
Boosting Prospects for Young Kosovo Serbs

Urban Life in Kosovo Serb Communities

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Boosting Prospects for Young Kosovo Serbs

Prishtinë/Priština, March 2012

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Executive Summary

Kosovo should do more to serve the needs of young Serbs. While Kosovo focuses on the return of elderly Serbs, young Serbs see few reasons to stay. The desire to leave may be part of a long-term trend of migration to urban areas.

Youth unemployment remains high across Kosovo, but it is additionally perceived as an existential challenge among the Serb population. Employment in the public sector is an important way for the Serb community to develop a sense of ownership of Kosovo institutions. Even opening a small grocery store requires a minimum level of security and long-term planning, which can only come from adequate representation.

Under-representation of the Serb community and inadequate approach of the Kosovo institutions towards the Serbs has by largely prevented Kosovo Serbs from joining institutions. While many ordinary Serbs boycott institutions, those who participate receive high positions. Other qualified Serbs feel that applying for senior positions is futile.

There is a growing realization on all sides that better representation across the board would contribute to political stabilization and inclusion. The Serb community increasingly expresses willingness to engage with Kosovo authorities.

The outlook ahead is both promising and worrisome. While there are new opportunities, the politicization of Kosovo Serbs has preserved pre-war levels of employment, keeping Serbs awash with welfare handouts. This insulation from the transition to market economy has only delayed the inevitable.

While Serbs depend more on salaries, pensions, social aid, savings and sold properties, Albanians depend more on business profits and rent, loans, remittances and help from

relatives/friends. The end of the political dispute between Belgrade and Prishtina brings political relief to Kosovo Serbs, but heightens economic concerns as Belgrade decreases salaries and pensions.

The Kosovo government must do its share to ease Kosovo Serbs' economic transition and build confidence in majority-minority relations throughout the country. The exact obligation for minority employment must be clarified with a separate figure for Serbs. Communities need to know to what levels of representation they are entitled so that they can seek accountability from their elected representatives. As companies are privatized and the private sector picks up, ways must be found to boost Serb entrepreneurship.

An agreement between Prishtinë/Priština and Belgrade to implement Ahtisaari provisions on education and health should be prioritized. These two sectors are essential for the stabilization and wellbeing of the Serb community. To utilize the ample land under Serb ownership, the central government should realize its interest to promote large-scale farming to employ thousands of Serbs and Albanians, and improve its trade to substitute much of the food imports.

There is an obvious need to concentrate services in Gračanica/Graçanicë, which has the possibility of growing into a vibrant urban area where Serbs from Anamoravë/Pomoravlje and other parts of Kosovo can congregate. Construction for housing is needed for growing families. The creation of an urban environment with culture, entertainment and sports is essential to retaining Serb youth.

Introduction

The Serb community remains partially integrated into Kosovo's political and economic spheres. Their low participation reduces their influence on policy decisions, which manifests in their inability to pursue their own interests. The Serb community's prospects in Kosovo are largely dependent on integration into Kosovo's institutional life and society. The issues under deliberation are less political and more practical. Given the fact that the public sector is the biggest employer in Kosovo, other than joining the civil service, there are no significant opportunities for young Serbs.

This paper assesses the prospects for young Kosovo Serbs in terms of employment, representation, motivation, skills, and education. The report identifies challenges and opportunities in keeping Serb youth in Kosovo. The lack of jobs, language skills, desire for migration to Serbia for education, the need to travel for basic services, challenges and opportunities to retain the Serb youth in Kosovo.

Some Serbs claim they “go to bed with their bags ready,” a statement which illustrates their uncertainty in having a place in Kosovo's future. However, a growing number of Serbs are building and refurbishing their houses, a sign of their determination to stay. To encourage these efforts, the central government and local municipalities need to work with the community to renew and support this newfound optimism.

Statistics are scarce and inaccurate in Kosovo, but data on the Serb community are either non-existent or outdated, which presents significant challenges to adequate policy-making. In order to obtain a more accurate picture of the situation, this paper investigates issues affecting Serb youth

in Kosovo and offers recommendations for how to increase job opportunities.

This paper focuses on the Serb communities south of the Ibër/Ibar River. Given certain conditions, these findings are largely applicable to the municipalities in the north. Even without the northern challenge, problems affecting the Serb community are numerous. Despite the fact that there are solutions available, the key challenge is lack of political will.

Unemployment & Participation

Unemployment in Kosovo is especially high for Serbs, and presents not only a social but also a political and existential challenge. In a divided post-war society such as Kosovo, the numbers of minorities employed in the public sector is important.

Community employment in public institutions was the main subject of a report published in 2010 by the Office for Community Affairs within the Office of the Prime Minister. In this report, a number of measures have been recommended to boost employment of minorities throughout the public sector in Kosovo. Some of the main recommendations are related to: (a) harmonization of recruitment procedures in publicly owned enterprises; (b) advertisement of positions through a newly established information sharing network between central and local level; (c) development of guidelines and professional criteria for specific vacancy positions; and (d) apply a quota system in which all communities would be represented equally in the Kosovo Civil Service and Publicly Owned Enterprises.¹

Serbs have long resisted employment in Kosovo's institutions, which is one of the reasons for the high unemployment numbers. However, this problem seems to be slowly resolving itself. As the Serb community grows more vocal about its fair entitlement, there is an increase in willingness to work within the system. How is this issue regulated legally? A report argues that the quota system ought to be based on UNMIK regulation 2001/19 which stipulates:

¹ Office for Community Affairs (Office of the Prime Minister of the Republic of Kosovo). 2010. Employment of Members of Non-majority Communities within Kosovo Civil Service and Publicly Owned Enterprise, http://www.kryeministri-ks.net/zck/repository/docs/1-Policy_study_no1_FINAL.pdf; pp. 105-114 (English version).

The non-majority community representation in the composition of the Civil Service at all levels shall be closely proportionate to the representation of non-majority communities in the Assembly. According to the system of guaranteed seats for representation of non-majority communities in the Assembly, provided in Article 64(2) of the Constitution of the Republic of Kosovo, each community would be represented as follows in the KCS and POEs:

1. Members of the majority community – 83.33%, and
2. Members of non-majority communities – 16.67%, distributed as follows:
 - a) Members of the Serb community – 8.33%;
 - b) Members of the Bosniak community – 2.5%;
 - c) Members of the Turk community – 1.66%;
 - d) Members of the Roma community – 1.12%;²
 - e) Members of the Ashkali community – 1.12%

No longer applicable, UN Regulation 2011/19 was used as a basis to conclude that Kosovo must meet the bar of over 16% for the representation of communities. The Comprehensive Status Proposal, the Constitution of Kosovo, and the Law on Communities today ensure equal representation of communities in public institutions at all levels:

Communities and their members shall be entitled to equitable representation in employment in public bodies and publicly owned enterprises at all levels, including in particular in the police service in areas inhabited by the respective Community, while respecting the rules concerning competence and integrity that govern public administration.³

² Ibid. p. 329.

³ Exactly the same text appears in the Comprehensive Status Proposal and in the Constitution. UNOSEK. 26 March 2007. Comprehensive Status Proposal. Annex II. Article 4. Participation of Communities and Their Members in Public Life and Decision-Making; Paragraph 4.4.

http://www.unosek.org/docref/Comprehensive_proposal-english.pdf,

pg. 20. Constitution of Kosovo; Article 61 – Representation in Public Institutions Employment

The Law on Communities does not contribute much towards the clarification of equitability:

Persons belonging to communities shall be entitled to equitable representation in employment at all levels in publicly owned enterprises and public institutions, including the security sector, the Judiciary, the prosecution service, government agencies relating to the administration of justice and correctional facilities, defence, security, and intelligence. ⁴

The weight of various documents has led to confusion and mismatch of expectations. The Serb community largely perceives the level of 16% as most adequate. There is clearly not a shared understanding which law should be followed. One document which sheds more detail on the required representation is the new Law on the Civil Service:

Within the civil service in institutions at the central level, a minimum of 10% of positions should be reserved for persons belonging to communities that are not majority in Kosovo and who fulfil the specific employment criteria. At the municipal level, qualified members of the community that are not the majority in each municipality; the number of reserved seats shall be in compliance with percentage representation of the communities in the given Municipality. ⁵

The quota is now applied to all the non-majority communities as a single group. This creates room for authorities to fulfil the quota by employing more of one minority at the expense of others. Serb representation is low and the Serb community is often represented in fewer numbers than the other communities. The table below

⁴ Kosovo Assembly. 13 March 2008. Law on the Protection and Promotion of the Rights of Communities and their Members in Kosovo (Law No. 03/L-047). http://www.assembly-kosova.org/common/docs/ligjet/2008_03-Lo47_en.pdf.

See Article 9: Economic and social opportunities; paragraph 9.5, p. 9.

⁵ Assembly of Kosovo. 13 May 2010. Law on the Civil Service of the Republic of Kosovo. Law No. 03/L-149. <http://kuvendikosoves.org/common/docs/ligjet/2010-149-eng.pdf>, p. 7. Article 11.3.

presents the criteria according to both legal documents and the actual level of representation.

