



# Human Development Report



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# Human Development Report

Kosovo 2002



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2002 Kosovo Human Development Report is also available on the web-site of the UNDP Kosovo Office at [www.ks.undp.org](http://www.ks.undp.org)

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# Foreword by the UNDP Resident Representative in Kosovo

Dissatisfaction with exclusively economic measures of progress led UNDP in the late 1980's to develop a more holistic, yet still quantitative, measure of development – the Human Development Index (HDI). The HDI first appeared in the 1990 Human Development Report. The 1990 Human Development Report generated considerable debate about development policies, revealing as it did, significant discrepancies between countries' global rankings based purely on economic measures, and their new rankings when other indicators – such as life expectancy and literacy – are also factored into the equation. Global Human Development Reports have been published every year since and have confronted decision makers, administrators, researchers and civil society with important policy questions that go to the heart of the development process.

These annual, global Human Development Reports gave birth to more targeted reports that began to ask the same questions at a regional, country and even provincial level, in order to assist local policy makers and others to apply these insights to their local context. Such reports are now produced regularly in over 100 regions, countries and territories covered by UNDP operations.

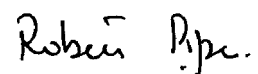
This first Kosovo Human Development Report joins this global stable of targeted Human Development Reports and applies the human development conceptual framework to the unique situation of Kosovo for the first time. Only three months into the life of Kosovo's Provisional Institutions of Self-Government (PISG), the timing is fortuitous; this Report will hopefully assist these new decision-makers in charting a development strategy for Kosovo that will translate into real, sustainable progress, in human development terms.

As the first Human Development Report for Kosovo, we have inevitably had to confront serious gaps in data, a reality with which the PISG is similarly struggling. The

gaps however, are now more obvious than ever and UNDP will work with its partners to close them over the coming months and years. We are confident the debate that will follow this first Report will also assist us in identifying a more thematic approach in future Human Development Reports for Kosovo.

The process used to prepare this 2002 Kosovo Human Development Report mirrors ongoing international efforts to accelerate the transfer of the responsibilities of governance back to local leadership. The Report has been authored by a mixed team of extraordinary local scholars, researchers, and experts in a range of development fields, representing the full spectrum of Kosovan society in terms of gender, age, and ethnicity. The essence of any such report must be its independence and its intellectual integrity, and this first Kosovo Human Development Report is no exception.

Of course, the complexities of the development issues now facing Kosovo cannot be fully explored within the pages of one report. For this reason, we hope that discussion on the topics addressed within these pages continues as part of ongoing policy debates. To support these efforts, the Report has been prepared in three languages: English, Albanian, and Serbian, and is also available through the UNDP web-site ([www.ks.undp.org](http://www.ks.undp.org)). In addition, in cooperation with our partners, UNDP will support a series of policy discussions to encourage a broad-based dialogue around the issues raised herein.



Robert Piper  
Pristina  
May 2002

# Executive Summary

## Looking at Development from a Human Perspective

Human Development is an important concept upon which all comprehensive reform and growth strategies for Kosovo should be based. Although the very status of Kosovo from a political perspective remains unresolved, efforts to increase the standard of living, knowledge and opportunities for all Kosovans to lead fuller, more empowered lives should be maintained as part of long-term efforts to bring Kosovo closer to the standards enjoyed elsewhere in the greater European region. Despite the difficulties of the recent past, as well as the challenges that still exist, now is the time to look forward, to plan and to work together with all stakeholders to develop a better future for Kosovo and its inhabitants.

A series of standard, globally-recognized human development indicators have been established, which take into consideration a variety of development criteria, including health, education, poverty, economic wealth, and gender equality. Although these indicators, often calculated together as indices, offer only a partial analysis of development issues, they still represent powerful statistical tools for measuring long-term trends and the policies that shape them both within and across regions and countries.

As is the case for many developing countries and regions in transition, there is in Kosovo a shortage of accurate statistical information on the basis of which long-term development policies can be monitored and revised. This makes calculation of a range of human development indicators and indices difficult. Additional support must be provided by the international community to develop the capacity of the Statistical Office of Kosovo, as well as other institutions involved in monitoring human development.

Kosovo possesses the same estimated Human Development Index (HDI) of

between 0.671 and 0.733 (depending on the calculation of GDP per capita) as do countries considered to have a medium level of development. This relative position in world rankings is a result not only of stagnation during the past decade, but also of the damage and destruction inflicted during the 1999 conflict. Although international comparisons are useful, more attention should be given to the information that the HDI and other indicators and indices offers to policy-planners working within and for the development of Kosovo. An analysis of basic indicators shows that human development in Kosovo is uneven. While the life expectancy at birth index and the educational attainment index have relatively high values, the adjusted GDP per capita is low at 0.367, although somewhat higher, at 0.551 when using estimated Purchasing Power Parity (PPP). The gross school enrolment index is also relatively low at 0.617. Economic development and additional support to the education sector represent areas of high priority. This is especially important to the long-term development of Kosovo given the relatively young age of its population.

In gender-related human development, Kosovo with its index at 0.687 has a similar position in the world ranking as it does for its overall human development. Despite the fact that life expectancy of females has increased faster than that of males over the past decades, women are not yet equal to men in Kosovo society. All other indices aside from life expectancy show greater empowerment of males than of females. Improving opportunities for women in social, political, educational and economic sectors represents an area of particular priority for the future human development of Kosovo.

Recent research shows income poverty in Kosovo is widespread, with more than half of the population in poverty, and about 12 percent living in extreme poverty. Alleviating income poverty presents one of the most important challenges for Kosovan society as it looks towards the future.

## Building a More Democratic Society

The establishment of a tolerant, robust democratic society is essential to human development in Kosovo, as elsewhere in Europe and the world at large. Efforts to develop local democratic institutions and processes must continue regardless of the ongoing discourse concerning the final resolution of the political status of Kosovo. Although there have been a variety of challenges and constraints encountered during the initial months of the post-conflict period, the international community, working in cooperation with local organizations and institutions, has achieved several important first steps:

- A Constitutional Framework for Interim Self-Government has been sanctioned;
- The gradual shift of administration mandates to local actors has been initiated;
- Parliamentary Assembly elections have been held successfully and an Assembly established;
- A broad-based coalition government has been formed and a new President appointed;
- The decentralization of powers to local government has commenced;
- Local elections for municipal assemblies have been conducted;
- Political parties have been formed, contributing to a process of broader policy debates;
- Local NGOs and other civil society organizations are contributing to the development process;
- The framework for a judicial system has been put into place at central and local levels;
- Security has improved with the establishment of local and international police forces;
- Human rights abuses have decreased, and an Ombudsperson Institution has been established;
- Efforts to increase gender equality and promote awareness of gender issues have been initiated;

- Freedom of speech has increased, accompanied by the growth of traditional and electronic media.

Despite these achievements, there is still much to be done to develop a more democratic society in Kosovo. Much of this work involves a continuation and strengthening of democratic processes already initiated. At the same time, as part of forward-looking efforts to create a better future for Kosovo, several additional areas require the attention of policy-makers and other stakeholders.

While the establishment of democratic systems requires greater Kosovan participation in their own governance, the gradual transfer of power to Kosovans should be done in accordance with a timetable developed on criteria that consider first what is of most long-term benefit to all Kosovans.

Effective management and further development of legislation requires close cooperation with the international community. To this end, the introduction of more regular meetings between international and Kosovan officials to discuss policy and external assistance priorities would be beneficial.

Municipal civil servants must be appointed according to relevant professional criteria, rather than party affiliation. Only in this way can the conditions for democratic governance be met at the local level.

Although UN and OSCE actors, as well as non-governmental organizations, are providing some public administration training, additional training should be organized to meet the demand for qualified civil servants at both local and central levels of government.

Policy-makers should consider the extension of certain administrative functions to more regionally dispersed sub-organizations of local government (*bashkësia lokale*), thereby increasing opportunities for closer and more efficient communication between citizens and local administrations.

*1. Although comparisons are made in this Chapter and throughout the Report between Kosovo and various countries, such comparisons are in no way a reflection, direct or implied, of Kosovo's current or future political status*

Lessons already learned on how to implement more democratic systems of local governance responsive to community needs should be applied in municipal elections scheduled for late 2002.

Additional training should be provided to NGOs to increase inter-NGO networking and cooperation; to better define mission statements and development objectives; and to increase self-financing capacities. At the same time, additional work is needed to educate Kosovan officials on the role that NGOs can play in cooperation to support a range of development activities. By working more directly with both governmental counterparts and the community beneficiaries they serve, Kosovan NGOs and other civil society organizations can contribute significantly to an improvement of Kosovo's systems of governance.

A larger civic education program should be developed explaining democratic principles, as well as the more specific democratic processes being implemented in Kosovo. Such training should target in particular Kosovan youth as part of broader efforts to encourage greater civic participation in government.

The establishment of a more effective judicial system requires: a more contemporary structure and efforts to ensure its full independence; a speeding up of the promotion of new judges and lawyers, including minority representatives; ongoing professional training for existing specialists and support to higher education to develop new legal professionals to ensure compliance with international judicial standards; and the full integration of the judicial system across the entire territory of Kosovo.

Efforts must continue to be made to protect the rights of and promote the integration of Kosovan Serbs and other minorities into all social, economic, and political spheres of Kosovan society. These include: unprompted condemnation by holders of public office of obstruction of justice and violence; active advocacy by political and community leaders for returns and reintegration; policies approved and

implemented by the PISG to promote freedom of movement publicly; holders of public office to refrain from extremist statements in public; the achievement of 16% Kosovan minorities' recruitment in the KPS must continue to receive active endorsement by the public office holders and sustained efforts by the PISG to promote values of rule-of-law.

In order to reduce levels of discrimination against women and create an environment that provides equal opportunities for men and women several additional measures are required, including: education campaigns; mainstreaming of gender equality principles into institutional capacity building and policy formulation; additional affirmative action programs; leadership and management training for women.

Efforts to support freedom of speech through the continued development of traditional and newer forms of mass information and communication technologies should be continued. At the same time, efforts should be made to take greater advantage of the mass media as a tool to educate and promote a democratic culture of multi-ethnic tolerance that is necessary for human development.

## Empowering Society through Education, Arts and Culture

Investing in education is important to the future of Kosovo. This is especially true given the young age of its population. Although there already is strong potential that can be tapped for Kosovo's growth, at the same time such capacity should not be over-estimated or taken for granted.

Much has already been done to re-start academic activities in Kosovo across all levels of education in a relatively short period of time, but there are still many issues to be addressed.

There is still a high degree of centralization in the educational system. Additional attention must be given now to the training of local administrators and managers.



Additional mechanisms need to be established allowing for greater inputs by Kosovan education specialists as part of overall efforts to gradually shift duties to Kosovan people.

A medium-term strategy needs to be formulated for the ongoing professional training of Kosovan teachers in curriculum development and modern teaching methodologies.

There are many shortages with respect to both teacher salaries and other investment in basic resources for schools and other academic institutions. If this issue is not addressed by policy-makers, significant long-term harm to the quality of education at all levels could result.

Public awareness campaigns explaining the importance of early childhood development and the role that pre-schools play in meeting early learning needs must be expanded. The quality of pre-school instruction must be improved based on child-centered classroom principles.

Additional steps must be taken to resolve the issue of integrating all segments of Kosovan society into the new educational system. This is especially true for Kosovan Serbs and Roma communities physically isolated in separate enclaves throughout various parts of Kosovo.

The findings of existing market studies and public surveys, as well as future studies, should be used to re-evaluate current vocational curricula and to revise them accordingly.

Low enrolment rates, functional illiteracy, and high levels of unemployment for Kosovan youth are linked issues. These issues are exacerbated by economic conditions, a lack of enforcement of laws protecting children's rights, internal and external migration, lack of partnership between schools and the community, and needs for improvement in school management and teacher training. Each of these factors requires a set of specific interventions if efforts to improve levels of human development in Kosovo are to be achieved by increasing levels of literacy and education.

Efforts to empower society and increase its levels of human development are tied

directly to its ability to adapt a range of technologies and scientific advancements to the needs of its people. Additional assistance must be provided to support the professional development of new and existing researchers. New partnerships must be forged between local and international centers.

Efforts to improve gender equality in the education sector require long-term planning that incorporates both general public awareness-raising programs designed to bring gender-related issues such as illiteracy and drop-out rates to the attention of policy-makers and the general public, as well as more targeted campaigns to address the causes of these gender imbalances.

Although systems of adult education and training are important to all societies, they are especially important to those in a transitional period where large numbers of the labor force are unemployed or seeking new forms of employment. Additional support is needed to develop such programs.

The degree to which Arts and Culture are developed in a society reflects much about its values, diversity, and overall levels of human development. At the same time, arts and culture can in themselves contribute much to the growth and strengthening of a tolerant, cohesive society by supporting an intertwined network of new ideas, interests and traditions.

There has been a re-opening of cultural institutions established in the past, as well as the emergence of several new artistic and cultural groups. Nevertheless, greater support is needed to establish centers of excellence and the work of leading artists. Capacity building is required for NGOs involved in and supporting the arts and culture. More attention needs to be focused on developing a new generation of arts specialists, and increasing overall levels of cultural funding.

Lessons learned from pilot projects designed to support the development of a new "culture" of values, e.g. a Culture of Tolerance, Respect, Personal Accountability, Positive Change, and Life-long

Learning, should be used to develop more comprehensive programs. The long-term cultural, social, political and economic development of Kosovo depends on how it now chooses to resolve current challenges involving the separation of various cultural identities.

## Creating the Economic Basis for Human Development

Human development often depends to a large degree on levels of economic development. When development processes are carefully formulated, it is possible to achieve both human growth and economic development. This requires a balancing of social responsibilities and development priorities.

Despite the challenging socio-economic environment in Kosovo, there now exists an opportunity to re-evaluate existing socio-economic structures and identify new economic requirements and comparative advantages to be developed over the next three to five years of the Kosovo transition period.

Regardless of the final resolution of its political status, such forward-looking discussions are necessary as part of efforts to increase the self-sustainability of Kosovo's economy and further its integration into the economic systems and institutions of South-Eastern Europe and the greater European community.

Significant progress has been made in the transition period. Immediate basic needs of the population have been met. New economic management structures at the central level have been established. A series of new economic regulations and legislation have been prepared. Several projects have been initiated to increase economic production and increase public revenue. More work is needed, however.

Basic macro-economic indicators offer evidence of an initial recovery of Kosovo's economy. Such indicators, however, do not necessarily offer evidence of increased human development. Despite the rapid reopening and emergence of several new

small and medium-sized enterprises (SMEs), there are still many obstacles to doing business, including legislative gaps, unfair competition, low access to finance and data, and high taxes.

Additional support should be provided to family-owned businesses, especially those in rural, agricultural areas. It is necessary to stimulate reorientation of local agricultural economies from self-sustaining models to more market-oriented approaches. Policies must be developed to address such issues as access to land, providing sufficient working capital, and ensuring fair markets through new legislation.

