-led multi-ethnic administration. The new mayor will then need assistance in building the municipality's capacity to administer itself. Kosovo, Belgrade and international organisations should all help.

Decentralisation is still an abstraction for Kosovo's Serbs, who have heard many promises but seen few benefits from the international community and the Kosovo government. Many suspect that Pristina is not genuinely committed to their well-being. Overcoming Serb distrust can only be done on the basis of tangible benefits in everyday life – responsible locally-led government, municipal services and economic growth, consistently offered over time. No municipality is better placed to begin this process than Štrpce.

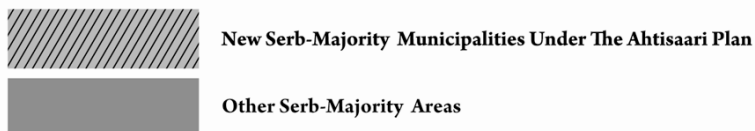
Pristina/Brussels, 15 October 2009

APPENDIX A

MAP OF KOSOVO AND ITS SERB COMMUNITIES



Produced by Crisis Group



APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic

Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia, Turkey and Ukraine; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

Crisis Group raises funds from governments, charitable foundations, companies and individual donors. The following governmental departments and agencies currently provide funding: Australian Agency for International Development, Australian Department of Foreign Affairs and Trade, Austrian Development Agency, Belgian Ministry of Foreign Affairs, Canadian International Development Agency, Canadian International Development and Research Centre, Foreign Affairs and International Trade Canada, Czech Ministry of Foreign Affairs, Royal Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, Finnish Ministry of Foreign Affairs, French Ministry of Foreign Affairs, German Federal Foreign Office, Irish Aid, Japan International Cooperation Agency, Principality of Liechtenstein, Luxembourg Ministry of Foreign Affairs, New Zealand Agency for International Development, Royal Norwegian Ministry of Foreign Affairs, Swedish Ministry for Foreign Affairs, Swiss Federal Department of Foreign Affairs, Turkish Ministry of Foreign Affairs, United Arab Emirates Ministry of Foreign Affairs, United Kingdom Department for International Development, United Kingdom Economic and Social Research Council, U.S. Agency for International Development.

Foundation and private sector donors, providing annual support and/or contributing to Crisis Group's *Securing the Future* Fund, include the Better World Fund, Carnegie Corporation of New York, William & Flora Hewlett Foundation, Humanity United, Hunt Alternatives Fund, Jewish World Watch, Kimsey Foundation, Korea Foundation, John D. & Catherine T. MacArthur Foundation, Open Society Institute, Victor Pinchuk Foundation, Radcliffe Foundation, Sigrid Rausing Trust, Rockefeller Brothers Fund and VIVA Trust.

October 2009

International Headquarters

149 Avenue Louise, 1050 Brussels, Belgium • Tel: +32 2 502 90 38 • Fax: +32 2 502 50 38
Email: brussels@crisisgroup.org

New York Office

420 Lexington Avenue, Suite 2640, New York 10170 • Tel: +1 212 813 0820 • Fax: +1 212 813 0825
Email: newyork@crisisgroup.org

Washington Office

1629 K Street, Suite 450, Washington DC 20006 • Tel: +1 202 785 1601 • Fax: +1 202 785 1630
Email: washington@crisisgroup.org

London Office

48 Gray's Inn Road, London WC1X 8LT • Tel: +44 20 7831 1436 • Fax: +44 20 7242 8135
Email: london@crisisgroup.org

Moscow Office

Belomorskaya st., 14-1 – Moscow 125195 Russia • Tel/Fax: +7-495-455-9798
Email: moscow@crisisgroup.org

Regional Offices and Field Representation

Crisis Group also operates out of over 25 different locations in Africa, Asia, Europe, the Middle East and Latin America.

See www.crisisgroup.org for details.