Comparison of criteria and actual representation ⁶	Criteria		Actual Levels		
	UN Regulation	Law on Civil Servants	Central Level	Public Companies ⁷	Municipal level ⁸
Albanians	83.30%	90%	92.02%	97.79%	95.17%
Serbs	8.33%	10%	5.08%	0.75%	3.06%
Other communities	8.34%		2.90%	1.46%	4.83%
All communities	16.67%		7.98%	2.21%	7.89%

The current levels of minority representation are below either 16% or 10%. The current level of minority employment at the government stands at approximately 8%, while that of the Serbs at around 5%. There are institutions such as the Prishtina Airport that employ very few Serbs (5 out of 644; 0.78%). ⁹

⁶ Office for Community Affairs (Office of the Prime Minister of the Republic of Kosovo). 2010. Employment of Members of Non-majority Communities within Kosovo Civil Service and Publicly Owned Enterprise, http://www.kryeministri-ks.net/zck/repository/docs/1-Policy_study_no1_FINAL.pdf; p. 35-77 (English version).

⁷ Data indicated for Public Enterprises reflect the number of Serbs employed in Prishtina Airport, Kosovo Railways, Kosovo Energy Corporation and Post Telecom of Kosovo.

⁸ The data presented in the report reflects only 26 municipalities and does not include the newly established municipalities.

⁹ Office for Community Affairs (Office of the Prime Minister of the Republic of Kosovo). 2010. Employment of Members of Non-majority Communities within Kosovo Civil Service and Publicly Owned Enterprise, http://www.kryeministri-ks.net/zck/repository/docs/1-Policy_study_no1_FINAL.pdf; p. 76 (English version).

While the quota system may have its flaws, without the quota system the numbers would be even lower. Today there is a growing realization that better representation across the board would contribute to political stabilization and the integration of minorities into all levels of Kosovo's public sector. The responsibility is manifold and lies primarily with the authorities to bring decision-making closer to the people. The Serb community has a major responsibility to be more assertive and engage in deliberation, not only in its most immediate interests but also on national priorities.

Another issue that prevents Serbs from meeting public sector employment requirements is non-recognition of university diplomas.¹⁰ While academic credentials obtained in Belgrade are now legally accepted, Kosovo does not recognize diplomas issued by parallel institutions (e.g. University of Pristina in Mitrovica, or high-schools Kosovo-wide).¹¹ The issue is under discussion between Prishtinë/Priština and Belgrade, and while it has been resolved in principle, the resolution has yet to be implemented. Some new municipal structures recognize the afore-mentioned academic credentials, but this recognition should be standardized throughout Kosovo.

Ordinary Serbs complain that jobs are hard to come by without political contacts. Political parties predominantly employ only their own supporters. Some civil society organizations have informed PER-K that they were under pressure to employ only those applicants that are members of certain political parties.¹²

¹⁰ Kovacevic, Mita. 11 March 2011. Private Correspondence. Gračanica/Graçanicë, Kosovo.

¹¹ Basholli, Esma. 04 March 2011. Private Correspondence. Gračanica/Graçanicë, Kosovo.

¹² Public letters sent by Bojana Ničić of Communication for Social Development (CSD) and Mary Tomić, Director of Administration in the Municipality of Klokot/Vrbovac-Klokot/Vërboc.

Data for senior positions is lacking. It is a worldwide phenomenon that minorities are especially absent from upper level positions. However, in Kosovo there is anecdotal evidence to the contrary. While most ordinary Serbs boycotted institutions, those who participated were entitled to high positions. While the airport had less than 1% Serbs, there was a Serb on its board (out of the total of 5; 20%). Serbs are represented at the visible political level, but under-represented in the managerial positions of public companies.

Throughout the Balkans, senior positions have historically been reserved for political activists of the parties in power, and Kosovo is no exception. Political parties in Kosovo are identified by ethnicity (self-declaration is inherent in the constitution due to the claim on reserved/guaranteed seats). Handing out jobs is also one of the few give-aways that parties have to maintain political support.

Widespread nepotism may be more accentuated among the Serbs due to the widespread boycott, and it is perceived differently among the Serbs for it involved buying into institutions that most Serbs were encouraged to shun by Belgrade. Qualified members of the Serb community feel that applying for senior positions in these institutions is futile, as they are considered either political strongholds of Albanian parties in power or strongholds of the main Serb party in institutions. As a result, jobs are associated with ethnicity.

Adequate minority representation will not be easy to address. The government of Kosovo struggles with the number of civil servants employed within its institutions. The number and the salary levels of civil servants and other public employees was the primary example demonstrating the lack of budgetary discipline used to downgrade relations by the International Monetary Fund (IMF). As it decreases the overall number of civil servants, and introduces

meritocracy, Kosovo will at the same time need to increase the number of minorities employed by the government.

Excessive Dependence on the Public Sector

The Government of Serbia is by far the largest employer of Kosovo Serbs living in the north, as well as in the south. The second largest employer is the private sector, followed by the Government of Kosovo (primarily at the municipal level).

Around 40,000 people (primarily Serbs but also Roma, Goranis, etc.) in Kosovo receive some type of support from the Government of Serbia. Around 21,000 are on payroll receiving at least minimal wages.¹³ Considering that just over 100,000 Serbs live in Kosovo, every fifth has a salary and another fifth receives some other type of assistance. These numbers are sufficient to support up to four fifths of the community. The remaining 20% rely on Kosovo Government social welfare handouts and salaries by the newly-created municipalities.

There are significant differences on the source of income by ethnicity. A relevant albeit outdated report draws an interesting breakdown of the types of sources that various communities depend on. While Serbs depend more on salaries, pensions, social aid, savings and sold properties, Albanians depend more on business profits and rent, loans, remittances, help from relatives/friends.

¹³ Anonymous. 12 April 2011. Private Correspondence. Gračanica/Gračanicë, Kosovo.

Source of income breakdown by ethnicity. ¹⁴	Wages and Salaries	Pensions and social aid	Business Profits and Rent	Borrowed money	Remittances and help-out from relatives and friends	Savings and sold properties
Kosovo Albanians	28%	5%	16%	18%	15%	7%
Kosovo Serbs	48%	17%	9%	7%	1%	12%

The data also suggests that Serbs that receive aid from the Serbian government have higher income than their Albanian counterparts. A Kosovo Serb typically earned 1,282 Euros while an Albanian 1,051 Euros. ¹⁵

The Serbian community is not well represented in Kosovo’s business organizations. There are no companies owned by Kosovo Serbs that are members of the Kosovo Chamber of Commerce, and their relationship with relevant ministries is weak.

Vacancy announcements and opportunities for subsidies provided by these ministries do not reach the Serb community as they are rarely published through Serb media. It is often difficult to find available data, and the ministry sets high criteria for subsidies that are less applicable in the Serb community. The documents are often either not available in Serbian language or poorly translated.

In addition, Serb businesses in Kosovo are poorly listed in Kosovo business registries and yellow pages. There is an obvious need to register Serb businesses, though there is no

¹⁴ UNDP. 2004. The Rise of the Citizen: Challenges and Choices (Human Development Report Kosovo 2004). p. 129.

¹⁵ Ibid. p. 30.

database that lists the businesses and the services they offer. Such a database would provide businesses with more opportunities to advertise their services, increase their access to local and national markets, and facilitate cooperation with other businesses. Such opportunities would allow Serb businesses to participate in trade agreements and be present in local and international trade fairs.

Obstacles to Private Sector Involvement

Kosovo has embarked on a western model of governance with a free-market economy. An adequate share in the public sector and vibrant activity in the private sector are important for the wellbeing of the all communities and especially for youth. Communities that are active in the private sector often have brighter outlooks in the medium and long-term.

While jobs in the public sector are important, their numbers are likely to fall. The high income of the public salaries and the high proportion of people dependent on this sector is one of the main factors that pose a threat to private companies.

The Serb community was not involved in the development of privatization policies, or in their implementation. Many companies that employed Serbs in the past have since been privatized, and, as is the practice in the public sector, the new owners did not have to meet quotas for employing minorities. Private companies in diverse communities do not hire members of minority communities at adequate levels (e.g. the spa center in the Serb-majority town of Klokot/Klllokot employs virtually no Serbs).

One ‘successful’ case of local Serb lobbying was to prevent the privatization of the skiing resort in Brezovica. Around

two-dozen Serbs are still employed there and profit from ticket sales since INEX no longer pays them regularly.

The reasons behind the lack of Serbs in the private sector are the result of two main factors: (a) politicization and high dependence on the public sector, and (b) lack of security and little sense of long-term outlook. While the first reduces the amount of excessive labor force needed to fuel a competitive private sector, the second lowers the risk that individual entrepreneurs are willing to undertake before they decide to invest their savings into a risky business. PER-K has frequently heard the argument that Serbs have one foot in Kosovo and the other in Serbia, illustrating a fear about the uncertainty of their future.

	Population estimates	Loan-takers	Average size of loans	Avg. length of loans
Albanians	1,700,000	300,000 (18%)	5,605 Euros	4.5 years
Serbs	120,000	11,000 (10%)	2,345 Euros	2.4 years

The Kosovo Serbs' lukewarm attitude towards business prospects can be measured. The proportion of Serbs requesting loans is lower than that of Albanians, and they take smaller loans for a shorter period of time (see graph above). During 2010, the KEP Office in Gračanica/Graçanicë received 925 loan requests, 65% of which were approved. This means that the institution received an average of 2.8 requests daily during 2010.¹⁶

The government of Serbia has also granted loans to central Kosovo, though few Serbs have received them. Several interviews indicated that these loans come with the understanding that the person requesting the loan already has an operational private company. Considering there are

¹⁶ Miličević, Nenad. Private Correspondence. 11 March 2011, Gračanica/Graçanicë, Kosovo.

few companies in operation, the number of loan recipients is therefore low.