Unemployment rates remain high, especially among women and Kosovan youth. More effective systems of socio-economic data collection must be established. Greater investments should be made in human capital. Support must be provided to the setting and enforcing of employment standards.

Policies need to be developed that target the social groups most severely affected by current socio-economic hardships.

Additional data must be collected on each group in order to formulate the most effective interventions. Plans to develop a new pension system, to support those living in extreme poverty regardless of age, to assist veterans and their families, and to support people with disabilities must be implemented.

Although difficult to encourage broader involvement in a free-market system, programs designed to reduce levels of ethnic-based discrimination, increase security to allow greater freedom of movement, and promote new cultures of trust for all Kosovo regardless of ethnicity, should be strengthened.

Efforts to increase gender empowerment and equality are linked closely to issues of an economic nature, especially to income. Additional technical, financial and institutional support is needed if current levels of gender-based inequalities in the economy, including high unemployment rates, are to be reduced.

Long-term development of Kosovo's economy requires greater involvement of Kosovo's people from all sectors of society:

government at all levels, private sector, and civil society, including NGOs and media. Nonetheless, future growth of Kosovo's economy is still largely dependent on at least a certain level of continued technical and financial assistance from the international community.

Efforts to support economic growth over the next several years must focus on ways to eliminate current disparities between public consumption and budget limitations. Kosovo must gradually develop the capacity to manage its own self-financed public budget and current accounts and enhance its economic viability. The 2002 Kosovo budget is already self-financed at a level of 93%, up from 50% in 2000.

Development of a more open market economy requires the formulation and implementation of a series of laws addressing such issues as fair and open competition, ownership rights, intellectual property rights, external trade and customs, bankruptcy, public administrative procedures, government transparency and accountability, establishment of a reliable banking system, and reduced levels of crime and corruption.

Where legally and economically feasible, socially-owned enterprises should be privatized and restructured. More open forms of dialogue should be established between Kosovans and the international community to discuss this issue as part of broader participatory approaches to Kosovo's development.

Given the weight of energy, transportation and telecommunications infrastructure with respect to Kosovo's immediate development needs, improvement and expansion of these sectors are a priority. Kosovo's closer involvement in the Stability Pact represents an important condition for the realization of its infrastructure development projects. More attention should be given to energy conservation and increased use of various environmentally-sound, alternative sources of energy.

## Ensuring Longer, Healthier Lives and a Cleaner Environment

Kosovan policy-makers have an opportunity to: promote healthy life-styles and preventive medicine; reduce health risks linked to poor social conditions; achieve equal access to healthcare and improve health services; and decrease the risk of environmentally-caused illnesses.

There is a critical lack of reliable quantitative and qualitative data that provides basic demographic information and more detailed studies of individual health issues and population groups in Kosovo.

Healthcare systems need to be reoriented towards primary healthcare and family medicine, with an emphasis on preventive healthcare, including immunization and education programs. This requires institutional restructuring and increased professional and managerial training.

There is a need to improve the standards of primary health-care at the municipal levels. Community mental health services need to be established. A system for including patients in the management process and monitoring of health services needs to be established.

Low levels of financing have caused many professionals to leave the medical field for other jobs with higher salaries. Low financing has also had an adverse effect on medical schools. Low salaries make it difficult to retain qualified teachers, as well as to recruit new specialists.

Although almost all indicators of population growth have shown a decrease during the last decade, Kosovo's population remains one of the fastest growing and youngest in Europe.

Many factors contribute to high infant and maternal mortality rates: poor nutrition; limited use of health services; low levels of health education; and inadequate antenatal care. Efforts to address these issues must be continued if health levels are to reach those found elsewhere in Europe.

Another group to be targeted includes

those at high-risk for HIV/AIDS, and other sexually transmitted infections (STIs). Research is needed to detect prevalence rates for both HIV/AIDS and STIs. More steps must be taken to educate the public on ways to reduce the risks of infection.

Other groups requiring targeted assistance from public health and social welfare systems include: the impoverished; those in rural areas; the elderly; invalids; veterans; orphans; single-headed families; minority communities; and those facing exposure to environmental pollutants.

The quality of the environment also has a direct impact on a society's health. Pollution levels in Kosovo are high. Policy-makers have an opportunity to reverse this trend by formulating environmentally sound development policies, while also working to reduce existing pollution.

Some of the largest sources of pollution include coal-based electrical generation, extraction and production of non-ferrous metals, and the chemical industry. Light industries also contribute, including the manufacturing of textile, leather, rubber, paper, and construction materials.

Other pollution sources involve: domestic and commercial waste; uncontrolled building; solid-waste dumping; the discharge of raw sewage into rivers; the use of pesticides and run-off from agricultural activities; a growing number of vehicles; and the heating of private houses.

Additional measures are needed to:

- Enforce strict laws to protect natural resources, including, forests, parks, and waterways;
- Introduce public information campaigns to encourage conservation and limit pollution;
- Determine strict standards protecting against industrial, urban and agricultural pollution;
- Encourage scientific research and incorporation of modern technologies;
- Draft a spatial plan for Kosovo's territory in accordance with European standards;
- Reduce industrial pollution from thermal-power plants, lead and zinc

smelting industries;

- Develop such alternative energies as solar, hydroelectric, thermal water, and bio-energy;
- Apply modern methods of industrial and urban waste treatment, including recycling;
- Establish a central management system for environmental information;
- Participate in regional initiatives for the protection of the environment;
- Incorporate existing international standards for environmental protection in Kosovo's laws.

Environmental issues are cross-cutting—there must be closer coordination between environmental experts, Ministries, research institutes, and university faculties and research units. Additional outreach must also be made to environmental NGOs and other civil society partners.

# Kosovo Human Development Report - 2002

## Building Bridges to a Better Future

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## Note on Place Names

The spelling of place names used for this Report is based on Albanian language conventions. The list below shows both Albanian and Serbian variants. There is one exception to this standard: the Serbian language spelling for "Kosovo" is used throughout, instead of the Albanian language "Kosova". This is due to the fact that "Kosovo" is the spelling currently recognized officially by the United Nations and international community.

### Place Names in Albanian with Serbian Equivalent

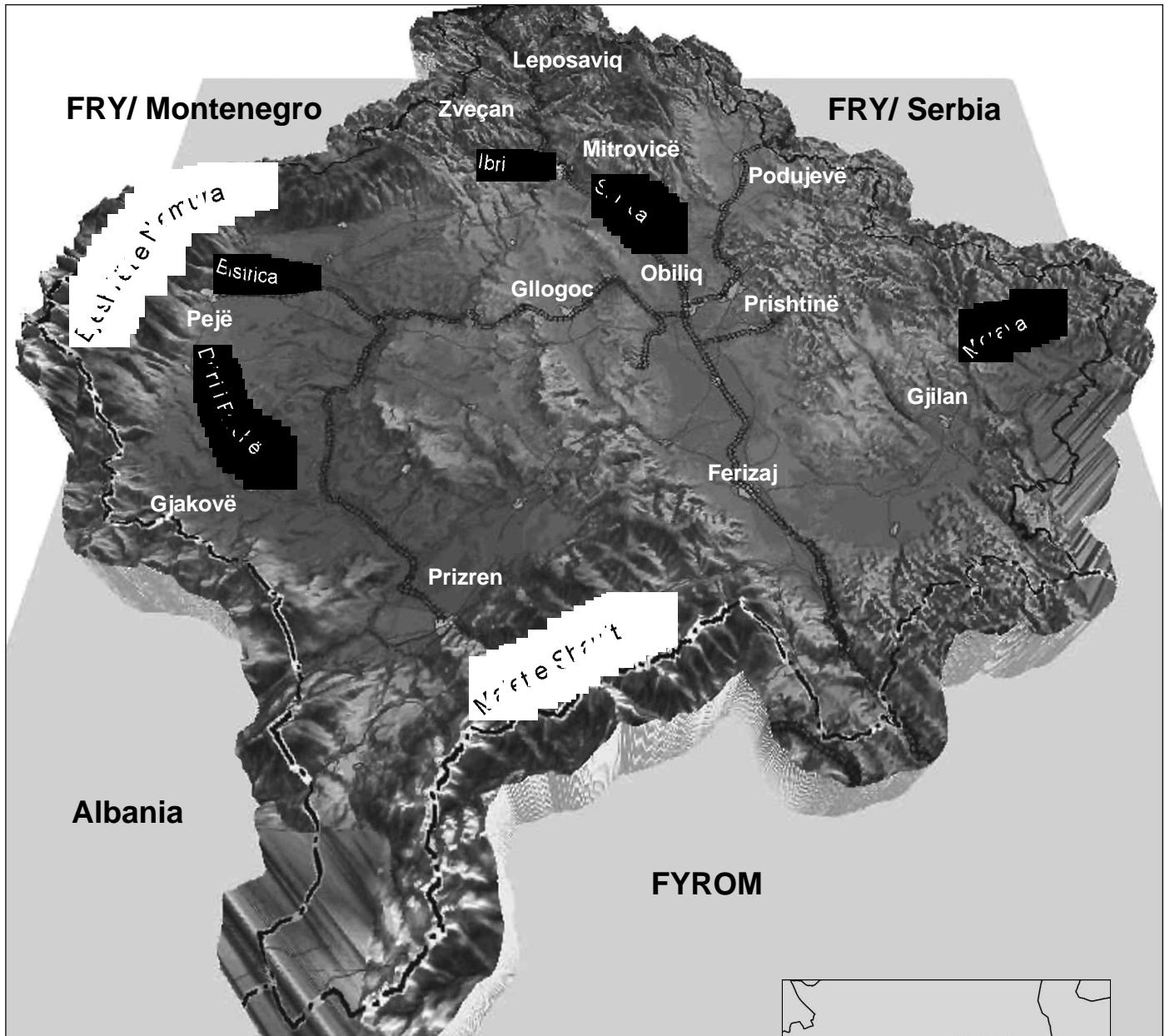
Bisticë/Bistrica	Bistrica
Bjeshkët e Nemura	Prokletije
Danub	Dunav
Dragash	Dragaš
Drini i Bardhë	Beli Drim
Ferizaj	Uroševac
Fushë Kosovë	Kosovo Polje
Gjakovë/Gjakova	Djakovica
Gjeravica	Djeravica
Gjilan	Gnjilane
Graçanicë/Graçanica	Gračanica
Hani i Elezit	Djeneral Janković
Ibër/Ibri	Ibar
Istog	Istok
Kamenicë/Kamenica	Kamenica
Lepenc	Lepenac

Leposaviq	Leposavić
Mitrovicë/Mitrovica	Mitrovica
Moravë/Morava	Morava
Obiliq	Obilić
Pejë/Peja	Peć
Prishtëvka	Prištëvka
Prishtinë/Prishtina	Priština
Prizren	Prizren
Rahovec	Orahovac
Sharr	Šar
Sitnicë/Sitnica	Sitnica
Skenderaj	Srbica
Suharekë	Suha Reka
Zubin Potok	Zubin Potok
Zveçan	Zvečan

## List of Acronyms and Abbreviations

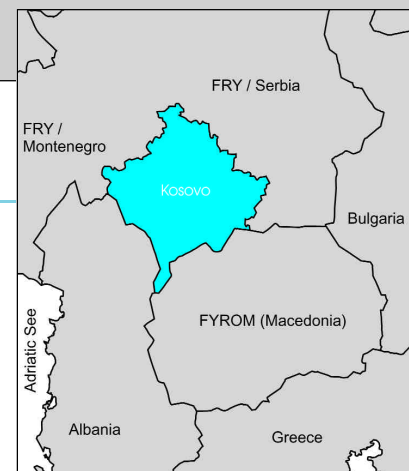
AIDS	Acquired Immune Deficiency Syndrome	OSCE	Organization for Security and Cooperation in Europe
CFA	Central Fiscal Authority		
CIVPOL	Civil Police	PISG	Provisional Institutions of Self-Government
DES	Department for Education and Science	PPP	Parity Purchasing Power
FRY	Federal Republic of Yugoslavia	SEE	South-Eastern Europe
GDI	Gender-related Development Index	SME	Small and medium- sized enterprises
GDP	Gross Domestic Product	SOE	Socially Owned Enterprises
HD	Human Development	SRSB	Special Representative of Secretary General
HDI	Human Development Index	STI	Sexually Transmitted Infections
HIV	Human Immunodeficiency Virus	UNDP	United Nations Development Programme
HPI	Human Poverty Index	UNFPA	United Nations Population Fund
IOM	International Organization for Migration	UNHCR	United Nations High Commissioner for Refugees
JIAS	Joint Interim Administrative Structure	UNICEF	United Nations Children's Fund
KEC	Kosovo Education Center	UNIFEM	United Nations Development Fund for Women
KFOR	Kosovo Forces	UNMIK	United Nations Mission in Kosovo
KFOS	Kosovo Foundation for Open Society	WB	World Bank
KLA	Kosovo Liberation Army	WHO	World Health Organization
KPC	Kosovo Protection Corps		
KPS	Kosovo Police Service		
NATO	North Atlantic Treaty Organization		
NGO	Non-Governmental Organization		

## Map of Kosovo and Surrounding Region



### Geographical Features

Location: between 41°04'N - 43°17'N and 20°00'E - 21°05'E.  
 Territory: 10,908 square km; of which 52% is agricultural land and 39.1% forests. Of the agricultural land just over half (52.3 %) is arable, and almost a third (31%) is pasture.  
 Capital city: Prishtina, with more than 400,000 inhabitants.  
 Highest peak: Gjeravica, 2,856 m.  
 Borders: Albania (112 km), Montenegro (77 km), Serbia (352 km), and Macedonia (161 km).







# Looking at Development from a Human Perspective

## Introduction

Over the past several years, efforts by the international community to place greater emphasis on the human aspects of development have met with considerable success. The United Nations Development Programme, in particular, has succeeded in establishing a series of standard human development indicators, which take into consideration a variety of development criteria, including measurements of health, education, poverty, economic wealth, and gender equality. Although these indicators, often calculated together as indices, offer only a partial, quantitative analysis of often complex development issues, they still represent powerful statistical tools for measuring long-term development trends and the policies which shape them both within and across regions and countries. This Kosovo Human Development Report marks the first time that these human development (HD) indicators and indices have been calculated and analyzed for Kosovo. This Chapter on the Status of Human Development in Kosovo thus serves to introduce the general concept of human-oriented development to Kosovans, as well as to begin to describe some of the aspects of Kosovan human development as reflected by HD indicators for other readers throughout the international community. By developing these baseline indicators, it will be easier to track and assess the relative success of long-term policies designed to improve living standards in Kosovo as it strives to reach new levels of development comparable to other countries in the region and elsewhere in Europe. Although the long-term political status of Kosovo remains sensitive and still requires resolution, efforts to improve the well-being and opportunities of its inhabitants to lead more productive lives remain a constant.<sup>1</sup>

*1. Although comparisons are made in this Chapter and throughout the Report between Kosovo and various countries, such comparisons are in no way a reflection, direct or implied, of Kosovo's current or future political status.*

“Peace begins with a smile”  
Mother Teresa

## Human Development Defined

Human Development is a process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge, and to have access to resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible.