There continues to be lack of job opportunities for Serbs in Kosovo, and there is very little private investment in Serb-majority areas south of Ibër/Ibar. For example, the two main businesses in Gračanica/Graçanicë (the main Serb town apart from Mitrovica) amounts to no more than a total of 27 employees (7 at the 2 supermarkets in Jovan and 20 at the Skurt butchery). Wages in Serb shops and businesses in Gračanica/Graçanicë vary from 150 Euro up to 250 Euro per month.

With regards to job creation in Kosovo, the predominance of small and medium enterprises (SME) creates an unfavourable environment for the Serb community. Most Serbs used to work in large state-run companies, and they have a higher average age than Kosovo Albanians. Self-employment is more prevalent with youth than with adults. Combined with a sense of political insecurity, the incentives to start a new business are significantly lower. Surveys conducted with SMEs found that labour force skills are not a major obstacle to their businesses.¹⁷ Given that the majority of enterprises are engaged in low-skill operations this is not surprising.

This section illustrates how the Serb community continues to depend on the public sector, and how in many ways it has never gone through a transition from a state controlled economy to a free-market economy. While Serbia itself has undergone privatization, it has kept Kosovo Serbs on the public payroll due to fear of migration, and to prevent them from joining Kosovo institutions. This policy resulted in higher salaries for Serbs in Kosovo than in Serbia (and much higher than the Kosovo average). Private sector salaries of

¹⁷ World Bank. 2005. Young People in Kosovo. Available at: http://siteresources.worldbank.org/INTKOSOVO/Projects%20and%20Operations/20516174/YVG_Report_Donor_Government_Meeting_public.pdf.

around 200 Euros a month can hardly compete with government salaries of 600 Euros for nurses (about 4,300 Serb nurses in Kosovo receive a salary of up to 600 Euros).¹⁸

It is no surprise that Serbs throughout Kosovo report a higher sense of safety with government jobs, which is typical for any society in transition. The politicization of the Kosovo Serbs has kept them awash in government jobs, mostly from Serbia but a growing number is paid by the Kosovo Government. This temporary competition to win their hearts and minds has insulated them from the transition to a market economy, which has only delayed what will likely be a difficult inevitability. The end of the dispute brings political relief to the Serb community, but with it comes economic worries. Belgrade salaries are seen as unreliable in the long run which adds to the community's growing anxiety.

Before Serbs to risk their savings and invest in long-term development projects, the Serb community needs a greater sense of representation, of having a voice in the Kosovo public sector.

Participation, Motivation and Cultural Identity

Unemployment may be the main worry for most Serbs, but young Serbs have other challenges too. The only urban and intellectual centre for the Serb community remains in northern Mitrovica. There is a dire need for urbanization of other towns such as Gračanica/Graçanicë and Štrpce/Shtërpçë.

¹⁸ Večernje Novosti. 9 December 2008. Nema više duplih plata [No more double salaries]. <http://www.novosti.rs/vesti/naslovna/aktuelno.69.html:227899-Nema-vise-duplih-plata>. (last accessed 12 Nov 2011). Authors: B.R, B.B.

Under-representation is largely the result of Belgrade's policy to prevent Kosovo Serbs from joining institutions as well as discrimination by the majority. Kosovo Serbs south of the Ibar River usually look towards Belgrade for political direction, and as a result most Serbs have not yet placed sufficient trust among the Kosovo Serb leadership which participates in Kosovo's institutions. At the same time, without pressure from the community and with little expert support, Serb politicians have presented few policies.

Poor communication between the Kosovo Serb community and its political leadership has contributed to the disillusionment of young Serbs. Lack of appropriate media coverage of domestic political, social, economic, marketing and cultural events poses an additional major challenge. The following graph presents an ethnic breakdown of the social capital index, as last measured in 2004.

Social capital index ¹⁹ (in percent)	Implem. NGO projects	Implem. local government projects	Took part in public discussion	Took part in citizen initiatives	Signed petitions	Particip. in public protests	Social capital index
Albanians	1.80	0.60	7.50	7.10	6.90	23.30	65.06
Serbs	2.00	1.00	2.00	2.00	1.90	15.20	59.25

Lack of youth motivation is a major problem among young Serbs. Apart from the problems identified above, poor education and the absence of a proactive intellectual elite

¹⁹ UNDP Human Development Report; Table A22. Statistics for Participation and Social capital index; p. 131.
<http://www.kosovo.undp.org/repository/docs/KHDR2004.pdf> (last accessed 08 February 2012) p. 131

contributes to the lack of direction. The highly-skilled Serbs who complete their university degree see little employment prospects. Thus, developing a plan to motivate young Serbs to remain in Kosovo after graduation is a major challenge, but also an opportunity.

Serb youth in Kosovo feel additionally disenfranchised because of a lack of sporting opportunities. The lack of sports opportunities in Kosovo is further compounded by the success of sports teams in Serbia. The volleyball club Partizan from Lipjan/Lipljan, for example, is a team that competes in the first league of Serbia but plays its home games in Zubin Potok. This negatively affects promotional efforts, for it cannot attract fans and this affects the community as a whole. Integrating this team into the Kosovo sports system is difficult, as Kosovo is not part of international sport competitions. A team that used to compete in the Kosovo basketball league has ceased to do so after a number of incidents and unpaid dues. Nevertheless, developing sports clubs, as well as other sports associations in central Kosovo would open new avenues for Kosovo Serbs.

The lack of cultural events and the preservation of national identity are problematic in Kosovo. It was not until ten years after the end of the conflict that the first theatres shows were displayed in Gračanica/Graçanicë and other enclaves in Kosovo, through the Week of Culture sponsored by donors. This event was attended by over 30,000 people, 70% of who were young people, and was the only major event besides the Vidovdan Festivities organized by the Government of Serbia in the past three years.

Many representatives of youth organizations have raised concerns on the lack of good role models for Serb youth in Kosovo. There are several individuals who have high level positions but do not have the proper education or work experience - these individuals are negative role models who

diminish the motivation and career planning of young Kosovo Serbs. Positive role models need to be encouraged and promoted in the Serb community as well as throughout Kosovo.

Disoriented

Several Serb leaders often repeat that they have been left without intellectual elite and cannot identify leaders who can fill the vacuum of Belgrade's absence. South of Mitrovica, the majority of Kosovo's Serb intellectual elite are not permanent residents. They are mainly doctors and professors who live with their families in Serbia, and work shorter stints in Kosovo. The commute prevents the Serb intellectual elite in Kosovo from actively taking part in the political and social life in Kosovo. Further, receipt of a high salary from the Serbian government is the only factor keeping these professionals in Kosovo. Should Serbia decrease these salaries as a result of mended relations between Belgrade and Prishtina, there will be a rash of resignations and a general exodus of professionals from these institutions.

For the most part, Kosovo Serbs are not fluent in languages other than Serbian. Schools are beginning to teach English, but fluency levels are still low. Albanian is not taught in Serb schools and is only spoken by a small number of elderly Serbs. Young Albanians and Serbs perceive language dividing the two communities more than it did their parents. There are some civil society organizations that advocate teaching Albanian in schools, but much of the community sees this as a threat to the Kosovo Serb community and its youth. This has started to change whereby more Serbs now agree that learning Albanian would be advantageous.

Fluency in Albanian is not a requirement in the public sector but is almost a must for the private sector. To increase

employment opportunities for young Serbs, PER-K recommends subsidizing a gradual introduction of Albanian language instruction for interested Serbs. A growing retail sector with numerous Serb shoppers could be an opportunity for Serbs with knowledge of Albanian.

Education and Migration

According to the data obtained from the Serbian Education parallel structures and the newly formed Gračanica/Graçanicë municipality, there are over 4,000 students enrolled in primary and secondary schools in the central Kosovo municipality of Gračanica/Graçanicë. School buildings are overcrowded and in disrepair. The lack of infrastructure is typical among all Serb areas in the south. In highly populated areas, students attend classes in three shifts, while small villages see dwindling numbers and closure of schools.

The Serb community is irritated with the political impasse regarding education and health, which has prevented investments in these two sectors. The government of Serbia has focused its attention on covering staffing costs, but it has not invested in school infrastructure. Donors have stayed away from the controversial areas of parallel institutions pending an agreement between Prishtina and Belgrade.

Although the Ahtisaari Proposal allows the Kosovo Serb community to use Serbia's national curriculum, this agreement has remained hostage to transparent cooperation between Prishtinë/Priština and Belgrade. The Kosovo government requires schools to register with the Ministry of Education (MEST) in order to receive funding.

Current legislation states that if a class has less than 4 students, these students are transferred to the closest school with higher capacity. Most Serbs see this rule as insufficient

for the small Serb villages. Some areas may indeed have little alternative (e.g. school kids in Gorazhdec/Goraždevac may have to travel tens of kilometres to the nearest Serb school).

While the Serb community is undergoing a difficult political transition, its economic transition is proving to be even harder. Long used to excessive public spending, Serbs now feel constrained by the low level of subsidies. The number of teachers and doctors in Kosovo was significantly reduced as per IMF strictures. Compared with the Serb system in operation in Kosovo, it only covers 40% of the teaching staff as provided by the legacy of former Yugoslavia. In addition, Kosovo's and Serbia's education systems are incompatible: Kosovo schooling is organized in 5 (lower primary) +4 (higher primary) +3-4 (secondary) years, while Serbia's is 4+4+4 years.

It is imperative for all stakeholders to increase efforts to develop and stabilize the Kosovo Serb education system. The international community, Kosovo institutions, and Serbia should continue further revitalization of the Serb education sector since it is one of the main factors contributing to the intellectual and human development of Serbs in Kosovo. An agreement to integrate the parallel system into Kosovo as per Ahtisaari's package is within reach and should be prioritized.