But human development does not end there. Additional choices, highly valued by many people, range from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights.

Human development has two sides: the formation of human capabilities, such as improved health, knowledge and skills—and the use people make of their acquired capabilities for leisure, productive purposes or being active in cultural, social and political affairs. If the scales of human development do not finely balance the two sides, considerable human frustration may result.

According to this concept of human development, income is clearly only one option that people would like to have, albeit an important one. But it is not the sum total of their lives. Development must, therefore, be more than just the expansion of income and wealth. Its focus must be people.

*Source: UNDP, Human Development Report 1990.*

## General Trends in Kosovo's Development

For nearly two decades after the Second World War, Kosovo enjoyed a modest increase in social and economic development. In the 1970s, after political and economic reforms in the former Yugoslavia, Kosovo enjoyed a significant increase in societal prosperity and more dynamic economic growth. Beginning in the 1980s, however, the entire Yugoslav federation showed a slowdown in development, which was particularly marked in Kosovo. Its social, economic and political situation started to deteriorate more quickly after 1989, with the revocation of Kosovo's autonomy. Despite this, for much of the 1990s, standard indicators used to measure relative levels of human development in Kosovo remained essentially unaffected, especially those measuring levels of Kosovo's education and health.

The situation in Kosovo continued to worsen during the period from 1997 to 1999, when a combination of growing social, political and economic pressures led to the formation of an armed guerrilla movement fighting against the state. The resulting humanitarian crisis, which

threatened the Kosovo population at the beginning of 1999, in turn prompted intervention by the international community. The human and infrastructure damage to Kosovo caused by the 1999 conflict and subsequent NATO campaign was substantial, and inevitably has had a large impact on relative levels of human development in Kosovo, especially those involving social and economic components, at least over the short-term.

Following the conflict, in June 1999 Kosovo came under the rule of an interim international administration, UNMIK. A new phase of reconstruction, recovery and development was initiated. As this is a forward-looking Report that focuses on the present situation of Kosovo and its implications for the future improvement of living standards and opportunities for all Kosovans, no additional analysis of the years prior to 1999 will be detailed, except where there is a direct impact on current conditions. For comparative purposes, it is sometimes useful to look at statistical information over a period of several years. Due to several factors, the availability of reliable statistical information and other basic data covering all aspects of human development in Kosovo is limited. Although the combined efforts of several Kosovan and international development organizations have begun to address this shortfall of information successfully through a number of capacity building activities and data collection initiatives, much additional work in this area is still required (see Box 1.2 Statistical Shortages and Available Data).

## Statistical Shortages and Available Data

As will be discussed further both in this Chapter, as well as throughout the Report, efforts to gather and analyze information necessary to calculate human development indicators, as well as other standard statistical indices are hampered by a lack of comprehensive, up-to-date and reliable data in Kosovo. The last accurate general census

for Kosovo was taken in 1981, when nearly the entire population, individuals, households and dwellings, were counted. This census was managed by the Statistical Office of Kosovo. Statistical data collected and published by this office up to 1988 can be considered reliable. Although a second general census was conducted in Kosovo in 1991, its accuracy is suspect due to a broad boycott of the census by a majority of ethnic Albanians, which comprised a large majority of the overall population of Kosovo.

While attempts have been made to compensate for the shortage of reliable statistics, there have been no consistent standards of methodology or quality. The absence of reliable statistical data for Kosovo became especially acute after large population migrations during the 1990s, as well as both during and after the 1999 conflict. The fact that at present it is not possible, for example, to estimate reliably the total population now living in Kosovo, illustrates this problem.

Available statistical data for Kosovo thus can be divided in three categories: 1) data for the period prior to 1990; 2) data for the period 1990-1999; and 3) data available for the period starting after 1999. Data published before 1990 belongs to the period when the state offices and institutions were functioning normally, and can be considered reliable. The statistics for 1990-1999 are incomplete and do not give an adequate picture of the situation in Kosovo for this period and must be treated as such.

Since the end of the 1999 conflict, international and local organizations and institutions have begun to fill the data vacuum by carrying out various surveys and research. The Statistical Office of Kosovo has also been strengthened with the support of several international organizations (IOM, UNFPA, UNIFEM, DFID, UNDP, UNICEF, WB). Much additional support, however, is still required. Some of the most extensive research has been undertaken by the Institute for Development Research (Rinvest), and by the Statistical Institute of Kosovo in cooperation with UNFPA, IOM and the WB. These surveys and studies address demographic, social, economic, and health issues in Kosovo. It is on the basis of these studies that much of the analysis for this Report has been conducted. The Report's Bibliography provides more detailed information on these studies. Additional research has been commissioned, with the next general census of the population, households and dwellings planned for 2004.

## Measuring Human Development

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Kosovo has been through a period of great change during the three years of international administration beginning in 1999, with much reconstruction and many improvements in the daily lives of individuals and families. Some of these changes can be traced through the calculation and analysis of various human development indicators and indices. The following text provides an analysis of measurements for life expectancy, education, Gross Domestic Product, as well as the Human Development Index, Gender-Equality Index, and Human Poverty Index. This analysis also includes a comparative discussion of these indicators for other countries in the region and elsewhere in the world. Despite the difficulties presented by data limitations and information gaps, such assessments are essential as part of forward-looking efforts to track Kosovo's long-term progress in achieving human development levels comparable with those enjoyed elsewhere in the greater European region.

## Basic Human Development Indicators

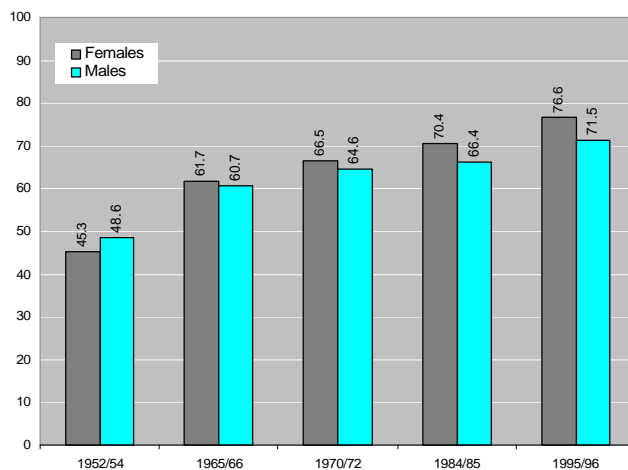
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An analysis of basic Kosovo's human development indicators, including life expectancy, education, and economic growth, shows different trends over the past several decades.

### Life Expectancy

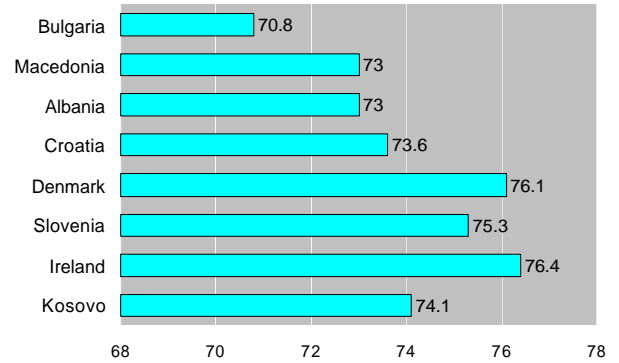
One of the most basic indicators used to measure relative levels of human development is life expectancy at birth. Life expectancy data available for this Report represents past trends only, however. There are no current data or assessments covering the post-1999 period. It is reasonable to assume that the unfavorable overall conditions directly leading up to and immediately after the period of conflict have had a negative impact. These conditions have included higher levels of income poverty, decreased levels of

nutrition, lack of adequate shelter and access to safe drinking water and sanitary conditions, limited access to health services, as well as increased instances of infant mortality. Because there is no reliable data for these sub-indicators, it is difficult even to estimate the degree of impact they have had on life expectancy. As noted above, due in part to significant internal and external migration during this same period, there is no precise data even on the total population of Kosovo. Given achievements made in the post-1999 period, in terms of improved living and economic conditions, it can be assumed that the downward trend in life expectancy has since been reversed, possibly even approaching levels estimated for 1995-1996. Additional data is required to produce more reliable, accurate estimations.



*Fig. 1.1 Life Expectancy at Birth (in years) of Kosovan Population [Source: Begolli I., 2001]*

During the 1990s, life expectancy for Kosovo grew to about 30 years longer on average than levels in the 1950s. This value is approximately the same as for such developed countries as Denmark, Ireland and Slovenia, as well as for other countries in the South-Eastern European region (see Fig. 1.2). This increase in life expectancy



*Fig 1.2 Comparison of Life Expectancy at Birth in Kosovo with other South-Eastern and Western European Countries for 1999 [Source: Human Development Report 2001; Kosovo values based on 1995-1996 estimations]*

can be taken as a rough proxy indicator of the improvement of the standard of living in Kosovo in general over the greater part of the last five decades. The increase in life expectancy has been more marked for females than for males. Thus, while the life expectancy at birth of females in the 1950s was lower at 45.29 years than that of males, by the 1990s female life expectancy at birth exceeded that of males by 5.19 years. Additional studies must be conducted to assess the factors influencing current gender differences in Kosovo's life expectancy averages. These and other issues are described in more detail in Chapter 5 of this Report.

## Education

Another set of basic indicators used to compare relative levels of development both within and across regions involves education. The long-term development of Kosovo, as elsewhere in the world, is directly dependent on the quality and comprehensiveness of the education of its youth. This is especially true for Kosovo given that it has one of the youngest populations in Europe. Two of the most important education indicators include average literacy rates and enrollment rates in primary education.

Education developed most rapidly in Kosovo between the 1960s and the 1980s when its network of primary and secondary schools expanded and a University was

founded. The educational system faced a number of challenges during the 1990s, particularly during the conflict period. Efforts to address these challenges and improve Kosovo's education system are described in greater detail in Chapter 3.

Kosovo's illiteracy rates have decreased steadily over the past several decades (see Figure 1.3). The Federal Statistical Office reported illiteracy rates of 11.9% in 1999. According to a household survey conducted by UNFPA and IOM, overall illiteracy rates in Kosovo had dropped to 6.5% by 2000. Other sources, including the Kosovo Education Center, (a Kosovo NGO), estimate higher levels of illiteracy. This, however, may be due in part to differing

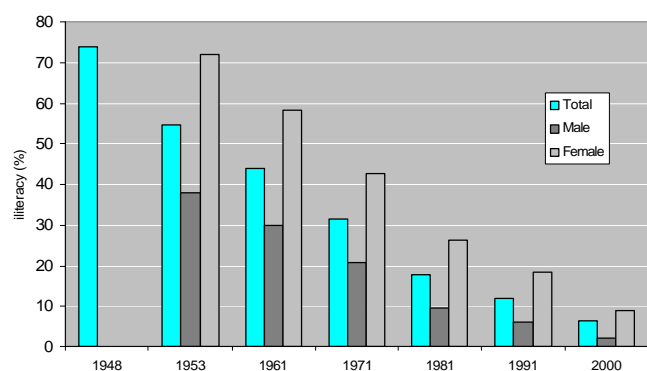


Fig. 1.3 Illiteracy Rates in Kosovo  
[Sources: KEC, 200b; UNFPA/IOM, 2000b]

definitions of functional literacy. More detailed surveys, such as those planned for the 2004 Census, are required to estimate more accurately.

Some of the most recent data available on gross enrollment rates for primary education has been collected by UNFPA and IOM. According to their estimates, enrolment rates for primary, secondary and higher education are 91.1, 59.5, and 17.3%, respectively.

Despite considerable room for improvement, Kosovo nonetheless still enjoys relatively high levels of education. Such human resources offer good potential with which to advance the overall human development of Kosovo. Additional reforms, however, are required, as well as further research to explore the causes and possible solutions for current imbalances in levels of

basic education between boys and girls, and to produce more accurate statistical data.

Table 1.1 Estimated Enrolment Rates in Kosovo Primary Education, % 2000

	Females	Males	Total
Primary school	91.2	92.1	91.7
Secondary school	54.0	65.0	59.5
Higher education	16.4	18.2	17.3
Mean value	53.7	58.4	56.2

Source: UNFPA/IOM, 2000b

### Economic Indicators

Although economic growth measured at macro-levels does not automatically ensure an increase in individuals' standards of living, long-term changes in some economic areas can partially reflect corresponding positive changes in levels of human development. One of the standard economic indicators used for this purpose involves Gross Domestic Product (GDP).

From 1985 to 1994 Kosovo's economic output and GDP values decreased sharply. GDP per capita values fell from 1,125 USD to 320 USD (see Figure 1.4). Although there is no reliable statistical data available for the period 1995-1999, given the economic and political changes of this period, it can be surmised that GDP per capita figures remained low. During the conflict of 1999, an estimated 10,000 lives were lost and 800,000 displaced. In addition, buildings and other economic infrastructure were damaged.

As a result:

- The overall economic activity in Kosovo is still low in comparison even with the 1980s;
- Unemployment remains high;
- There is a shortage of capital for investment in the economy and infrastructure.

### Box 1.3

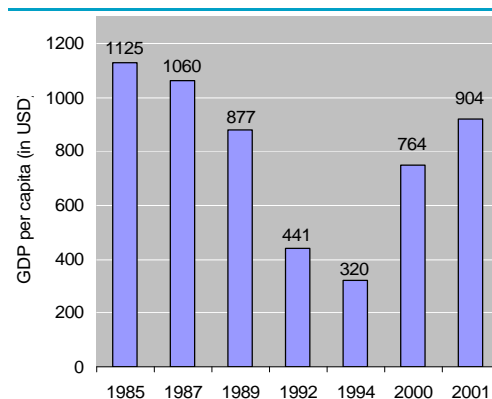
## A primer on the human development index

The first Human Development Report (1990) introduced a new way of measuring development – by combining indicators of life expectancy, educational attainment and income into a composite human development index, the HDI. The HDI sets a minimum and a maximum for each dimension and then shows where each country stands in relation to these scales-expressed as a value between 0 and 1. Since the minimum adult literacy rate is 0% and the maximum is 100%, the literacy component of knowledge for a country where the literacy rate is 75% would be 0.75. Similarly, the minimum for life expectancy is 25 years and the maximum 85 years, so the longevity component for a country where life expectancy is 55 years would be 0.5. For income the minimum is \$100 (PPP, Parity Purchasing Power) and the maximum is \$40,000 (PPP). Income above the average world income is adjusted using a progressively higher discount rate. The scores for the three dimensions are then averaged in an overall index. The HDI facilitates the determination of priority policies and the evaluation of progress over time. It also permits comparisons within and between different countries.