The University of Prishtina in the north and the construction of a new university campus is a symbol of Serbia's commitment to stay. The university's founders want it to be seen as a modern and progressive institution, with close ties to regional and European universities. Its new facilities are superior to much larger university centers in Niš, Kragujevac, and Novi Sad. The university's software has not been upgraded however, as students complain bitterly about the administration and faculty, who are often conservative and nationalistic, incompetent in their fields, or prone to

favouritism. Annually, Mitrovica University welcomes approximately 1,200 new students from various parts of Kosovo and Serbia. A rough estimate based on interviews at the university indicates that less than one-sixth of Serbs from southern Kosovo move to Serbia, almost none stay in Mitrovica and the vast majority return home.

Where do Kosovo Serbs study?	University of Mitrovica	Vranje, Preshevo
	4,231 (out of a total of 11,000) ²⁰	600

Returns or Maintaining Youth?

Of the 50,000 people who have expressed interest in returning to Kosovo, no more than 20,000 may eventually do so. Resources should be focused on the preservation of the present community. To excessively focus on those who might return may come at the expense of more leaving.

Construction of apartment blocks is generally seen as a vote-buying scheme and rewards for party militants. Apartments and houses constructed by the Government of Serbia were illegally occupied by individuals before their construction was completed. These investments have not had their intended results since many returnees have resold their new properties and left Kosovo. This type of construction encourages only the elderly to return and not the young, women and children.

Gračanica/Gračanice is an example of an overpopulated village that urgently needs to develop into an urban area. According to data, 30,000 Serbs live in Gračanica/Gračanice

²⁰ According to Infostud, around 11,000 students attend Mitrovica University, of which 4,231 are from Kosovo, including Serbs, Bosnians, RAE and Gorani. Infostud. 2008. Vesti o studiranju - Na Prištinskom univerzitetu 1.364 brucosa, Available at: www.prijemni.infostud.com/vesti/Na-Pristinskom-univerzitetu-1.364-brucosa/59/6579/.

and villages that surround it (Lipjan/Lipljane, Obiliq/Obilić, Priluzhje/Prilluzhë, etc.) equivalent to the size of the three northern municipalities. It is widely considered that housing support and infrastructure development focused on Central Kosovo's Serbian youth would produce more results, build confidence of young Serbs in communities south of Ibar, and would contribute to the sustainability of the Serb community as a whole.

The creation of an urban environment with all its ingredients (culture, entertainment, sports, night-life) is essential to retaining Serb youth. There is an obvious need to concentrate services in Gračanica/Graçanicë which should grow into a new urban area where Serbs from Pomoravlje and other parts of Kosovo can congregate. Prishtina may see an interest in strengthening the urban appeal of Gračanica/Graçanicë so that a more constructive political leadership can serve as an alternative to the radical Mitrovica leadership.

Since 2004, the Serb community has stabilized and there are fewer indications of a strong tendency to migrate. The Serb community in Kosovo has a higher birth rate than Serbs in Serbia, although lower than the Kosovo Albanian average. There is also an increase in construction projects in Serb areas in central Kosovo, an additional suggestion that the Serb community intends to remain in Kosovo. But considering the massive movement of Serbs from urban areas to Serb enclaves, the level of construction has been insufficient to create adequate urban environment.

Despite a temporary drop in birth rates in 2004 (which was further reflected until 2006), rates have gradually increased. Officials from Simonida Hospital in Gračanica/Graçanicë indicate that the birth rate among the Serbs has grown to a record of 465 births in 2010, which reflects the growth of the central Kosovo Serb community (other Serbs use alternative facilities).

The Kosovo Serb Comparative Advantage

The Serb community in Kosovo holds a large amount of private property in the form of farmland. Whereas Kosovo's average landholdings are twice lower than in the EU, an average Serb has 3-4 times more land than an average Albanian.²¹ This land has not been used to its full capacity and may present an opportunity for organic as well as large-scale farming. Serb villages usually have better infrastructure as they are generally connected with potable water and sewage lines, and they are located next to main road arteries. With less need for investment, Serb-majority municipalities may also afford lower taxes in order to attract businesses.

Despite the large plots, the Serb community may not have the necessary labor to develop them. The central government should see an interest in large-scale farming to (a) employ thousands of unemployed Kosovo Serbs as well as Albanians, and (b) to substitute much of the food imports. Growing global prices on food should interest private investors, especially now that Kosovo has increased subsidies for agriculture.

Given their location and natural mineral water resources, municipalities such as Štrpce/Shtërpçë and Klokot-Vrbovac-Kllokot-Vërboc have the potential to be centers of medical tourism. The municipality of Štrpce/Shtërpçë is well placed to serve as a major year-round center of tourism. Health services may be a potential source of comparative advantage as this profile is considered to be greatest asset of the community. The vast majority of qualified and educated individuals are already employed by Serbian parallel structures, but a number of them may be laid off by the Belgrade administration pending an agreement with

²¹ PER-K calculations based on arable land and municipal demographic data.

Prishtinë/Priština. Investment in private health care service may absorb some of them. These may attract numerous Albanians away from using Skopje and help retain currency inside the country.

Recommendations

A growing number of Serbs are building and refurbishing their houses, a sign of their determination to stay in Kosovo. To encourage this enthusiasm for staying, the central government and new municipalities need to work with the Serb community to renew and support this optimism. These recommendations are advisable for the following stakeholders:

The Kosovo Government:

1. Set a target to increase minority representation in the public sector by 1% a year and a specific target for the Serb community. The Kosovo government should measure a baseline and set a gradual target rate to reach the required levels within the next 5-6 years. This action plan would require a comprehensive and multi-faceted strategy.
2. Identify comparative advantage of Kosovo Serbs. Due to land availability, the Ministry of Agriculture should invest in large-scale farming through soft loans, which would employ Serbs and Albanians alike and would improve Kosovo's trade balance.
3. Albanian language instruction should be subsidized by the government and donors for any interested Serbs.

Serb-majority municipalities:

4. Prioritize urbanization of major areas and invest in culture and sports. The Municipality of Gračanica/Graçanicë should make long term plans to serve as the urban center of a wider area. Reasons why Kosovo Serbs travel to Mitrovica and Serbia should be studied and these services should gradually be replaced with services delivered locally.

5. Incentivize private companies in diverse areas to hire members of minority communities at adequate levels. The authorities should introduce an internship scheme to place young Serbs in public institutions and private companies who may be subsequently given open vacancies. In-service training can be employed to boost skills quickly. Outreach desks should be set up to recruit Serbs for training, promote programs and facilitate job fairs for prospective employers.

The Government of Serbia:

6. Lower dependence on public sector. The Serbian Government should gradually decrease the Serb community's dependence on its payroll and channel the resources into private sector development through favourable loans.
7. Prioritize the transition of health and education in Kosovo. The Serbian Government should make assistance in health and education transparent to ease its acceptance in Kosovo as part of the Comprehensive Status Proposal.

Urban Life in Kosovo Serb Communities

The Importance of Graçanicë/Gračanica and Štrpce/Shtërpçë

Prishtinë/Priština, May 2012

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Executive Summary

The Serb community has started to refocus from immediate needs to more long-term prospects. The new municipalities brought demographic security while security concerns have been replaced by the lack of jobs. The process of returns has probably exhausted its potential and eyes should now turn to prevent migration from rural to urban areas. Many may wonder why should we prevent what is anyway a global trend, for people across the world continue to move to cities in droves. Migration poses a slow threat to smaller pockets of Serb population in Kosovo and the nearest urban areas to migrate to are not in Kosovo but in Serbia.

While this sort of migration is not specific to Kosovo, there are unique factors that make this trend particularly concerning. If Kosovo is to keep its Serb population, the government will need to develop Serb-friendly urban areas within its own borders.

Losing control of major urban towns has been a traumatic experience for Kosovo Serbs. It has resulted in the loss of the intellectual elite thereby disrupting the social fabric of the community.

One way in which the Kosovo government could mitigate the migration trend is to help the Serb community build confidence in Kosovo urban settings. From a geographical and logical perspective, this initiative will have the best results if these urban locations are developed as close as possible to where Serbs already live. Central urban developments will present an additional opportunity to mingle with Albanians as well as other minority communities, and help the Serb community develop a sense of belonging, stability, and fulfilment without the fear of losing their collective identity.

From a demographic perspective, the two subgroups of Serb citizens who will benefit from this urban development the most will be Serb youth eager to leave villages for big city opportunities and the older generation that grew up in the city and subsequently moved to the villages.

Because of their location, Gračanica/Graçanicë and Štrpce/Shtërpçë are the obvious best choices for urban development, since they already serve as community centres for the Serb majority located around them.

This paper looks at the realistic possibility for these two towns becoming the urban centres so needed by the Serb community. The small size of the municipalities is already a known obstacle, but research has found several examples of small rural villages developing into urban environments throughout Europe. The recipe must be found in a policy mixture of education, spatial planning, and efficient public transportation.

Today, Prishtina serves only as a destination for work and shopping, but it has great potential for becoming more appealing over time. Even though it is a separate municipality, the proximity of Gračanica-Graçanicë to Prishtinë/Priština will lead to greater interaction and cooperation between the Albanian and Serb communities. In many ways, Gračanica/Graçanicë could function as a powerful and influential Serb-majority borough of an expanding capital city.