The HDI is a composite of three basic components of human development: longevity; knowledge; and standard of living. Longevity is measured by life expectancy. Knowledge is measured by a combination of adult literacy (two-thirds weight) and mean years of schooling (one-third weight). Standard of living is measured by purchasing power, based on real GDP per capita adjusted for the local cost of living (purchasing power parity, or PPP). Ideally, all aspects of human experience would be reflected in HDI. The lack of data imposes some limits on this, and more indicators could perhaps be added as the information becomes available. But more indicators would not necessarily be better. Some might overlap with existing indicators: infant mortality, for example, is already reflected in life expectancy. And adding more variables could confuse the picture and detract from the main trends.

The measuring rod for GDP is money. The breakthrough for the HDI, however, was to find a common measuring rod for the socio-economic distance traveled. The HDI sets a minimum and a maximum for each dimension and then shows where each country stands in relation to these scales-expressed as a value between 0 and 1. So, since the minimum adult literacy rate is 0% and the maximum is 100%, the literacy component of knowledge for a country where the literacy rate is 75% would be 0.75. Similarly, the minimum for life expectancy is 25 years and the maximum 85 years, so the longevity component for a country where life expectancy is 55 years would be 0.5. For income the minimum is \$200 (PPP) and the maximum is \$40,000 (PPP). Income above the average world income is adjusted using a progressively higher discount rate. The scores for the three dimensions are then averaged in an overall index.

*Reproduced from HDR 1994*



*Fig. 1.4 Changes in GDP per capita in USD, 1985-2001 [Sources: Riinvest, 1998; WB, 2001a; CFA assessment for 2001]*

Since Kosovo has been placed under international administration, efforts have been made to address these challenges and to create the conditions necessary for developing its economy. Some socially-owned and private enterprises have been restarted, and new businesses opened, particularly in the retail trade and services sectors. The number of firms registered in Kosovo as of December 2000 was 29,564, of which some 80% are small businesses. Despite these figures, however, there has so far been little improvement in the present high levels of unemployment and poverty.

## An Index for Human Development

The Human Development Index is an internationally recognized composite calculation of several individual development indicators. These indicators include: life expectancy at birth; adult literacy rate; combined gross enrollment in school; and Gross Domestic Product per capita (see Box 1.3).

The Human Development Index for Kosovo for 2001 has been calculated on data available for this year, and on estimates based on the trends observed over the recent past. Table 1.2 shows the indicators of human development in Kosovo, on which the human development index is based. For the purposes of calculating the index, life expectancy at birth has been taken as unchanged from 1995/96 [Begolli I., 2001].

## GDP Per Capita and Parity Purchasing Power (PPP)

The PPP conversion factor shows how much of a country's currency is needed in that country to buy what 1 USD would buy in the United States. By using the PPP conversion factor instead of the currency exchange rate, it is possible to convert a country's GDP per capita calculated in national currency units into GDP per capita in U.S. dollars while taking into account the difference in domestic prices for the same goods. Thus, PPP allows for a comparison of GDPs of different countries more accurately. Because prices are usually lower in developing countries, their GDP per capita expressed in PPP dollars is higher than their GDP per capita expressed in U.S. dollars according to exchange rates. In more developed countries, the opposite is usually true.

Due to limited statistical data for GDP and PPP values, calculation of Kosovo's HDI has proven particularly challenging. Although it is not at present possible to estimate accurately GDP per capita, its value has been estimated to fall between two values, one low and one high. The first, lower value has been calculated using USD exchange rates. The second, higher value has been calculated by multiplying GDP per capita by 3 – PPP ratios for other SEE countries typically fall within a range of from 3-4 times exchange rate values. For comparison, the PPP ratio for Macedonia, which shares many of the same macro-economic conditions as Kosovo, has a GDP per capita PPP value of about 2.8 times greater than GDP per capita values calculated using exchange rates.

Clearly, however, additional studies need to be conducted in order to establish more accurate figures in the future. The adult literacy rate and the gross enrolment ratio have been taken from the survey conducted by UNFPA and IOM in 1999 [UNFPA/IOM, 2000]. According to this data, adult literacy rates and gross enrolment ratios have not changed significantly between the 1999-2000 and 2000-2001 school years. Values for GDP per capita as reported by the Central Fiscal Authority have increased 23% since 2000. Box 1.4 offers a more detailed discussion of the challenges faced and methodologies used to calculate GDP per capita.

Analysis of the individual components of Kosovo's HDI reveals slightly uneven levels of human development in Kosovo. While the life expectancy at birth index, and the

educational attainment index have relatively high values, the gross enrolment value and adjusted GDP per capita index have relatively low values (see Tables 1.2 and 1.3.) This analysis is useful in efforts to formulate and revise development policies in Kosovo that aim at more balanced human development policies and increased opportunities for Kosovans.

The separate index values of each Human Development Index indicator, as well as the value of the HDI itself (calculated twice using two different GDP per capita values), are shown in Table 1.3.

In addition, Kosovo's HDI value(s) can be used to compare its development levels with countries in the region, as well as with countries elsewhere in the world. Countries with a Human Development Index of between 0.5 and 0.8 are normally consid-

Table 1.2 Some indicators of human development in Kosovo in 2001

Life expectancy at birth (in years)	Adult literacy rate (%)	Combined gross enrolment ratio (%)	GDP per capita (USD)	GDP per capita (PPP USD)
74.1	93.5	61.7	904	2,712

Table 1.3 Components of the Human Development Index of Kosovo for 2001

Life expectancy index	Adult literacy index	Gross enrolment index	Educational attainment index	Adjusted GDP (USD) index*	Adjusted GDP (PPP USD) index**	Human Development Index (HDI)*	Human Development Index (HDI)**
0.818	0.935	0.617	0.829	0.367	0.551	0.671	0.733

\* - HDI calculated based on adjusted GDP per capita index using USD exchange rates

\*\* - HDI calculated based on adjusted GDP per capita index using approximated PPP ratio



ered to be at a medium level development. Kosovo's Human Development Index of either 0.671 or 0.733, depending on the value of GDP per capita used, falls somewhere in the middle ranking of these countries. Table 1.4 offers a more detailed comparison of Human Development Index components with SEE and other countries.

international comparisons are limited in their usefulness. Of more importance is the quantitative and qualitative data that the HDI value represents for internal policy review and planning purposes over the long-term in conjunction with other surveys and assessments. As the reliability of Kosovo's statistical data increases, these

Table 1.4 Comparison of Kosovo HDI with HDI (for 1999) of other countries in the region and elsewhere

Ranking	Country	Life expectancy index	Educational attainment index	Adjusted GDP (PPP US\$) index	Human Development Index (HDI)
1	Norway	0.89	0.98	0.94	0.939
23	Greece	0.89	0.92	0.84	0.881
29	Slovenia	0.84	0.94	0.85	0.874
46	Croatia	0.81	0.88	0.72	0.803
57	Bulgaria	0.76	0.90	0.66	0.772
58	Romania	0.75	0.88	0.68	0.772
60	Macedonia	0.80	0.86	0.64	0.766
82	Turkey	0.74	0.77	0.69	0.735
	Kosovo**	0.82	0.83	0.55**	0.733**
83	Turkmenistan	0.68	0.92	0.59	0.730
85	Albania	0.80	0.80	0.58	0.725
102	Indonesia	0.68	0.79	0.56	0.677
	Kosovo*	0.82	0.83	0.37*	0.671*
103	Tajikistan	0.71	0.88	0.39	0.660
162	Sierra Leone	0.22	0.30	0.25	0.258
	The World	0.70	0.74	0.71	0.716

Source: Human Development Report 2001.

Kosovo\*\* - HDI calculated based on adjusted GDP per capita index value using approximated PPP ratio

Kosovo\* - HDI calculated based on adjusted GDP per capita index value using USD exchange rates

If Kosovo's HDI is calculated using the lower index value for GDP per capita, Kosovo would fall between the 102nd and 103rd ranking of countries based on the corresponding human development indices for the year 1999, immediately after Vietnam and Indonesia, and before Tajikistan, Bolivia and Egypt. At the same time, it would be ranked below most other SEE countries. If the higher estimated value of GDP per capita PPP is used to its calculate HDI, Kosovo would be ranked between 82nd and 83rd positions, immediately after Turkey and preceding Turkmenistan. Accordingly, it would be ranked much closer to other countries in the SEE region.

Given the low accuracy levels of the data used to calculate the Kosovo Human Development Index, however, regional and

and other HD indices should be recalculated and re-assessed.

### Measuring Levels of Gender Equality

The Gender-related Development Index (GDI) of a country or region reflects the level of equality achieved between men and women with respect to development indicators included in the Human Development Index, i.e. in terms of life expectancy at birth, educational achievement, and standard of living as measured by GDP, and also by employment. This is the first time the GDI has been calculated for Kosovo. The values of its gender-disaggregated components reflect the fact that women are still disadvantaged in comparison with men for most HDI indicators.

Box 1.5

## The HDI and GDI

The Human Development Index (HDI) measures the average achievement of a country in basic human capabilities. The HDI indicates whether people lead a long and healthy life, are educated and enjoy a decent standard of living. The HDI examines the average condition of all people: distributional inequalities for various groups of society have to be calculated separately.

The Gender-related Development Index (GDI) measures achievement in the same basic capabilities as the HDI does, but takes note of inequality in achievement between women and men. The methodology used imposes a penalty for inequality, such that the GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases. The greater the gender disparity in basic capabilities, the lower a country's GDI compared with its HDI. The GDI is simply the HDI discounted, or adjusted downwards, for gender inequality.

*Moez Doraïd, Human Development Report Office, August 1997*

Table 1.5 provides a breakdown of the statistics used to calculate the GDI for Kosovo. The same sources that have been used to calculate Kosovo's HDI have also been used for the GDI.

Traditionally, there have always been more men than women in Kosovo. Data given in Table 1.5 indicates that more recently a reverse trend has emerged. A great number of people from Kosovo have emigrated and are part of the Kosovan diaspora, where the percentage of males is higher than that of females.

corresponding levels for men. The situation is similar with regard to literacy (see Figure 3.4).

The greatest gender-related discrepancy is in GDP per capita. GDP per capita for females is much lower than of males (see Table 1.5). This imbalance is due largely to the relatively small number of females employed in Kosovo's workforce. There are many factors giving cause to this situation. These and other Gender issues are discussed throughout the following chapters of this Report.

*Table 1.5 Gender-related Development Index for Kosovo, 2001*

	Share of population (%)	Life expectancy at birth (years)	Adult literacy rate (%)	Educational Attainment index (%)	Share of economically active population (%)	GDP per capita (USD)	GDP per capita (PPP USD)
Females	51.2	76.64	89.8	59.3	30.1	428	1,248
Males	48.8	71.45	97.7	64.0	69.9	1,400	4,200

As noted above, current data on average life expectancy is limited. The latest estimates available to the authors of this Report for 1995-1996 indicated that women on average lived 5.19 years longer than men, which corresponds with the world average life expectancy differences between males and females.

Education has improved and illiteracy rates have been reduced in Kosovo during the last few decades for both males and females (see Fig. 1.3). Nonetheless, the statistics for men are better in these areas than those for women. Despite the fact that education levels for females in Kosovo have improved over the past decades faster than that for males, they still remain below the

Box 1.6

## Kosovan Diaspora

The Kosovan diaspora is large compared to the overall population of Kosovo. There have been three waves of emigration creating the diaspora. Before 1989, people emigrated mainly for economic reasons. Between 1989-1999, political, social and economic conditions led to emigration. The third phase occurred during the 1999 conflict. Most of the 1999 refugees have returned, but many Kosovan Serbs, Romas and Bosniacs left Kosovo after the fighting ended. It is difficult to estimate the size of the Kosovan diaspora. According to one estimate based on data from 2000, the diaspora totals more than 400,000 people. [Rinvest, 2001]. By way of comparison, CFA estimates for 2001 place the total population of Kosovo, excluding the diaspora and displaced persons, at 1.86 million. More accurate figures cannot be projected until the Census planned for 2004.

The disaggregated and composite index values of individual components of the GDI are provided in Table 1.6 and Table 1.7. With the exclusion of the life expectancy index, all other indices show greater empowerment of men over women.

ranking of countries based on respective Gender-related Development Indices for the year 1999, out of a total 146 countries that calculated the GDI. Using GDP per capita based on estimated PPP, Kosovo would be ranked between 75th (Turkey)

*Table 1.6 Disaggregated Index Components of Gender-related Development Index for Kosovo, 2001*

	Life expectancy index	Adult literacy index	Gross enrolment index	Educational attainment index	Adjusted GDP (USD) index	Adjusted GDP (PPP USD) index
Females	819	0.898	0.593	0.796	0.243	0.426
Males	0.816	0.977	0.640	0.865	0.440	0.624

*Table 1.7 Composite Index Components of GDI for Kosovo, 2001*

Life expectancy index	Educational attainment index	Adjusted GDP (USD) index*	Adjusted GDP (PPP USD) index**	Gender-related Development Index (GDI)*	Gender-related Development Index (GDI)**
0.818	0.828	0.504	0.315	0.652	0.717

\* - GDI calculated based on adjusted GDP per capita index using USD exchange rates

\*\* - GDI calculated based on adjusted GDP per capita index using approximated PPP ratio

Kosovo would hold similar positions in world rankings for the Gender-related Development Index as it does for its overall Human Development Index – see Table 1.8 below. Using GDP per capita data based on exchange rates, Kosovo would be ranked globally between 93rd (Tajikistan) and 94th (Bolivia) place in the

and 76th (China) place. In both instances, Kosovo's GDI would fall below the GDI of other countries in the SEE region, primarily due to the lower values of GDP per capita and women's participation in the workforce. Again, however, until more reliable, up-to-date data is available the value of such international comparisons is limited.

*Table 1.8 Comparison of Kosovo GDI with the GDI of other countries in the region and elsewhere*

Ranking	Country	Gender-related Development Index	Ranking according to HDI
1	Norway	0.937	1
24	Greece	0.874	23
27	Slovenia	0.871	29
44	Croatia	0.799	46
53	Bulgaria	0.770	57
54	Romania	0.769	58
71	Turkey	0.726	82
74	Albania	0.721	85
75	Saudi Arabia	0.719	68
	Kosovo	0.717**	
76	China	0.715	87
93	Tajikistan	0.659	103
	Kosovo	0.652*	
94	Bolivia	0.640	104
146	Niger	0.260	161

Source: Human Development Report 2001.

Kosovo\*\* - calculated using adjusted GDP per capita index value using approximated PPP ratio

Kosovo\* - calculated using adjusted GDP per capita index value using USD exchange rates

## Assessing the Impact of Poverty

Another important tool used to measure Human Development is the Human Poverty Index. In its broadest definition, human poverty implies more than just a shortage of goods or money: it is a multi-dimensional phenomenon that reflects deprivation with respect to a variety of basic needs.

Components of the Human Poverty Index for Kosovo and the Human Poverty Index itself are shown in Table 1.9. Calculations

have been made based on data also used for other HD indices calculated above, as well as from other additional sources [Riinvest, 2001].

The Human Poverty Index can be calculated in two ways, depending on whether a country or region is categorized as a developed or a developing country or region. It has been calculated for Kosovo according to guidelines for developing regions. Table 1.10 offers a comparison of the Human Poverty Index for Kosovo with some of the 90 developing countries for which HPI data has been published.

Box 1.6

### The Human Poverty Index (HPI)

If human development is about enlarging choices, poverty means that opportunities and choices most basic to human development are denied: to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-respect and the respect of others. From a human development perspective, poverty means more than the lack of what is necessary for material well-being.

For policy-makers, the poverty of choices and opportunities is often more relevant than the poverty of income, for it focuses on the causes of poverty and leads directly to strategies of empowerment and other actions to enhance opportunities for everyone. Recognizing the poverty of choices and opportunities implies that poverty must be addressed in all its dimensions, not income alone.

The Human Development Report 1997 introduced a human poverty index (HPI) in an attempt to bring together in a composite index the different features of deprivation in the quality of life to arrive at an aggregate judgement on the extent of poverty in a community. Human Development Report 1996 attempted this through a particular version of the capability poverty measure. The HPI pursues the same approach, focusing on a broader and more representative set of variables.

The three indicators of the human poverty index (HPI):

Rather than measure poverty by income, the HPI uses indicators of the most basic dimensions of deprivation: a short life, lack of basic education and lack of access to public and private resources. The HPI concentrates on the deprivation in the three essential elements of human life already reflected in the HDI: longevity, knowledge and decent a living standard.

The first deprivation relates to survival: the vulnerability to death at a relatively early age and is represented in the HPI by the percentage of people expected to die before age 40. The second dimension relates to knowledge: being excluded from the world of reading and communication and is measured by the percentage of adults who are illiterate. The third aspect relates to a decent standard of living, in particular, overall economic provisioning. This is represented by a composite of three variables: the percentage of people with access to health services and to safe water, and the percentage of malnourished children under five.

*Reproduced from the Human Development Report 1997*

Table 1.9 Kosovo Human Poverty Index and its Components, '01

P <sup>1</sup>	P <sup>2</sup>	P <sup>31</sup>	P <sup>32</sup>	P <sup>33</sup>	Human Poverty Index (HPI)
25.3	6.5	4.4	0.0	4.1	17.6

*P<sup>1</sup> - Percentage of the population not expected to survive to age 40.*

*P<sup>2</sup> - Percentage of adults who are illiterate.*

*P<sup>31</sup> - Percentage of people without access to safe water.*

*P<sup>32</sup> - Percentage of people without access to health services.*

*P<sup>33</sup> - Percentage of moderately and severely underweight children under five.*

70 percent of people in Kosovo earn less than 400 DM\* monthly, and that means poverty. About 15 percent of the population have rented their store or houses, or are in small business and trade, and they are earning more than 10,000 DM monthly. One could say this category of the population is rich. However, in my opinion, a rich man today is the one who has solved the housing problem..." [Kosovan man, 25]

\* The Deutch Mark was used until recently as the standard currency in Kosovo, now replaced by the Euro.

Table 1.10. Comparison of Kosovo Human Poverty Index with the HPI of other developing regions

Rank	Country	Poverty index	Ranking according to HDI
1	Uruguay	4.0	37
2	Costa Rica	4.0	41
29	Saudi Arabia	17.0	68
30	Iran	17.3	90
	Kosovo	17.6	
31	Sri Lanka	18.0	81
32	El Salvador	18.3	95
90	Niger	63.6	161

Source: Human Development Report 2001.

As shown by the data in Table 1.10 for developing countries, the Human Poverty Index for Kosovo would be ranked in the top third. Despite the value of such global comparisons, more important is the information the HDI reflects about poverty levels in Kosovo. According to a WB survey of 2,880 Kosovo's households carried out between September and December 2000, income poverty in Kosovo is also widespread (see Table 1.11)

• Poverty is pervasive, but not deep. The report distinguishes between two types of poverty: the 'post-conflict' poor who have been driven into poverty by the events of the last decade and the recent conflict of 1999, and the long-term extreme poor. The former have enough human and physical capital to benefit from the recovery of the economy and the economic growth that is expected in the next years. The welfare of the latter,

Table 1.11 Incidence of income poverty in Kosovo (I%)

	Extreme Poverty Headcount	Overall Poverty Headcount	Poverty Gap	Severity of Poverty
Total	11.9	50.3	15.7	6.8
Rural	11.6	52.0	16.1	6.9
Urban	12.5	47.5	15.1	6.7

Extreme poverty - Households below the food poverty line, defined as the cost required to provide 2,100 calories per day (per adult);

Overall poverty - Households below the full poverty line, or simply poverty line, which takes into account expenditures on non-food items, as well.

Poverty gap - the gap between actual consumption and the poverty line.

Severity of poverty - also measures the poverty gap giving importance to those households farther apart from the poverty line.

Source: WB, 2001

The main findings of the Kosovo Poverty Assessment Report, published by the World Bank in 2001, and based on this survey, are that:

- About half of the population of Kosovo has consumption levels below the full poverty line (equivalent to USD 1.534 per adult per day);
- About 12% of the population live in conditions of extreme poverty (equivalent to USD 0.813 per adult per day);

however, continues to be at high risk throughout the new stage of post-conflict development.

## Summary

Human Development is an important concept upon which comprehensive reform and growth strategies for Kosovo should be based. Although the very status of Kosovo from a political perspective

remains a sensitive issue, efforts to increase the standard of living, knowledge and opportunities for all Kosovans to lead fuller, more empowered lives should be maintained as part of long-term efforts to bring Kosovo closer to the standards enjoyed elsewhere in the greater European region. Despite the difficulties of the recent past, as well as the challenges that still exist, now is the time to look forward, to plan and to work together with all stakeholders to develop a better future for Kosovo and its inhabitants.

A series of standard, globally-recognized human development indicators have been established, which take into consideration a variety of development criteria, including health, education, poverty, economic wealth, and gender equality. Although these indicators, often calculated together as indices, offer only a partial analysis of development issues, they still represent powerful statistical tools for measuring long-term trends and the policies which shape them both within and across regions and countries.

As is the case for many developing regions in transition, there is in Kosovo a shortage of accurate statistical information on the basis of which long-term development policies can be monitored and revised. This makes calculation of a range of human development indicators and indices difficult. Additional support must be provided by the international community to develop the capacity of the Statistical Office of Kosovo, as well as other institutions involved in the monitoring of human development.

Kosovo possesses the same estimated Human Development Index of between 0.671 and 0.733 (depending on the calculation of GDP per capita) as do countries considered to have a medium level of development. This relative position in world rankings is a result not only of stagnation during the past decade, but also of the damage and destruction inflicted during the 1999 conflict. Although international comparisons are useful, more attention should be given to the information that the HDI and other indi-

cators and indices offers to policy-planners working within and for the development of Kosovo.

An analysis of basic indicators shows human development in Kosovo is uneven. While the life expectancy at birth index and the educational attainment index have relatively high values, the adjusted GDP per capita is low at 0.367, although somewhat higher, at 0.551 when using estimated PPP. The gross enrolment index is also relatively low at 0.617. Economic development and additional support to the education sector represent areas of high priority. This is especially important to the long-term development of Kosovo given the relatively young age of its population.

In gender-related human development, Kosovo with its index at 0.687 has a similar position in the world ranking as it does for its overall human development. Despite the fact that life expectancy of females has increased faster than that of males over the past decades, women are not yet equal to men in Kosovan society. All other indices aside from life expectancy show greater empowerment of males than of females. Improving opportunities for women in social, political, educational and economic sectors represents an area of particular priority for the future human development of Kosovo.

Recent research shows income poverty in Kosovo is widespread, with more than half of the population in poverty, and about 12 percent living in extreme poverty. Alleviating income poverty presents one of the most important challenges for Kosovan society as it looks towards the future.

While the calculation of such HD indicators is useful, it is important to note that the Human Development Index and other human-oriented indices capture only some of the many aspects of the complex sphere of human development. There are of course many additional areas involving issues of human security and human rights that also require the ongoing attention of the international and Kosovan community. These and other development issues are discussed in more detail in the following sections of this Report.



## Building a More Democratic Society


### Introduction

In June 1999, in accordance with Resolution 1244 of the United Nations Security Council, an Interim United Nations Mission in Kosovo (UNMIK) was established making the territory of Kosovo a de facto UN protectorate. Since that time, UNMIK, in cooperation with local organizations and other international partners, have worked hard to support the development of a more democratic society in Kosovo. Despite the tremendous political, economic, social and administrative challenges presented by such a task, gradual progress has been made. This work has addressed several core aspects inherent to any democratic society, including: governing institutions at the central and local levels; creation of political parties; civil society and the role of non-governmental organizations; the judicial system; ensuring security and the rule-of-law; human and minority rights; and issues of gender equality, freedom of speech and free press. This Chapter offers a summary of progress made to date, as well as an analysis of challenges remaining in efforts to establish an effective system of Kosovo's democracy.

### Long-term Processes of Democratization

Advancement of democratic processes represents one of the most crucial issues with respect to long-term human development in Kosovo. In order to be successful, these processes must be developed through close cooperation between the international community and Kosovan society. The long-term goal of this forward-looking process is to improve the lives of all individuals living in Kosovo through the establishment of a democratic system that offers them the same rights and opportunities as are enjoyed elsewhere in more established European systems of democracy.

Due to the special circumstances defining the post-1999 environment of Kosovo, the international community has taken the lead role in democratic



"I believe that in democracy, the weakest should have the same opportunities as the strongest"  
*Ghandi*



reforms and related development issues. This mandate is defined by UN Security Council Resolution 1244, which groups responsibilities among four principle fields, or "pillars": 1) humanitarian issues; 2) civil administration; 3) building democracy, including elections; and 4) reconstruction and economic development.

In the period immediately following the 1999 conflict, much of the work of the international community, in cooperation with Kosovan society, focused on relief and humanitarian assistance. This was primarily due to the need to address high human losses and material damage, including the return of hundreds of thousands of refugees. Because of this, and due to the low capacity of some of the inherited Kosovo's institutional frameworks, efforts to construct democratic systems were initially delayed. Over time, however, and in accordance with its mandate, the international and Kosovo communities have taken significant first steps along the road to democracy.

## Creating the Basis for Democratic Self-Government

In the initial post-conflict period, the administration of Kosovo was lead and largely dominated by internationals experts. In accordance with UN Resolution 1244, a Special Representative of the Secretary-General (SRSG) of the United Nations has been appointed to oversee all UNMIK activities and by extension all issues of governance in Kosovo.

One of the first major steps taken to ensure greater participation of Kosovans for Kosovo governance came in January 2000, when a Joint Structure of Interim Administration (JIAS) was formed. This Structure consisted of 20 central departments, conceptualized as ministries, staffed by UNMIK internationals and political leaders, as well as Kosovan experts, including Kosovan minority representatives. The departments were lead by two co-heads: one international and one local.

### Box 2.1

#### Main Responsibilities of International Civil Force According to UN Security Council Resolution 1244

The main responsibilities of the international civil force include:

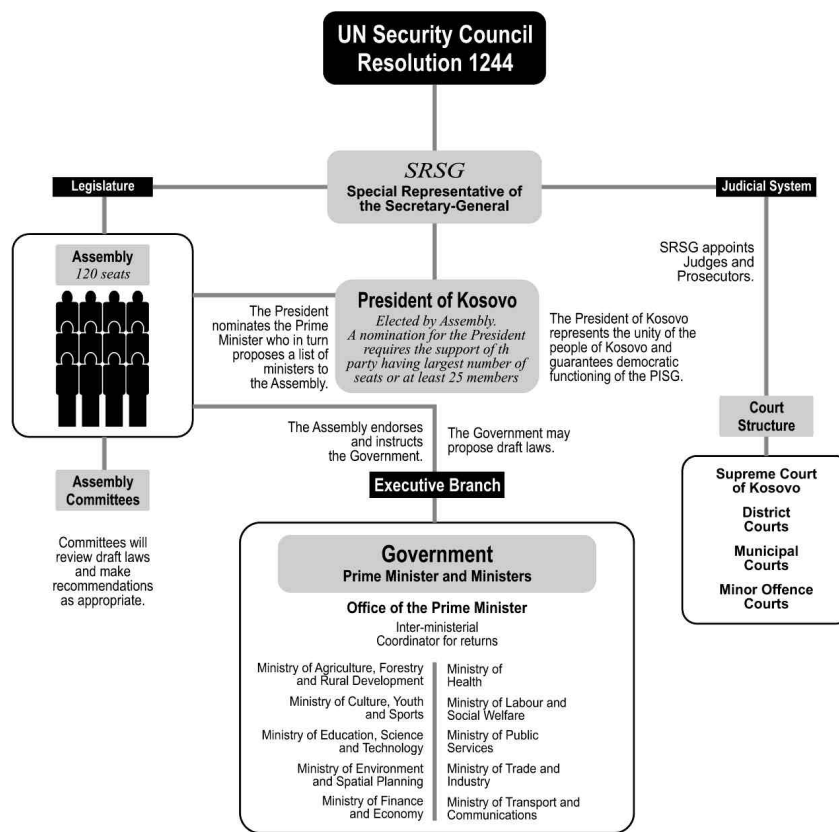
- Promoting the establishment, pending a final settlement, of substantial autonomy and self-government in Kosovo;
- Performing basic civilian administrative functions where and as long as required;
- Organizing and overseeing the development of provisional institutions for democratic and autonomous self-government pending a political settlement, including the holding of elections;
- Transferring, as these institutions are established, its administrative responsibilities while overseeing and supporting the consolidation of Kosovo's local provisional institutions and other peace-building activities;
- Facilitating a political process designed to determine Kosovo's future status;
- In a final stage, overseeing the transfer of authority from Kosovo's provisional institutions to institutions established under a political settlement;
- Supporting the reconstruction of key infrastructure and other economic reconstruction;
- Supporting, in coordination with international humanitarian organizations, humanitarian and disaster relief aid;
- Maintaining civil law and order, including establishing local police forces and meanwhile through the deployment of international police personnel to serve in Kosovo;
- Protecting and promoting human rights;
- Assuring the safe and unimpeded return of all refugees and displaced persons to their homes in Kosovo.

*Democratization is not a word, it is a process and as such it has to be learned. We have a lot to learn, but I believe that we will come through. We have already made first steps with the municipal elections and then with the general [Assembly] elections. I hope that we will have a smart leadership that will integrate us into the European family. [Businessman, 42]*

Together, all co-heads served on a Council of Ministers, whose mission was to formulate and implement various socio-economic policies for Kosovo.