At the same time, the Kosovo authorities have many reasons to see benefits in transforming Gračanica/Graçanicë into an urban centre. Prishtinë/Priština should see potential financial as well as political benefits, transforming Kosovo Serbs into more loyal citizens, and reducing Belgrade's influence. Prishtinë/Priština can attract more Serbs with sports, entertainment and major cultural events. Gračanica/Graçanicë can attract more with education,

secondary health care and entertainment. Štrpce/Shtërpçë can easily offer more jobs and sports.

Introduction

More than a decade after the conflict, Kosovo Serbs continue to struggle with an “enclave state of mind.” It behoves all stakeholders in Kosovo to help this community transcend such localization for the greater benefit of participation in the wider Kosovo society. Part of this transcendence will come from confidence in urban centres like Gračanica/Graçanicë and Štrpce/Shtërpçë. A vision for Kosovo’s future is a Serb population that can turn to Gračanica/Graçanicë for health, education and culture, Štrpce/Shtërpçë for sports and seasonal jobs, and Gjilan/Gnjilane and Prishtinë/Priština for shopping and entertainment.

There are both benefits and challenges to turning Gračanica/Graçanicë and Štrpce/Shtërpçë into the two main urban hubs for Serbs in Kosovo. Although basic issues such as security, water, primary education, waste collection and sewage have largely been addressed, day-to-day issues such as public transportation, sports, culture, secondary health, and even shopping persist.

Because small municipalities under 5,000 inhabitants (such as Ranilug/Ranillug or Parteš-Pasjane/Partesh-Pasjan) do not have the capacity to offer more than just basic services, the availability of centrally located advanced services accessible to small villages is essential. The municipalities of Gračanica/Graçanicë and Štrpce/Shtërpçë are the closest to representing the notion of such an urban centre, accommodating the bulk of the Kosovo Serb elite in their midst. These two areas may partly fill the void that is currently being met by the city of Vranje in Serbia. While it is unlikely that Gračanica/Graçanicë or Štrpce/Shtërpçë will ever completely replace the viability of major towns in southern Serbia, their development will allow Kosovo Serbs

a choice to become less dependent on Serbian cities and have a greater stake in Kosovo.

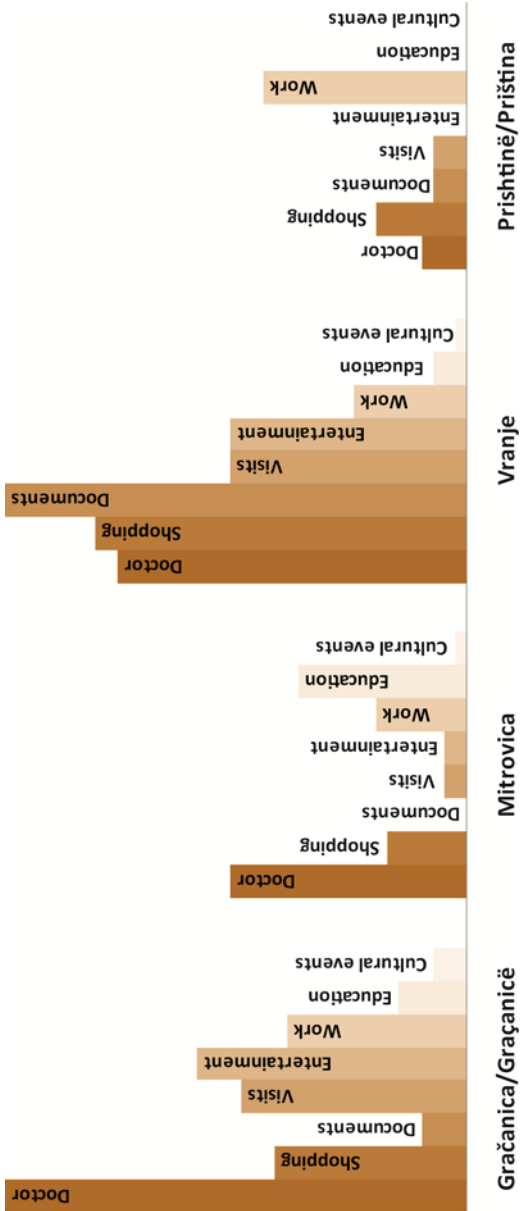
Focus on Southern Kosovo

This paper focuses specifically on the Serb communities in central and southern Kosovo. Despite it being populated by only a third of Kosovo Serbs, northern Kosovo commands geo-political importance beyond its size. As a direct reward of its intransigence, the north attracts disproportionate finances, education, health, culture, or sports, not only from Serbia but from many international donors as well. At the same time, southern Serbs have gradually become more willing to participate in Kosovo politics and make the best of their circumstances.

Northern Kosovo feels safety in numbers and provides ample services for sustaining the Serb community for the long term. Depending on political developments, Mitrovica will certainly serve as a Kosovo Serb intellectual and power-hub, but unless this role is split with Gračanica/Gračanice, southern Serbs will not receive adequate services. It is in no one's interest to produce two Serb communities, and this is not what this paper recommends. But short of a more urban Gračanica/Gračanice, most Serbs who live in Anamoravë/Pomoravlje will continue to look to Serbia instead of investing in urban centres closer to home.

This paper uses data collected by local and central institutions, as well as reports from local and international organizations. To measure integration, PER-K utilized first-hand sources of information obtained through semi-formal interviews with stakeholders on the ground. Municipal officials, civil society representatives, media, and residents were interviewed. Moreover, PER-K conducted a small questionnaire to assess travel needs. Around 150 Serbs in the Gjilan/Gnjilane region were interviewed to ascertain

Where do Kosovo Serbs from Anamoravë/Pomoravje travel to the most?



where they travel for what services. One third of respondents were above 41 years old, just over a third below 31, and less than a third between 30 and 40. Around 43% of the respondents were women.

Urban to Rural and Back

Prior to 1999, the Serb community was primarily located in urban centres. During and after the war, many Serbs either departed for Serbia or found safety in surrounding rural villages. The migration of urban Serbs to rural areas has taken its toll on the Serb community's confidence, and fostered scepticism about the community's political and economic strength.

One of the major ways this movement from urban to rural has affected the Serb community is in the education sector. Small villages see dwindling students and disappearing classes. Students are moving to urban areas for educational opportunities, or when financially feasible, leaving the country.

While it shares some of the traits mentioned above, Gračanica/Graçanicë is the exception to the rule. In this municipality, the number of primary and secondary students has doubled and the city is one of the few locations where the Serb community faces a shortage of classroom space.

In many Serb areas there is a lack of efficient public transportation, little access to higher education, and few opportunities for entertainment and culture. Politicians often claim that their constituents have one leg in Kosovo and one leg in Serbia - living in Kosovo, but relying on Serbia for basic services. This quandary represents a vicious cycle whereby communities do not plan and invest in their future. Some even cease to believe that they have one.

As confidence builds between the two communities, it is foreseeable that Serbs will feel more comfortable fulfilling needs in Albanian-majority towns. In the meantime, the Serb community will continue to move towards urban centers where Serbian is the dominant language. Even in the long term, it is likely that Serbs will continue to fulfill their culturally specific needs where Serbian is the lingua franca.

Serbs from southern Kosovo continue to look to towns like Vranje and to some degree Mitrovica for services that their own municipalities do not offer. The Serb majority municipalities in Kosovo, such as Gračanica/Graçanicë and Štrpce/Shtërpçë must expand their range of services and increase economic activity so that they can present viable alternatives.

As municipalities increase their capacities, it is important to assess what other services they should offer to ensure that the needs of its citizens are met as close as possible to their homes. The newly established municipalities of Ranilug/Ranillug, Klokot/Kllokot and Parteš/Partesh, for example, have a long way to go before becoming satisfactory service providers for their residents. In Ranilug/Ranillug, for instance, the Ministry of Local Government Administration (MLGA) has made capital investments in the amount of 230,000 EUR, whereas in Parteš/Partesh it has invested around one million euros in infrastructure projects. These municipalities have made progress in collecting tax revenues. However, none of them have the capacity to become an urban centre like Gračanica/Graçanicë or Štrpce/Shtërpçë. Some would argue that it is questionable if these municipalities are sustainable in the long run.

There are limits to how much a small village can offer and the average Serb will likely continue to travel to other communities for access to services. It is, however, indicative where and how often they travel.

Ripe Conditions and Appropriate Timing

The Ahtisaari Plan envisaged the creation of new municipalities that would bring government closer to the average citizen and increase the latter's role in decision-making on more than just day-to-day issues. In accordance with the Comprehensive Proposal, at the end of 2009, municipal elections were held in three new Serb-majority municipalities: Klokot/Kllokot, Gračanica/Gračanicë and Ranilug/Ranillug. Elections in Novo Brdo/Novobërdë were held based on its expanded boundaries. In mid-2010, elections were held in Parteš/Partesh, where voter turnout was 65% (compared to an average of 20% in other parts).

These elections were deemed a success for they gave rise to the new municipalities as a major feature of the decentralization process. The new municipalities quickly began to establish assemblies, executive staff able of approving strategies for municipal development. It took years but they have now become fully independent of the 'mother' municipalities from which they split.

Since Kosovo's declaration of independence in February 2008, Belgrade's policy has been largely confined to encouraging Serbs to boycott Kosovo's institutions. Belgrade has invested significantly in Kosovo, especially in the north. The boycott policy has been successful in the north, but less so in the rest of the country. Many Serbs have followed Belgrade's advice for non-cooperation with Kosovo institutions. Antagonistic posturing of many Serbs in the parallel administration challenges and weakens the new municipalities.

But many Serbs have disregarded Belgrade's strategy and have begun engaging with the Kosovo institutions to their benefit. The newly established municipalities wisely saw that in Serb communities, it is best for Serbs to have a say in their own affairs.

A New Balance and Collective Confidence

With decentralization came new Serb-majority municipalities in the south. It is in these municipalities, where Serbs feel they comprise the majority, that election turnout has increased. The consolidation of decentralization has transferred the burden on municipalities to provide more economic opportunities and better public services. The Serb community feels less isolated and more integrated into the wider Kosovo society.

The boycotting of Kosovo institutions and the withdrawal from major towns to villages has taken its toll on the capacity of the Serb community to stand for itself. Belgrade has not been able to speak for these Serbs and advocate on their behalf. In order to do so, Belgrade would have to recognize the authority of Kosovo, something Serbia is not willing to do.

Serbia's policy has successfully hobbled Kosovo's consolidation, but it has brought few benefits to the local Serb community. Belgrade's campaign to portray Prishtina as an aggressor has dissuaded many Serbs from using services available to them, largely to their detriment. This is not to say that Prishtina welcomes Serbs warmly, but it is far from the hostile environment that the Serbian media portrays it to be. The Serb community in Kosovo is in a paradoxical situation for it does not use the major Kosovo towns sufficiently, and nor has it developed equivalent services in its midst.

The Serb community has started to develop a sense of ownership over their own municipalities. Three hurdles remain: (a) shared ownership of overall priorities of Kosovo; (b) good governance to enable wider inclusion in municipal affairs; and (c) an urban environment to instill a sense of dignity and comfort that comes from long-term demographic safety.

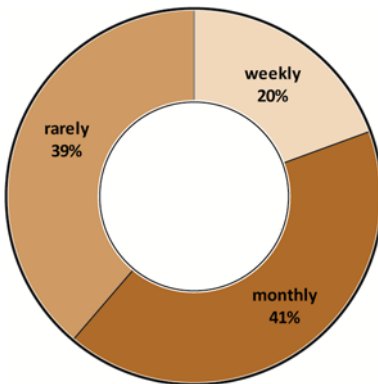
Bringing Services Closer to Home

Why do Kosovo Serbs go to Serbia?

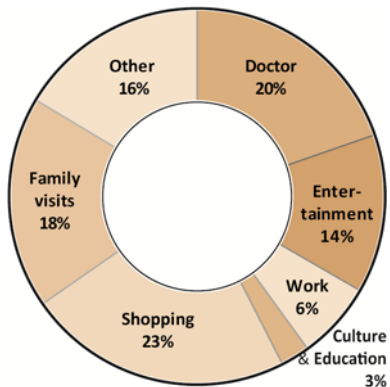
Frequently-needed services constitute the main reason why Kosovo Serbs travel to Serbia. Around 16% of Kosovo Serbs travel to Serbia at least once a week, while more than half travel to Serbia at least once a month. The frequency of their travel, the increasing cost of petrol, and the new requirement to purchase driver insurance indicates that a large portion of the average Serb's income is spent on travelling from Kosovo to Serbia.

It is important to look at the purpose of travel to Serbia. Over a fifth of Kosovo Serbs travel to Serbia for shopping (23%), followed by a fifth who travel for health purposes. Visits to friends and family ranked an average of 18%, followed by entertainment, education, culture and sports.

How often do you travel to Serbia?



Purpose of travel to Serbia?



Reducing the Serb community's amount of long-distance travel would free up resources for other purposes, an

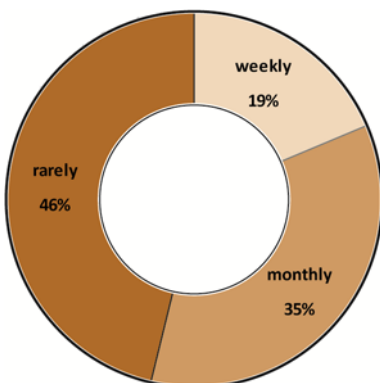
objective that should appeal to the Kosovo Government. Fewer Serbs travelling outside of the country would retain greater wealth inside the country, connect Kosovo Serbs more with Prishtina, and reduce dependence on Belgrade.

Why do Kosovo Serbs go to Vranje?

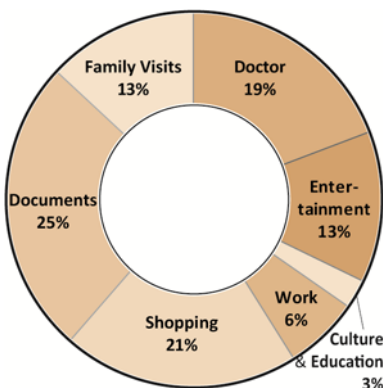
The most frequent destination for Serbs traveling to Serbia is Vranje. At least 19% travel to Vranje on a weekly basis, while around half travel once a month. Only a third of the Serb population polled say they rarely go to Vranje. It is interesting to observe that around 10% go to Vranje several times a week which is probably best explained by some type of commuting, probably by staff of the parallel Serbian administrations present in Kosovo.

Comparing the frequency of travel to Vranje with the rest of Serbia yields surprisingly similar results. Only around 6% polled travel beyond Vranje on monthly basis.

How often do you travel to Vranje?



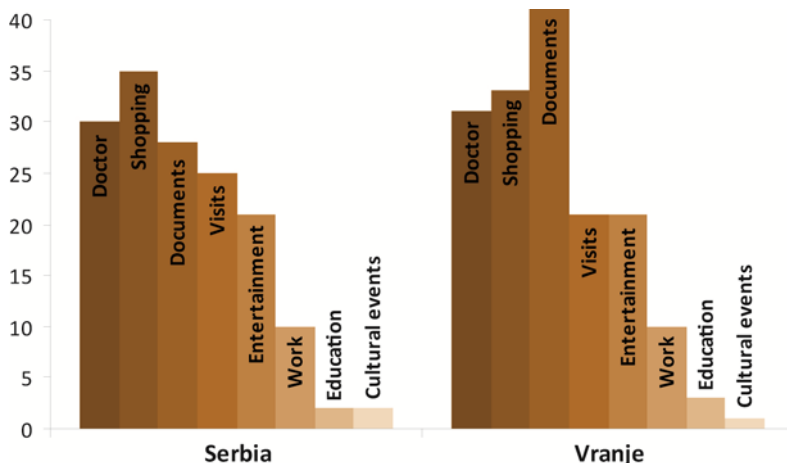
Purpose of travel to Vranje?



Around a quarter of respondents travel to Vranje to obtain documents, followed by shopping (21%). Lower food prices

and medical services as well as the short distance to Vranje are key reasons for it being the primary destination.

Few Go Beyond Vranje



There is no reason why Kosovo could not provide a vast majority of the services offered in Vranje. Apart from Serbian documents and visits to family, services like shopping, health, and entertainment could be easily provided within Kosovo.

Urban Centers Available for Kosovo Serbs

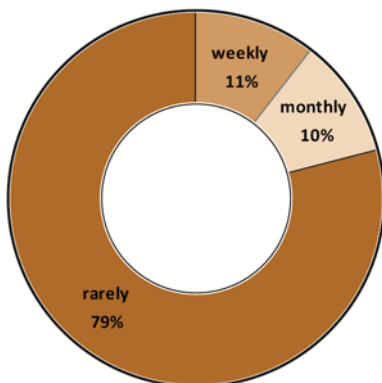
Mitrovica's Over-Stated Importance

Despite its proximity and the aura of Mitrovica being 'the only urban center' for Kosovo Serbs, most Serbs in south-eastern Kosovo visit Vranje far more often than Mitrovica.

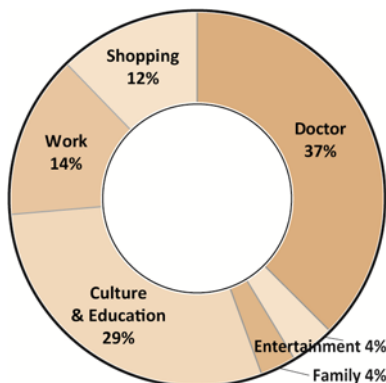
Around 11% of Serbs travel to Mitrovica at least once a week, and 15% at least once a month. Three quarters rarely venture north. It is important to note that the survey was

conducted before the barricades were erected in mid-2011, so travel has likely fallen even more.

How often do you travel to Mitrovica?



Purpose of travel to Mitrovica?



It is no surprise that 37% of Serbs travel to Mitrovica for health. The only institution of secondary healthcare operates in Mitrovica with around 900 staff (far higher than the needs of the area around Mitrovica). The percentage of Serbs travelling to Mitrovica for this reason will decrease when secondary health facilities become operational in Gračanica/Graçanicë and Štrpce/Shtërpçë as per the Comprehensive Status Proposal.

Education will continue to serve as a magnet, although donors and the central authorities should be encouraged to invest in higher education, and vocational training in agriculture and tourism in Gračanica/Graçanicë and Štrpce/Shtërpçë.

The legal limbo has enabled Mitrovica to keep low prices, also likely to disappear once rule of law is established. Overall, much of the appeal of Mitrovica will evaporate. The Kosovo authorities should work closely with the Serb

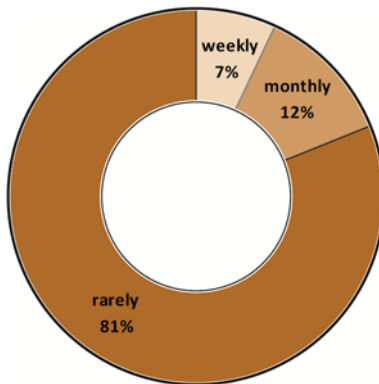
political parties who participate in institutions to reduce the relative importance of Mitrovica by replacing these services. They should especially focus on health, shopping, work and education.