Since this initial step, significant progress has been made in the establishment of more democratic systems of governance in Kosovo. In May 2001, the SRSG approved a Kosovo Constitutional Framework of Interim Self-Government, drafted by international and local experts. The aim of this Constitutional Framework has been to establish Provisional Institutions of Self-Government (PISG) in Kosovo through free and fair elections. Accordingly, elections for members of a new Kosovo Legislative Assembly comprising 120 seats were held in November 2001. The newly elected Assembly Members were then responsible for selecting a Kosovan President, who represents the unity of the people of Kosovo and guarantees the democratic functioning of the PISG. The Kosovan President then nominated a Prime Minister, who in turn proposed and received approval from the Assembly for a list of candidates to head ten new ministries. The Assembly is also responsible for endorsing candidates, who are then appointed by the SRSG to serve as judges and prosecutors for the judicial system (see Box 2.1).

Box 2.2 The Structure of the Provisional Institutions of Self-Government



Although the Kosovo Assembly was established within planned timeframes by December 2001, selection of the new President and approval of the Government were delayed by about three months primarily due to conflicts within and across

Box 2.3

### Assembly Elections in Kosovo

The 2001 Assembly elections are considered one of the most important political events in Kosovo for that year. The 2001 elections are considered widely as the first genuinely free and democratic elections.

A total of 16 Kosovan Albanian political parties, 3 independent Kosovan Albanian candidates, and 7 minority-based political parties participated in the elections. The participation of Kosovan Serbs, in particular, marked an important event for the future development of democratic systems in Kosovo. (In 2000, Kosovan Serbs boycotted local elections.) An international observer, speaking on behalf of the observers of the OSCE Parliamentary Assembly, commented that: "the elections... were held according to the highest standards, not only in comparison to the democracies recently emerged, but also to older democracies, with long histories... the observers of the elections, the staff and the people should feel very proud" [OSCE Report, 2001].

According to the Constitutional Framework, the Assembly of Kosovo has 120 seats. Out of these, 100 seats belong to certified political entities, with another 20 seats "set aside" to ensure the representation of minority communities in Kosovo. Ten of the seats are reserved for political parties representing Kosovan Serbs, with the remaining ten seats reserved for representatives of other Kosovan minorities.

Kosovo's Assembly was established in December 2001.

political parties. Such politically-related delays in democratic processes are harmful to the interests of the Kosovan people. Current development problems facing Kosovo are many and require swift administrative and political action.

Since the Assembly elections and appointment of the new Government, and in accordance with Resolution 1244, there has been a gradual transfer of power from the international administration to Kosovans. Because no one party managed to win a majority in the elections, the current government is formed on the basis of a wide coalition in which almost all of the parties present in the Assembly are represented. In addition, representatives of Kosovan minority communities head two out of the ten existing Ministries. One of these positions is reserved for the representative of the Serb community in Kosovo. These conditions represent an important foundation for the future democratic development of Kosovo that ensures a tolerant and representative system of governance.

#### Box 2.4

### Some Powers Reserved to the SRSG

- Full authority to ensure that the rights and interests of Communities are fully protected;
- Dissolving the assembly and calling for new elections
- Final authority to approve the Kosovo Consolidated Budget;
- Exercising final authority for appointment, removal and disciplining of judges and prosecutors;
- Exercising authority over law enforcement institutions and the correctional service;
- Exercising control over the Kosovo Protection Corps;
- External relations, including with states and international organizations;
- Control over cross-border/boundary transit of goods
- Authority to administer public, state and socially-owned property;
- Authority over railways, frequency management and civil aviation functions;
- Responsibility to ensure that the system of local municipal administration functions.

#### Box 2.5

### The Political Status of Kosovo

The political status of Kosovo presents one of the most challenging and sensitive issues discussed in the local and international political discourse. In May 2001, the U.S. Department of State conducted a survey for Kosovans including questions on the status of Kosovo. According to the results of the survey, if an independence referendum were called, some 97.7% of Kosovan Albanians would vote in favor of independence, whereas Kosovan Serbs represented in the survey were 100% in favour of Kosovo remaining a part of Serbia. Similar opinions were expressed in a survey conducted in April 2002 [Riinvest & Prism-Research, 2002], reflecting the high degree of inter-ethnic polarization between the Albanian majority and the Serb minority of Kosovo on this issue. The platforms and declarations of ethnically-based Kosovan political parties are identical to the opinions expressed in these surveys. Nevertheless, the view of many Kosovans, shared by the international administration in Kosovo as stated in the Constitutional Framework, is that, regardless of the final resolution taken concerning Kosovo's political status, all must continue to work together in efforts to build a more democratic society, respect human and community rights, and improve other aspects influencing human development in order to ensure a better future for all Kosovans over the long-term.

The full transfer of central government responsibilities to Kosovans is to take place at the completion of the international mission in Kosovo. Some of the responsibilities already transferred involve such daily issues as education, health, culture, agriculture, and public services. Other competencies and responsibilities are still reserved for the SRSG (see Box 2.4). The creation of the Constitutional Framework and successful elections for the Assembly, represent important measures

designed to extend opportunities for choice and participation in Kosovo's political processes, and to ensure sound legislation consistent with the needs of Kosovan society. Until the final political status of Kosovo is resolved, however, it is not possible for Kosovo to enjoy the full legislative and governing freedom found elsewhere. Until such a time, effective implementation and further development of legislation requires close cooperation with the international community to ensure a complementary union of internationally-accepted democratic principles and Kosovo's values. To this end, introduction of more regular meetings between the SRSG and other international representatives with Kosovan officials to discuss policy and prioritize external assistance needs would be useful.

that exist in Kosovo were not able to establish new assemblies, each with a Kosovan Serb majority population. Elections in these three municipalities were not certified because of a Kosovan Serb boycott of the election process.

The responsibilities of municipal assemblies are determined by UNMIK Regulation 2000/45. This regulation gives wide authorization to municipal assemblies over such areas as economic development, budget approval, health, education, and other social services. Local authorities are also responsible for residential and commercial zoning, environmental protection, and cultural activities.

Although the constitutions of municipal assemblies were developed with only minor problems, mainly of a procedural nature, the approval of municipality statutes, and

Box 2.6

### Standards Before Status

"One of my main responsibilities in implementing Resolution 1244 is to design a process to determine Kosovo's future status. We will not be able to get to this stage until Kosovo's society and institutions show that they are ready. Therefore, we must spell out what is required in order to get there. This is why I have devised a series of benchmarks that will identify what needs to be done before we can launch the discussions on status. Kosovo can only advance towards a fair and just society when these minimum pre-conditions are met. First standards, then status. These standards also mirror those that are required to be considered for integration into Europe. On the one hand they represent the beginnings of an exit strategy for the international community, but they are also in reality an entry strategy into Europe."

*Michael Steiner - SRSG*

## Decentralizing Power to Local Systems of Government

In addition to stable systems of governance at the central level, efficient decentralization of administration to local levels also represents an important characteristic of successful democracies. UNMIK has identified support to the decentralization process and local governance as a priority. After successful municipal elections held in October 2000, interim municipal councils established immediately after the 1999 conflict were replaced by assemblies selected through democratic elections. Only three out of the thirty municipalities

the appointment of executive heads and boards of directors in a majority of municipalities faced numerous difficulties and delays. In municipalities where the majority of assembly seats are held by one party, the appointment of individuals for different posts has progressed without major difficulty. In municipalities with almost equal representation of parties, however, appointment procedures were paralyzed for several months. There have also been difficulties in municipalities with mixed ethnic composition and where it has been required for Kosovan Serbs to be appointed to municipal assemblies despite their boycott of the elections in 2000. As a result, instead of addressing the pressing development challenges facing their

communities, many of the newly elected assemblies spent most of their first months addressing procedural issues. Narrow party interests and lack of experience have also contributed to inefficient assembly meetings in some municipalities. Some assemblies have also questioned UNMIK policies.

Despite these difficulties, municipal assemblies have managed to make some positive steps forward in efforts to resolve community problems and respond to their constituents' needs. Some progress has also been made with respect to inter-ethnic cooperation, particularly in the municipalities of Rahovec and Gjilan. Nevertheless, in order to reach long-term human development goals dependent on efficient democratic systems, the quality of local governance needs to be improved in several areas.

Most municipalities recruit candidates for what are defined as civil servant positions based on political considerations, which is in direct contradiction to the principles on which civil service systems are based. Effective systems of civil service require high standards of professionalism and long-term job security that is not threatened by changes in political positions. Municipal civil servants must be appointed according to relevant professional criteria, rather than party affiliation.

#### Box 2.7

### Youth in Kosovo

About 60% of the population is comprised of children and young adults under the age of 25. One-fourth of the population is between 15 and 25 years of age [UNFPA/IOM, 2000]. Despite their numbers, the participation levels of this new generation of Kosovans in political and economic life remains low. Clearly, more pro-active efforts need to be taken to involve this important segment of society into newly emerging systems of democratic governance.

Only in this way can the conditions for stable, democratic governance be met at the local level.

Additional training needs to be provided to civil servants and other participants in local

public administration. Many positions are filled by people with little or no experience in public administration. Although UNMIK and OSCE structures, as well as non-governmental organizations specializing in this field, are providing some training, additional training should be organized to meet the demand for qualified civil servants in local governments.

Under the former system of Kosovo's local government, some responsibilities were delegated to local semi-voluntary, part-time administrative units within a village, municipality or districts of larger cities (*bashkësia lokale*). Current processes supporting local governance have not yet envisioned such a degree of decentralization. Given the demographics of Kosovan society - 60% of the population lives rural areas, while the larger urban centers are overcrowded - municipal administrative offices are often overwhelmed. The concentration of power in municipal centers has decreased the ease with which citizens can communicate their individual needs and have those needs addressed. By extending certain functions to more regionally dispersed units as sub-organizations of local government, opportunities for closer and more efficient communication between citizens and local administrations would increase.

New municipal elections scheduled for the end of 2002 offer a chance to apply lessons already learned and to implement more democratic systems of local governance responsive to local community needs.

### The Growth of Political Parties

There are now 23 political parties representing Kosovan Albanians registered with UNMIK. Another nine active political parties are also registered that represent Bosniac, Roma and Turks minorities in Kosovo. Although in principle any citizen of Kosovo can become a member of any party, this does not occur in practice. Parties are almost exclusively mono-ethnic. There are also about a dozen active parties representing Kosovan Serb

minority communities, however, they are not registered with UNMIK. Most of these are under strong influence from political parties in Serbia and are also mono-ethnic. Many of the currently active political parties emerged only after 1999, or were formed as party coalitions in order to participate in the local elections held in October 2000 and Assembly elections in November 2001. Political parties representing Kosovan Albanians that received the most votes in these elections include the Lidhja Demokratike e Kosovës (LDK), Partia Demokratike e Kosovës (PDK), and the Aleanca për Ardhmërinë e Kosovës (AAK - the Alliance for the Future of Kosovo).

Political parties representing Kosovan Serbs began to participate more directly in Kosovo's political life relatively late. Because the Kosovan Serb community boycotted voter registration activities, it in turn did not participate in the 2000 municipal elections. The Kosovan Serb community is now more politically active. It is represented by the Povratak (Return) coalition, a name symbolically chosen to reflect the program assisting the return of Serb minorities to Kosovo after June 1999. The Povratak coalition managed to receive the third largest number of votes in Assembly elections.

Other political parties representing minority communities in Kosovo that received enough votes to be represented in the new Assembly include: the Bosnjačka Stranka Demokratske Akcije Kosova (Bosniacs); Vatan (Bosnians and Goranis); the Kosova Demokratik Turk Partisi (Turks); the Partia Rome e Bashkuar e Kosoves (Romans); the Iniciativa e Re Demokratike e Kosovës (Egyptians); and the Partia Demokratike Ashkanli Shqiptare e Kosovës (Ashkanlis). As noted above, since 1999 many political parties have been more preoccupied with winning elections than contributing to efforts to resolve the most pressing issues facing Kosovo's development. Although elections themselves since 2000 have been conducted without major difficulties, narrow party interests have emerged. In most cases, this has led to a delay in

forming governments, and a corresponding delay addressing the interests of those that elected them. If efforts to develop more effective forms of governance are to be successful, political parties must cultivate a more democratic culture of tolerance and devote themselves to meeting the interests of Kosovan society. Given the large percentage of young adults in the population, the commitment of political parties to respond to the needs of a new generation of Kosovans is also a priority for advancing Kosovo human development.

## Supporting Civil Society and Non-Governmental Organizations

Some of the most important components of a democratic system, which serve to improve opportunities for individual growth and empowerment and allow for greater civic participation, involve the creation of "intermediary structures" of civil society. Such structures can include unions and associations for the defense or advancement of certain interests, charities, foundations, and other types of non-governmental organizations (NGOs) and community-based organizations (CBOs).

During the 1989-1998 period over 65 NGOs were active in Kosovo, including 5 international NGOs. The first NGOs to be formed focused on human rights, followed by several humanitarian NGOs, and then later by a range of other interest groups. For a variety of social, political and economic reasons, these NGOs faced many challenges in pursuing their work. Since 1999, the number of registered NGOs has grown significantly to nearly 1,700. They are spread throughout Kosovo's territory with the largest number concentrated in the larger urban centers. In addition to human rights and humanitarian aid, these NGOs focus on such issues as psychological-social aid, education, economic aid, citizen education, and political lobbying. Their target groups include youth, women, the disabled, ethnic groups and the business community.

Despite their numbers, however, most Kosovan NGOs have not yet reached their full potential in terms of supporting fully developed democratic societies and supporting efforts to solve the needs of the communities in which they work. Although many international organizations, including the OSCE, have worked to increase the capacity of Kosovan NGOs, additional assistance is still required. Some of the areas in which NGOs could be strengthened include: increased inter-NGO networking and cooperation; more concretely defined mission statements and development objectives; and self-financing capacities.

Box 2.8

### Civic Education

In many transitional countries and regions in which more democratic systems of governance are being introduced for the first time, there is often a misconception that 'democracy' implies an automatic guarantee for unlimited personal freedom, rather than a participatory process based on the exchange of ideas and support of institutions involving a range of civic rights, obligations, and activities. Kosovo is no exception. Although some progress has been made with the support of local and international organizations, additional attention must be focussed on the importance of civic education as means to reinforce democratic principles and processes already underway, particularly for Kosovan youth. Newly established systems of democracy in Kosovo can only be maintained and improved over the long-term if they are understood by and enjoy the participation of all Kosovans

At the same time, additional work is needed to educate Kosovan officials of the role that NGOs can play in cooperation with government institutions to support a range of development activities at both central and local levels. By working more directly and purposefully with both governmental counterparts and the community beneficiaries that they serve, Kosovan NGOs can contribute significantly to improve the effectiveness of democratic governance by increasing levels of civic participation.

## Establishing an Effective Judicial System

The initial 1999 post-conflict period was characterized by the existence of a judicial system unable to try and punish offenders or to offer Kosovans the stability afforded by systems adhering to rule-of-law principles. The legal system lacked a constitutional basis, and was difficult to implement.

Since then, the international community has made strong efforts to reinstall and reform the judicial system in Kosovo. The authority and full responsibility for the development and functioning of Kosovo's judicial system remains a responsibility of the SRSG.

One of the primary responsibilities of the SRSG is of a legislative nature. Through November 2001, more than 100 new regulations had been signed by the SRSG. In May 2001, the SRSG promulgated the Kosovo Constitutional Framework of Interim Self-government. The judicial system is also defined by Regulation 1999/24. This Regulation recognizes four sources of legislation in force in Kosovo:

- Laws observed in Kosovo prior to March 1989;
- Laws passed in Kosovo between March 1989 and December 1999, in cases where they fill a legislative gaps in laws set prior to March 1989, and are consistent with human rights standards;
- New UNMIK Regulations promulgated by the SRSG since 1999;
- Other international standards providing for and protecting basic human rights.

In early 2000, three hundred judges and prosecutors were appointed by the SRSG as part of the new judicial system. The same structure of courts that existed before 1999 was reinstated, comprising a Supreme Court, District Courts, Municipal Courts, and Minor Offense Courts. The international community has also assisted in the reinstatement of disciplinary-corrective institutions.

This process of reestablishing Kosovo's judicial system has not occurred without difficulty. One challenge has involved the

lack of experience of many judges and prosecutors who have not held judicial positions since 1989. Another difficulty has arisen due to the fact that none of Kosovan Serb judges and prosecutors that were appointed took the relevant oath in front of representatives of the international administration, and therefore could not be included in the Kosovo's judicial system. As a result, a parallel judicial system was created within certain Kosovan Serb

independence;

- A speeding up of the promotion of new judges and lawyers, including minority representatives;
- Ongoing professional training to ensure compliance with international judicial standards;
- Support to higher education to develop new professionals in the legal field;
- Full integration of the judicial system across the entire territory of Kosovo.

Box 2.9

## Gender Equality in the Judicial System

The Kosovan judicial system is characterized by a lack of gender equality. Women staff only 19% of Kosovo's courts and public attorney offices, and only 6.7% in Kosovo's Chamber of Lawyers. Women head only three criminal and one municipal court [Norma, 2001]. In smaller communities, where at times there are no women in judicial positions, the percentage of women judges and prosecutors is lower than in larger centers. More research is required to ascertain the causes of these gender imbalances and to propose possible solutions.

enclaves. Nevertheless, the international administration continues to support the full and equal integration of judges and other judicial personnel from minority communities within the judicial system. Also, throughout the post-conflict period, threats have been made against judges by defendants or their family members.

Some international judges and prosecutors have also been appointed to Kosovo's judicial system. Their primary role is to further the professionalism, independence and efficiency of the system, and support establishment of rule-of-law in Kosovo in accordance with international standards. Their role is also to demonstrate non-biased and objective rulings. Such interventions are essential in order to ensure the equality of all before justice, regardless of religion, sex, beliefs, or ethnicity.

Many of the initial problems mentioned above have been resolved; however, there are still many areas that must be addressed to establish an effective judicial system that serves as a pillar supporting the broader goals of democratic governance and human development.

Some of these areas include:

- A more contemporary structuring of the judicial system and effort to ensure its full

## Guaranteeing Basic Security

As discussed above, one of the basic pre-conditions for human development and expectation of effective systems of democratic governance is the maintenance of security, law and order. In the immediate post-conflict period, these issues were of particular concern. High levels of crime jeopardized the process of democratization, as well as the overall stability of Kosovan society.

Overall responsibility for territorial security belongs with NATO, whose troops are known as the Kosovo force, or KFOR. Immediately after the 1999 conflict, the SRSG and KFOR Commander signed an agreement with the leaders of the Kosovo Liberation Army (KLA) for its demobilization and transformation into the Kosovo Protection Corps (KPC), which currently functions as a civilian emergency organization. Issues of public security, and law and order enforcement were and continue to be the responsibility of the international community through CIVPOL, the international civilian police force of UNMIK. Because the forces recruited for CIVPOL



initially arrived only after a period of several months and in small numbers, at first police presence was low with limited effectiveness. Those members of CIVPOL who were in-country were hampered because they lacked knowledge of local languages and were trained in the laws of their own country, which in some ways differ from the laws of Kosovo.

The situation has begun to improve with the establishment of a local police force, the Kosovo Police Service (KPS), which is still in a phase of training and consolidation. More than a dozen classes of KPS cadets have been trained, with the total number of police officers soon expected to reach 5,000. A majority of these officers are Kosovan Albanians, with 14% of their ranks representing minority communities, including Kosovan Serbs (7%) engaged in Serb enclaves, as well as ethnic Bosniacs, Turks and Roma. Some 19% of the total number of KPS officers are women. This represents a considerable increase compared to the number of women employed in police forces before the conflict.

*Table 2.1 Major Offenses in Kosovo, 2000-2001*

	2000	2001	Change (%)
Murder	245	118	-51.8
Kidnapping	190	165	-13.2
Att. Murder	275	225	-18.2
Att. Kidnapping	108	91	-15.7
Rape/ Att. Rape	115	133	+15.7
Aggression/Assault	226	288	+27.4
Arson	523	218	-58.3
Looting	22	6	-72.7
Total	1704	1244	-27

*Source: UNMIK Police, Crime Information Centre Reports*

The overall security situation with respect to crime in 2001 and the first months of 2002 has improved in comparison with crime rates for 1999 and 2000 (see Table 2.1). Since crime rates represent an important indicator of stability, the drop in numbers of serious crimes committed indicates a positive transformation in Kosovan society. Nevertheless, additional work must be done to improve security conditions.

Particular attention must be focused on Kosovan Serb communities isolated in Serb enclaves without the guaranteed safe freedom of movement throughout the entire territory of Kosovo. Kosovan Albanians and Bosniacs living in the northern part of Kosovo also face the same problems of restricted freedom of movement. In addition, organized crime and corruption also continue to have a negative impact on Kosovo stability.

Sustainable levels of democratic governance and human development cannot be achieved without further action taken to improve the security situation in Kosovo. These actions include:

- A speeding up in the shift of responsibility for enforcement of law and order to the KPS
- Increased police effectiveness through training
- Nurturing of a culture that denounces crime and respects the work of police
- Ongoing efforts to curb corruption at all levels
- Ongoing regional cooperation to address organized crime.

## Protecting Human and Minority Rights

Another key component of human development and democratic systems, closely related to the issue of security, involves human rights and the rights of minorities. Respect for and the protection of basic human and minority rights is an especially important issue influencing long-term development in Kosovo.

Although the principles of human and minority rights have been promoted by both the international community and representatives of Kosovan society throughout the post-conflict period, it has proven difficult, especially in the period immediately following the conflict, to put such principles into practice. Within Kosovan society, there was little experience in ensuring human and minority rights. In turn, the international community was faced with a tremendous task of defending and promoting human rights during the

first months of the post-conflict situation in an environment still dominated by stress and inter-ethnic polarization. As discussed above, this period was also characterized by a general lack of institutional capacity and by low levels of law and order. As a result, incidents of human rights abuses and violence were particularly high in 1999 and 2000, although the situation is improving (see Box 2.10).

Box 2.10

### Human Rights-related Violence in Post-conflict Kosovo

Violent crime in Kosovo immediately following the 1999 conflict was high. Although such violence affected the entire Kosovo population, proportionally it was felt more by Kosovan Serbs and other minority communities.

According to the official data of CIVPOL, the international police force under UNMIK supervision, during the second half of 1999, i.e., the first six months of the post-conflict period, some 250 violent deaths were registered, mainly murders. In 2000, 245 cases of violent death were registered, of which 15 were caused by explosive devices left over from the conflict. Out of these 245 cases, some 160 or 65% of those killed were Kosovan Albanians, 45 were Kosovan Serbs (18%), 12 Roma (5%), 7 Bosniacs (3%), and 21 unidentified (9%). Although the motives for many of these cases are still unknown, a great number are considered ethnically or politically motivated. The number of injured in 2000 as a result of violent incidents is also high, 219. Explosive devices were used in 44 of these cases. Those injured included 145 Albanians (66%), 52 Serbs (25%), 9 Roma (4%), and 13 unidentified (6%).

Beginning in 2001 the incidences of violent crime have begun to decrease in Kosovo (see Table 2.1).

Through the efforts of several local organizations involved in the defense of human rights and freedoms, as well as such

international organizations as UNMIK, OSCE and other international NGOs, progress has been made, particularly with respect to the human rights of minority communities and rights abuses involving inter-ethnic disputes. Nevertheless, additional work must be done to improve the security and integration of minorities into Kosovan society, particularly Kosovan Serbs. In addition, greater attention must be given to protecting and promoting the rights of women and children.

According to UNHCR and OSCE evaluations, there are some 100,000 ethnic Serbs living in Kosovo, compared with 195,000 reported for 1991. (According to CFA estimates the total population of Kosovo in 2001 was 1.86 million. More accurate figures cannot be projected until the 2004 Census). Some 35-36,000 of these Serbs are living in northern areas of Kosovo. These enclaves include the northern portion of Mitrovica, and the Zveçan, Zubin Potok and Leposaviq municipalities. They cover 18% of total Kosovo territory. Within these enclaves there also exist several smaller pockets of ethnic Albanians. The 65,000 remaining Serbs live in smaller enclaves throughout other parts of Kosovo. Because their freedom of movement has not yet been ensured, most Serbs continue to remain isolated and not involved in most aspects of social, political and economic life in Kosovo, especially those living in the northern enclaves. Despite some progress, such as the participation of the Serb community in the 2001 Parliamentary elections, public opinion surveys show that even after nearly three years since the end of the 1999 conflict, a relatively high degree of interethnic polarization between Kosovan Albanians and Kosovan Serbs continues to exist [Riinvest & Prism - Research, 2002].

Some Kosovan Albanians view a part of the Kosovan Roma community as having been collaborators with Serbs during the 1999 conflict. For this reason, during the post-conflict period, Roma have been subject to arbitrary and non-selective violence from some extremists. Their security and freedom of movement in the period

*I am from Mitrovica. I have been listening to the same things for two and a half years: "Kosovo cannot be partitioned, Kosovo is one." Then I ask UNMIK, "why can't I go back to my house?", since they are the ones responsible for governing Kosovo? They have not moved a single step towards solving this issue. I don't believe that anything will change after the elections, since UNMIK will still have the final say. [Kosovan Albanian Chemist, 47]*

*UNMIK has done nothing to protect us, secure freedom of movement, and return the Serbs who have left the province. They say they are here for all the Kosovans - which translates as 'Albanians'. [Kosovan Serb, Graçanica inhabitant]*

immediately after the conflict was limited. Their human rights situation is gradually improving in part due to the initiatives of some individuals for interethnic reconciliation.

The Bosniac minority has also been subjected to violence based on various motives in the post-conflict period. In 1991 there were an estimated 67,000 Bosniacs living in Kosovo, constituting the second largest minority after Kosovan Serbs. According to an OSCE evaluation there are now some 47,000 Bosniacs in Kosovo. As has been the case with Kosovan Roma, there has been a gradual improvement in relations with other ethnic groups, and greater participation in social and political life.

Another minority community, Kosovan Turks, has experienced relatively fewer ethnically-based confrontations with other communities in Kosovo. Nevertheless, the total number of Turks living in Kosovo has decreased from roughly 20,000 to about 14,000 in the post-conflict period.

#### Box 2.11

### Kosovan Minority Communities

Although difficult to estimate accurately, the population of Kosovo is comprised of ethnic Albanians (88%), Serbs (7%) Bosniacs (3%), Romas (1.8%), Turks (0.8%), and other minority groups (0.4%).

One other "minority" community that is rarely recognized as such is the international contingency living and working in Kosovo. There are some 38,000 members of KFOR, and an additional 20,000-30,000 civilian internationals present. This international community would represent the third largest group in Kosovo after ethnic Albanians and Serbs

The main factor most likely responsible for the high degree of minority rights violations since the formal end of the conflict involves the emotions of some within the majority population of Kosovo about events prior to and during the conflict.

#### Box 2.12

### Human Rights Principles as Outlined in the Constitutional Framework of Kosovo

In accordance with the Constitutional Framework of Kosovo, all persons in Kosovo shall enjoy, without discrimination on any ground and in full equality, human rights and fundamental freedoms. The Provisional Institutions of Self-Government shall observe and ensure internationally recognized human rights and fundamental freedoms, including those rights and freedoms set forth in:

- The Universal Declaration on Human Rights;
- The European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols;
- The International Covenant on Civil and Political Rights and the Protocols thereto;
- The Convention on the Elimination of All Forms of Racial Discrimination;
- The Convention on the Elimination of All Forms of Discrimination Against Women;
- The Convention on the Rights of the Child;
- The European Charter for Regional or Minority Languages; and
- The Council of Europe's Framework Convention for the Protection of National Minorities.

The provisions on rights and freedoms set forth in these instruments shall be directly applicable in Kosovo as part of this Constitutional Framework. All refugees and displaced persons from Kosovo shall have the right to return to their homes, and to recover their property and personal possessions. The competent institutions and organs in Kosovo shall take all measures necessary to facilitate the safe return of refugees and displaced persons to Kosovo, and shall cooperate fully with all efforts by the United Nations High Commissioner for Refugees and other international and non-governmental organizations concerning the return of refugees and displaced persons

There are, however, several factors that have contributed to the high level of ethnically-motivated violence in Kosovo. These include:

- initial political and security institutional gaps of post-conflict period
- ongoing polarization over the issue of the final political status of Kosovo (see Box 2.5)
- continued non-integration of the northern area of isolated Kosovan Serb enclaves
- concern over the status of some 4,000 persons missing during and after the conflict.

The establishment of the Constitutional Framework and an Ombudsperson Institution mark positive steps with respect to the advancement of human rights and freedoms. A considerable portion of the Constitutional Framework is dedicated to individual and collective rights (see Box 2.12). It calls for the same level of basic human rights as observed elsewhere in Europe and the world. The Ombudsperson Institution of Kosovo was established in 2000, headed by an international expert. Members of all Kosovan communities are able to approach the Ombudsman on issues of human rights.

In order to advance democracy further, Kosovan society needs to commit to the principles of human rights by respecting minority rights and the integration of minority communities. Of particular importance in this regard are the following:

- Full integration of ethnic minorities in all aspects of the society
- Defense of diversity of all ethnic groups
- Encouragement and creation of conditions for the return of those who have left Kosovo
- Unprompted condemnation by holders of public office of obstruction of justice and violence
- Active advocacy by political and community leaders for returns and reintegration
- Policies approved and implemented by the PISG to promote freedom of movement publicly
- Holders of public office to refrain from extremists statements in public

- Active endorsement by public office-holders of greater minority participation in the KPS

- Sustained efforts by the PISG to promote values of rule-of-law.

Additional studies must be conducted on human rights abuses against women and children, on the basis of which more targeted policy recommendations and interventions can be formed.