A Wasted Opportunity for Prishtinë/Priština

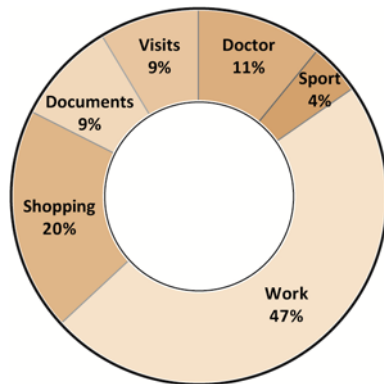
Despite the size of the capital city, only 7% of Kosovo Serbs from south-eastern Kosovo travel there once a week while only 16% travel to the city once a month. Three quarters rarely venture to the capital at all. While the local authorities should find ways to make the city more attractive and welcoming, Kosovo Serbs should overcome the anxiety associated with this destination.

Of the few Serbs who travel to Prishtinë/Priština, almost half of them do so for work purposes. Around a fifth shop in Prishtina, while just over one tenth visit the doctor. Under one tenth travel to Prishtinë/Priština to obtain documents, and the same proportion visit family and friends. Virtually no Serbs use Prishtina for entertainment or education.

How often do you travel to Prishtina?



Purpose of travel to Prishtina?



There is very little Prishtinë/Priština can do to boost the percentages of who visit for friends or for education, but areas that the central authorities could work on are employment and tertiary health. Shopping, sports and entertainment could also be boosted by reaching out to local municipalities through a language-friendly public relations campaign.

Gračanica's/Gračanicë Magnitude

The biggest community of Kosovo Serbs south of Ibër/Ibar is situated in Gračanica/Gračanicë in central Kosovo. After 1999 NATO-led KFOR roadblocks protected the monastery. While these roadblocks are now removed, there is a sense that this community is living in an enclave, despite its being located on the main road from Gjilan and only ten minutes away from Prishtina. Before the conflict, Gračanica was a rural area, but after 1999 a significant number of Prishtinë/Priština's Kosovo Serb elite settled there. They in turn helped establish the Serbian medical centre and schools. The monastery serves as a major spiritual and national source of pride.

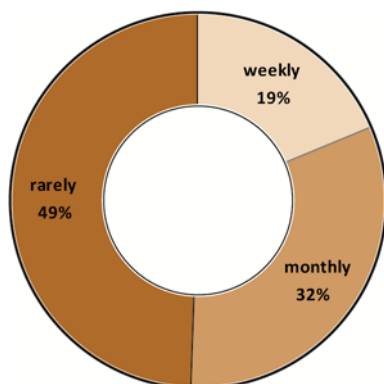
Geographically, Gračanica/Gračanicë is well positioned for becoming an urban center for Kosovo Serbs. This new municipality with an area of 131.25 square kilometers and 18,642 inhabitants. The ethnic composition is 85% Serbs (15,972), 4% Albanians (689), and 10.6% Others (1,981).

The municipality has established its main administrative departments, namely the Department for Administration, Health and Social Welfare, Public Services, Agriculture, Budget and Finance, Urban Planning and Cadastre, Education, Culture, Youth and Sport, and Inspection. Since its founding, the municipality has adopted its Rules of Procedure and other legislation vital for its economic development, such as the Regulations on Immovable Property Tax, Business Working Permits, and Municipal Fees, Charges and Fines etc.

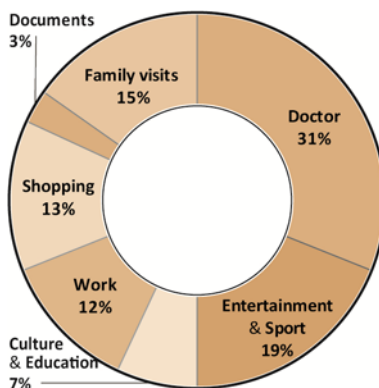
When discussing possibilities for a Serb-inhabited area to accommodate the needs and interests of young and working Serbs, eyes automatically turn to Gračanica/Gračanice. Unfortunately, Gračanica's/Gračanice capacities to meet these expectations are scarce. Barricades and distance are the main obstacles to transforming Mitrovica into a hub for Kosovo Serbs, and Gračanica/Gračanice should use this opportunity to compete in importance. A number of arguments make its case: (a) central location and reasonable distance from most Serb areas in Kosovo, (b) the monastery, and (c) proximity to the capital city.

The authorities and donors have already invested heavily in Gračanica/Gračanice, and the budget for the municipality has significantly increased from year to year. Projects included riverbed adjustments, sports facilities, kindergartens, a TV station and major investment for a hospital center. Currently, the municipality only has a clinic that provides basic health services. Patients go to Mitrovica and Vranje, or Belgrade and Nis for specialized care.

How often do you travel to Gračanica?



Purpose of travel to Gračanica?

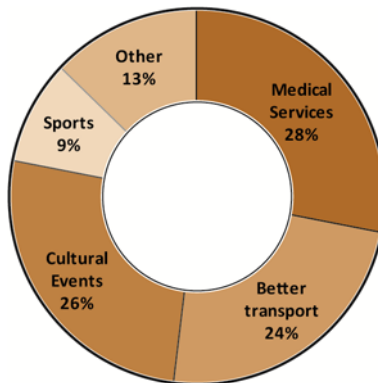


Gračanica's/Graçanicë importance is measured in the frequency Serbs travel from south-eastern Kosovo to the municipality. Almost half rarely travel to Gračanica/Graçanicë and around a third at least once a month. Less than a fifth travel every week.

Just under a third of respondents travel to Gračanica/Graçanicë for medical purposes. Under a fifth (18%) of respondents visit Gračanica/Graçanicë for entertainment purposes while 15% visit family and friends. Smaller proportions visit for other purposes: 13% for shopping, 12% for work and business, 5% for education purposes, while culture, sports and documents issuance explain 6% of visits to Gračanica/Graçanicë.

The success of sports teams in Serbia further underscores the lack of Serb sports facilities in Kosovo. The municipality of Gračanica/Graçanicë has made sports and culture a priority and intends to implement several major projects that are expected to benefit the wider area of central Kosovo.

What is needed for Gračanica/Graçanicë to be an urban center?



To transform Gračanica/Graçanicë, most respondents would prefer better medical services (28%), cultural events (26%) and better public transportation (24%). Sports and education are seen as a priority by less than 10%. Until services improve, it is likely that travel will continue to Mitrovica, Vranje, Niš, Kragujevac, or even Belgrade, for services and job opportunities. However, the trend for Gračanica/Graçanicë is only likely to improve.

The integration of young Serbs in Kosovo's wider society is directly dependent on the efforts of municipalities such as Gračanica/Graçanicë to offer an urban environment. Each time a person travels for a service adds up to additional incentives for permanent migration. The more Gračanica/Graçanicë develops, the less Serbs will look elsewhere for access to higher education, high quality healthcare, sporting events, and other entertainment activities.

Štrpce/Shtërpçë

Located in southern Kosovo and bordering Macedonia, Štrpce/Shtërpçë is a Serb majority municipality that consists of sixteen villages. Unlike Gračanica/Graçanicë, which is close to Prishtina, Štrpce/Shtërpçë is more isolated and around 100 km away from the nearest crossing with Serbia. Its total population is estimated at just over 13,500 inhabitants, 9,100 of which are Serbs and 4,500 are Albanians. Between 700 and 1,000 of the Serbs are displaced from Ferizaj/Uroševac or Prizren as well as refugees from Croatia. The majority have been living in collective centres in Brezovica/Brezovicë since either 1999 or 2004.

Štrpce's/Shtërpçë primary economic activity is agriculture and tourism. Before 1999, many Serbs living in Štrpce/Shtërpçë worked in neighbouring municipalities. Most of its businesses today are small and family-run; the

unemployment rate remains high. The municipality is best known for the ski resort in Brezovica/Brezovicë and the national park that extends over four municipalities. The ski resort is Kosovo's best potential for tourism, but given its current dilapidated shape, it is difficult to believe that in its heyday it used to attract 120,000 overnight guests per year. The resort served as an alternative venue during the 1984 Sarajevo Winter Olympics. With adequate investment and management, it has the potential to surpass regional competitors.

The Štrpce/Shtërpcë municipal health centre has seven sub-stations and outpatient departments in surrounding villages. The centre employs around 300 locals, some of which are Serb doctors displaced from the municipalities of Ferizaj/Uroševac and Prizren. Most of the villages in the municipality have access to potable water, but the network is made of outdated pipes containing asbestos. Over the past few years Štrpce/Shtërpcë has struggled with power cuts. The roads, however, have improved.

While Štrpce/Shtërpcë is unlikely to grow into a major centre, it is often considered the municipality with the best economic prospects, not only among Kosovo Serbs but in Kosovo overall. In the long run, the municipality is likely to absorb numerous Serbs as well as Albanians for permanent and seasonal employment. Year-round tourism will attract not only tourists from Kosovo, but also from Serbia. Such boom will help the municipality create a sustainable economy, and potentially coax rural Serbs from other parts of Kosovo to settle there. The municipality should dedicate a significant portion of its resources to modernizing the ski resort, making it functional year-round with access to the national park.

Due to distances to Štrpce/Shtërpcë and other Serb areas, public transportation should be prioritized. To increase Kosovo Serb's integration into Kosovo, improving

transportation and communication systems is a necessity. As a Serb who commutes daily to his job as a hotel employee in Štrpce/Shtërpçë pointed out, the current public transportation system makes it difficult to reach his job. In order to travel to Prishtina, Pejë/Peć or Prizren, one must transfer several times. Another example is Vesna, who works as an administrator at the Post and Telecommunications of Kosovo (PTK) in Prishtinë/Priština. She has to travel from her home in Gračanica/Graçanicë to Prishtinë/Priština every day, and the lack of reliable transportation negatively impacts her work schedule. According to Gordana Djorić, a representative of the local non-governmental organization (NGO) Avenija, from Laplje Selo/Llapanasellë, the public transportation routes to and from Prishtina is very problematic due to low demand. Since the unemployment rate is so high in these areas, the number of workers who need to travel outside their towns is very low.

Conclusions

There is a clear need in Kosovo for urban centers primarily catering to the Kosovo Serb population but which bring about effective cross-ethnic interaction. Such urban areas will serve as economic, educational, and cultural centers, allowing the Serb population access to basic services close to home, and keeping their income circulating within the country rather than across the border in Serbia. Gračanica/Graçanicë and Štrpce/Shtërpçë have the best potential for development. Questions persist, however: What needs to be done in order to help Gračanica/Graçanicë and Štrpce/Shtërpçë have the capacity to offer services associated with vibrant urban centres? How does Kosovo ensure that Kosovo Serbs have equal access to opportunities in Prishtina as well as other urban areas throughout the country? Will establishing vibrant urban centers achieve the ulterior goal of integrating Serbs into wider Kosovo society?

It is essential not to give up on returns, but the highest priority should be placed on preserving the current population and ensure that Kosovo Serbs make long-term plans, invest in shops, work the land – shortly, to place both feet in Kosovo.

A scattered population will require efficient transportation in order to use more centralized services in education, healthcare, and culture. It is essential to reduce the necessary need for travel abroad, and to offer attractive services in Albanian-majority towns to improve interaction. This concentration of the Serb community in some major areas should be supported along effective public transport that connects smaller isolated parts with these ‘centers’.

The key to transforming a municipality such as Gračanica/Graçanicë lies in well-thought investments in infrastructural hardware as well as human software. Many young Serbs travel to Mitrovica, Vranje, and Nis to go to high school or university, attend cultural or sporting events, or even to shop. While these are not basic services, some of these services can and should be offered closer to home, in Serb or in Albanian-majority towns.

Most Serbs commute for healthcare. Close to half of Serbs from the Gjilan/Gnjilane area travel for health purposes, be it to Gračanica/Graçanicë, Vranje, Prishtinë/Priština or Prishtinë/Priština. It is essential that the Serb community feels comfortable visiting facilities closer to home. Services sought in Vranje or Mitrovica should be replaced with services in Gračanica/Graçanicë and Gjilan/Gnjilane, while more advanced services should be accessible in Prishtinë/Priština.

Access to quality education is problematic. Almost all municipalities offer low quality primary and secondary schooling. For students to attend vocational education they must go to Mitrovica or universities in Serbia, as there are

no other options in Kosovo. The lack of demand for high-skilled staff may encourage graduates not to return home.

After completing the legislative reforms needed for decentralization, the next step for municipalities is to invest in sustainable urban development projects that meet the needs of its residents. It is imperative that municipalities (especially Štrpce/Shtërpcë) support the private sector, especially small businesses, in order for residents to pursue the enormous natural resources for economic development of tourism, livestock, and beekeeping.

Kosovo Serbs lack access to basic services such as shopping, the most commonly cited reason for commuting to Serbia. More than a fifth of Serbs from Gjilan/Gnjilane do their shopping in Vranje, and a similar portion in Prishtina. Few of them shop in Gračanica/Graçanicë or Mitrovica. Similarly, most Serbs from Štrpce/Shtërpcë shop in Ferizaj/Uroševac. Shopping is an excellent route for growing interaction between majority and minority communities in Kosovo.

Even though it is usually the main advantage of a large city, virtually no Serbs seek entertainment in Prishtina. Despite the distance, most Serbs seek entertainment in Gračanica/Graçanicë, followed by Vranje and Mitrovica. The table below illustrates a general description where services are currently sought, and where services might potentially be located for easier access.

Level of Service Delivery		
	Currently	Potentially
Secondary health care	Vranje and Gračanica/Graçanicë	Gračanica/Graçanicë, Štrpce/Shtërpçë, Prishtinë/Priština
Personal Documents	Vranje	In each municipality
Cultural houses	In each municipality but not functional	In each municipality
Shopping	Outside of small municipalities, mostly in Vranje, Prishtinë/Priština and Mitrovica.	Gjilan/Gnjilane, Prishtinë/Priština, Gračanica/Graçanicë
Cultural events	Devoid of major cultural events, mostly seeking in Vranje and Mitrovica.	Gračanica/Graçanicë and Prishtinë/Priština
Entertainment	Largely in Gračanica/Graçanicë and Vranje.	Open up possibilities in Prishtinë/Priština
Sports	Little sports in home municipalities and few seek sports facilities further	In Gračanica/Graçanicë, Štrpce/Shtërpçë, and Albanian-majority towns
Work	In home municipalities and Vranje	In each municipality and increasingly to Gračanica/Graçanicë and Prishtinë/Priština
Higher education	Mitrovica	Mitrovica
Advanced health care	Belgrade	Belgrade and Prishtinë/Priština

Recommendations

The analysis of the current situation indicates potential for priority services in particular locations in order to promote integration, address concerns and meet interests. Relying more on Kosovo services and less on those of Serbia would improve sustainability as well as integration and cross-ethnic interaction. In conclusion, PER-K makes the following recommendations for the actors listed below:

Kosovo Authorities and Political Parties

Overall commitment to decentralization and minority rights. Cease with tendencies to recentralize, as has recently been the trend whereby the central government retakes powers away from municipalities. The decentralization process should be finalized in an effective manner and it should be internalized as a new principle of governance. The authorities should make statements that visibly show their concern and commitment for the sustainability of the Serb community.

The Kosovo authorities needs to actively improve the image of the Kosovo Government among Serbs by implementing development projects that positively affect the Serb community. To dispel lingering scepticism the Serb community has towards the Kosovo Government, there should be a focus on delivering specific outcomes like support for and enforcement of the law on languages and governmental assistance for cultural projects. A powerful symbolic gesture would be for the Kosovo authorities to promptly translate and disseminate necessary documents into Serbian for the use of the Serb-majority municipalities.

Improve public transportation. The Government of Kosovo should invest in better public transportation between Serb-majority areas and Prishtina.

Focus investment in Gračanica/Graçanicë and Štrpce/Shtërpçë to help develop these municipalities into sustainable towns offering an urban life-style. Ideas could include opening vocational education departments in agriculture, tourism, as well as funding sports and cultural events.

Serb Majority Municipalities

Complete secondary legislation to implement decentralization adequately. Serb mayors should work jointly and with the Association of Municipalities to find answers to common problems they face and to lobby against tendencies to take away municipal competences.

Long-term strategic plans. Serb Municipalities should work together to identify their comparative advantage in the private sector, and help donors coordinate their assistance. Above all, they should make long-term plans; engage in capacity building and infrastructure to ensure that such assistance is effective. Mayors should not see municipalities as fiefs but should work together to find joint answers to numerous needs that they cannot satisfy individually.

Gračanica/Graçanicë as a centre. The Mayor of Gračanica/Graçanicë should utilize all stakeholders, including the Government of Kosovo, other mayors, Government of Serbia and donors, to improve what Gračanica/Graçanicë has to offer. Education, health, shopping, and entertainment should be priority areas for improvement. The goal should be to provide enough quality services to rival the pull of Vranje and Mitrovica.

Tourism & Jobs in Štrpce/Shtërpçë. The municipality of Štrpce/Shtërpçë should be assisted in opening an educational facility for tourism and culinary arts. This would not only service the municipality and its long-term employment plans, but would attract Serbs and Albanians

from all over Kosovo. A number of administrative and teaching staff from existing educational facilities may find employment in a more sustainable and productive area. Annual fairs and cultural events should be planned in Štrpce/Shtërpçë.

Serbian Government

Switch from hand-outs to investment. The Serbian Government should not reduce the amount of funding it apportions to Kosovo Serbs. However, cash as welfare will only harm sustainability. The Belgrade authorities should gradually transform the nature of its assistance and shift from welfare hand-outs to grants and loans for entrepreneurial activities. Soft loans should be channelled specifically in over-burdened sectors likely to see lay-offs such as administration, security, courts, or potentially the telecom.

Encourage participation in institutions. Despite its problematic relations with Kosovo, the Serbian Government should communicate to the Serb community (at least in the south) to participate in Kosovo's public life to fully utilize the benefits it is entitled to. The Serbian media should continue to be critical, as is the purview of media. But it is recommended that they provide a more balanced perspective by including success stories in their programming. This will help contribute to a sense confidence in public spaces in Kosovo.

International Donor Community

Pay equal attention to sustainable development as for returns. The international community should focus assistance to youth sustainability, intellectuals, and working households. Donors should shift their focus from returns to helping the Serb community get involved in the private sector, recreational centres, transport, and culture. Higher

education opportunities and jobs that absorb Serb youth in the type of engagement that tie them to their investments should become a priority, e.g. loans to open hotels in Štrpce/Shtërpcë.

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