## Moving Towards Gender Equality

Another important aspect of human development linked closely to the issue of human rights involves gender equality. As discussed in Chapter 1, a special index has been established, the Gender-related Development Index (GDI), that looks at basic human development indicators from a gender perspective, i.e., how equal is the level of human development between women and men.

The Kosovo Constitutional Framework proclaims that all inhabitants of Kosovo enjoy internationally accepted standards of human rights in full equality and without any form of discrimination, and that all tenets described in the international Convention for Elimination of All Types of Discrimination against Women are also observed in Kosovo. In practice, however, various types of gender-based inequality and discrimination against women do exist. Analysis summarized in Chapter 1 (see Fig. 1.6) shows that although Kosovan women enjoy a longer estimated life expectancy at birth, they are in general less active in the economy and on average attain lower levels of education. In addition, Kosovan women are less equally represented in the judicial system and other areas of public and private sector activity. No women, for example, were appointed as Ministers when the new government was formed in 2002. This situation is in part explained by some elements of traditional Kosovo's life that dictate a woman's primary responsibilities should center around the raising of children and other family-oriented and domestic activities. In order to lessen levels

of discrimination against women and create an environment that provides equal opportunities for development for both men and women, several measures should be taken in cooperation with both the international community and Kosovan society. These include:

- Education campaigns to promote the concept of gender equality and raise awareness of latent and overt forms of discrimination against women;
- Training designed to mainstream gender equality principles into institutional capacity building;
- Gender review of all major policy and planning documents;
- Additional affirmative action programs, such as ongoing recruitment of women into the local police force and a minimum 33% quota for women representation in local and parliamentary elections;
- Introduction of policies designed to increase the involvement of women in all fields and levels of educational, technological, and cultural endeavor; and
- Professional training for women to assume positions of leadership and management.

## Freedom of Speech and Mass Media

Effective systems of democracy also place a high priority on the right to freedom of speech and the development of a free press and other forms of mass media. In the period leading up to the 1999 conflict, these freedoms were restricted in Kosovo. Since 1999, however, there has been a significant increase in the number of outlets offering Kosovans an opportunity both to express and to receive a variety of opinions and ideas, including print, television, and radio media, and public opinion polls. Six daily papers are now printed in Kosovo, each with a different political orientation or independent editorial approach.

In addition, there are publishing houses of various sizes and covering a range of printing and publication services, primarily in the Albanian language. The situation regarding print media and publications in

other minority languages, however, has not advanced to such a degree. At present there are only two magazines published in the Bosnian language and one in Turkish. Major publications printed in the Serbian language are for the time being available only from Serbia. Several international publications are also available for sale and subscription in Kosovo.

In the nearly three years since the end of the 1999 conflict, electronic media in Kosovo have also experienced relatively rapid growth. Local television programming is produced by one public and by two private stations. Together they cover some 80% of Kosovo's territory. The public television station, which initially was used to offer emergency information services, now offers multi-ethnic programs, including evening news broadcasts in Serbian, Turkish and Bosnian languages, in addition to regular programming in the Albanian language. The two independent commercial stations have only recently been established and at present offer limited programming in the Albanian language. In addition, satellite services are available on a commercial basis offering a range of international programming.

In Prishtina and some other urban centers, Internet is also available. Although there is still limited locally produced content, the potential offered by the Internet and other advanced forms of information and communication technologies with respect to freedom of speech and open dialogue in Kosovo is great and should be developed further through commercial incentives and educational programs.

There are currently more than fifty radio stations in Kosovo, including publicly, privately, and NGO-operated facilities covering the entire territory. Programming is available in the Albanian language, as well as in Serbian and other languages spoken by minority communities.

In general, there are few instances where Kosovan mass media has been used negatively either to encourage extreme forms of ethnic pride or to provoke already high levels of ethnic polarization. At the same time, however, the power of the mass

media to positively influence Kosovo's development has only been partially tapped. The mass media should be used more actively to promote a democratic culture of multi-ethnic tolerance that is necessary for human development in Kosovo.

Another forum available to Kosovans both to exercise their free speech and hear the views of others involves public opinion polls and surveys. Since 1999, several opinion polls and surveys have been conducted and their results and analysis published in several languages.

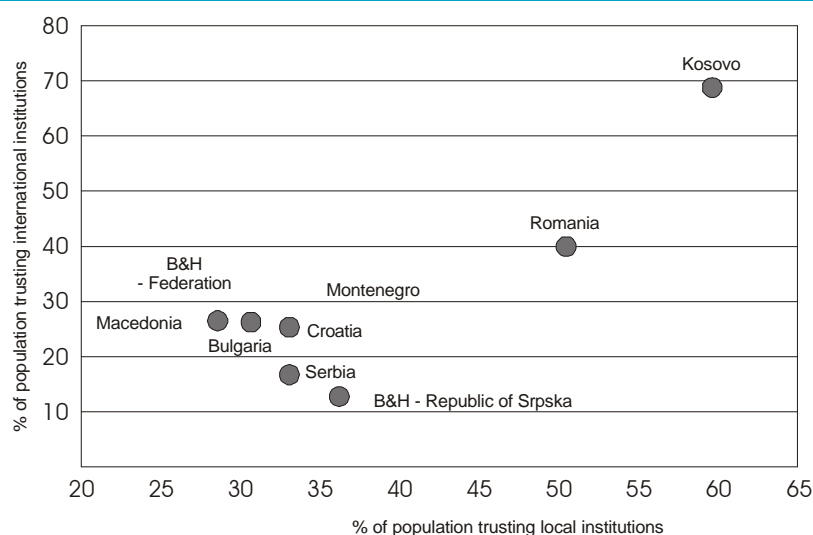
One of the most interesting public opinion polls recently conducted by IDEA offered Kosovans an opportunity to express their opinions about the international and local institutions operating in Kosovo. The results of this poll reveal that these institu-

tions enjoy a high level of trust among the Kosovan population. The level of trust that they received is in fact much higher than the levels reported for similar polls recently conducted elsewhere in the South-East European region (see Figure 2.1). Such a positive perception is partially due to the results achieved with the help of the international community both during the conflict, as well as throughout the current post-conflict period of recovery and growth. Taking into consideration, however, that the support provided by

## Summary

international organizations and external assistance will gradually be cut back, at some point current levels of trust and expectations may decrease. For these reasons, such optimism should be mobilized now while it is still high in order to support the development and responsiveness of new local institutions and processes emerging from the recent central and local democratic elections.

*"I don't know much about democracy, but I can tell you that I believe the future will be better, with all the world helping us build a new society."*  
*[Kosovan woman, 54]*



*Fig. 2.1 Trust in international and local institutions in Kosovo and other SEE countries [Source: IDEA, SEE Public Agenda Survey January-February 2002, March 2002]*

tions enjoy a high level of trust among the Kosovan population. The level of trust that they received is in fact much higher than the levels reported for similar polls recently conducted elsewhere in the South-East European region (see Figure 2.1).

Such a positive perception is partially due to the results achieved with the help of the international community both during the conflict, as well as throughout the current post-conflict period of recovery and growth. Taking into consideration, however, that the support provided by

olution of the political status of Kosovo. Although due to a variety of challenges and constraints encountered during the initial months of the post-conflict period, the international community, working in cooperation with local organizations and institutions, has achieved several important first steps.

Some of these achievements include:

- A Constitutional Framework for Interim Self-Government has been sanctioned;
- The gradual shift of administration mandates to local actors has been initiated;

- Parliamentary Assembly elections have been held successfully and an Assembly established;
- A broad-based coalition government has been formed and a new President appointed;
- The decentralization of powers to local government has commenced;
- Local elections for municipal assemblies have been conducted;
- Political parties have been formed, contributing to a process of broader policy debates;
- Local NGOs and other civil society organizations are contributing to the development process;
- The framework for a judicial system has been put into place at central and local levels;
- Security has improved with the establishment of local and international police forces;
- Human rights abuses have decreased and an Ombudsperson Institution has been established;
- Efforts to increase gender equality and promote awareness of gender issues have been initiated;
- Freedom of speech has increased, accompanied by the growth of traditional and electronic media.

Despite these achievements, there is still much to be done to develop a more democratic society in Kosovo. Much of this work involves a continuation and strengthening of democratic processes already initiated. At the same time, as part of forward-looking efforts to create a better future for Kosovo, several additional areas require the attention of policy-makers and other stakeholders.

While the establishment of democratic systems requires greater Kosovan participation in their own governance, the gradual transfer of power to Kosovans should be done in accordance with a timetable developed on criteria that consider first what is of most long-term benefit to all Kosovans.

Effective management and further development of legislation requires close cooperation with the international community. To

this end, introduction of more regular meetings between international and Kosovan officials to discuss policy and external assistance priorities would be beneficial.

Municipal civil servants must be appointed according to relevant professional criteria, rather than party affiliation. Only in this way can the conditions for democratic governance be met at the local level.

Although UNMIK and OSCE structures, as well as non-governmental organizations are providing some public administration training, additional training should be organized to meet the demand for qualified civil servants at both local and central levels of government.

Policy-makers should consider the extension of certain administrative functions to more regionally dispersed sub-organizations of local government (*bashkësia lokale*), thereby increasing opportunities for closer and more efficient communication between citizens and local administrations.

Lessons already learned on how to implement more democratic systems of local governance responsive to community needs should be applied in municipal elections scheduled for late 2002.

Additional training should be provided to NGOs to increase inter-NGO networking and cooperation; better define mission statements and development objectives; and increase self-financing capacities. At the same time, additional work is needed to educate Kosovo officials on the role that NGOs can play in cooperation to support a range of development activities. By working more directly with both governmental counterparts and the community beneficiaries they serve, Kosovan NGOs and other civil society organizations can contribute significantly to an improvement of Kosovo systems of governance.

A larger civic education program should be developed explaining democratic principles, as well as more specific democratic processes being implemented in Kosovo. Such training should target in particular Kosovan youth as part of broader efforts to encourage greater civic partic-

ipation in government.

Establishment of a more effective judicial system requires: a more contemporary structure and efforts to ensure its full independence; a speeding up of the promotion of new judges and lawyers, including minority representatives; ongoing professional training for existing specialists and support to higher education to develop new legal professionals to ensure compliance with international judicial standards; and full integration of the judicial system across the entire territory of Kosovo.

Efforts must continue to be made to protect the rights, and promote the integration of Kosovan Serbs and other minorities into all social, economic, and political spheres of Kosovan society. These include: unprompted condemnation by holders of public office of obstruction of justice and violence; active advocacy by political and community leaders for returns and reintegration; policies approved and implemented by the PISG to promote freedom of movement publicly; holders of public office to refrain from extremists statements in public; active endorsement by public office-holders of greater minority participation in the KPS; sustained efforts by the PISG to promote values of rule-of-law.

In order to reduce levels of discrimination against women and create an environment that provides equal opportunities for men and women several additional measures are required, including: education campaigns; mainstreaming of gender equality principles into institutional capacity building and policy formulation; additional affirmative action programs; leadership and management training for women.

Efforts to support freedom of speech through the continued development of traditional and newer forms of mass information and communication technologies should be continued. At the same time, efforts should be made to take greater advantage of mass media as a tool to educate and promote a democratic culture of multi-ethnic tolerance that is necessary for human development.

Additional components upon which the foundations of more democratic societies are based include education, science and culture. These and related development issues are discussed in Chapter 3.





# Empowering Society through Education, Arts and Culture

## Introduction

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As noted in Chapter 1, human development has two sides: the formation of human capabilities - such as improved knowledge and skills - and the way people make use of these acquired capabilities - for leisure, productive purposes or being more active in cultural, social and political affairs. If the scales of human development do not finely balance these two components, full empowerment of a society's individuals is not possible. This Chapter will look at both sides of this human development duality. First, it considers education, the source of knowledge and skills for Kosovans. This topic is especially relevant for discussions that focus on the future of Kosovo and the potential role of its youth over the coming years. The Chapter then turns toward the topic of Arts and Culture, which serve both as a reflection of and pre-condition for a well-developed democratic society. The issue of arts and culture is also of special relevance to Kosovo's situation given ongoing efforts to develop a more integrated and tolerant multi-ethnic society.

Since the start of the post-conflict period, the international community, together with its Kosovan counterparts, has done much to address these topics. As in many areas of Kosovan life, however, there are still several challenges to overcome in order to bring Kosovo back into the mainstream of European education and science, and to develop further its own unique cultures. As elsewhere in this Report, an attempt is made to incorporate as much available information as possible, and based on this data to offer an analysis and series of policy options and proposed priorities in an effort to help improve the development situation. For many issues, however, there is a lack of comprehensive statistical data, representing itself a challenge to be overcome.

“There is always one moment in childhood when door opens and lets the future in.”  
*Graham Greene*

## Education - Investing in Kosovo's Future

The issue of education in Kosovo involves a range of development topics. These include overall reforms in the Kosovo education system, including the establishment of a Ministry of Education, Science and Technology, and primary, secondary, and higher education. Teacher qualifications and salaries, gender equality, pre-school, and adult education and retraining also represent important topics. Another issue involves the need to improve capacity to track basic education indicators, such as literacy and enrolment rates, used for the Human Development Index.

### General Education Reforms and Challenges

Beginning in June 1999, Kosovo's education system was administered by a Department for Education and Science under UNMIK. One of the first tasks of this Department involved the urgent problem of dealing with schools and other educational infrastructure that has been damaged or destroyed during the conflict. Where possible, schools were quickly repaired, or, in cases where more significant rebuilding was required, temporary schooling facilities were provided through the support of several international organizations. Due to these rapid interventions, most of Kosovan students were able to return for the first academic year of the post-conflict period, 1999/2000. The Department for Education and

Sciences (DES) was originally divided into several sub-agencies dealing with curriculum development, pre-school education, special education, teacher training and vocational education. Various donors have supported each of these sub-agencies. This work has involved general reforms, as well as specific capacity building for DES. As part of these efforts, a new General Curriculum Framework has been prepared, which outlines several of the guiding principles upon which the new educational system in Kosovo is to be based (see Box 3.1)

In accordance with UN Security Council Resolution 1244 - which provided for the creation of several new Provisional Institutions of Self-Government - Kosovo's Ministry of Education, Science and Technology was established in early 2002. Most functions involving the administration and management of the education sector have been transferred to the Ministry. The SRSG, however, maintains overall responsibility for cross-cutting issues, including protection and promotion of human rights and societal integration. Some international experts also remain with the Ministry in a supervisory capacity and are available for consultation. In addition, several international organizations continue to work with the Ministry on various education issues.

The structure of the Ministry is broken down into two major units: an Education Department and Central Administrative Services Department. Each major department in turn consists of divisions, and division sections, which are the smallest organizational units. The Education

#### Box 3.1

### Principles of Kosovo's New Educational Curriculum Framework

According to the first draft of the General Curriculum Framework presented to the Kosovan public in September 2001, the general orientations of Kosovo's new curriculum are to: (i) reflect the pluralistic and multicultural composition of Kosovo; (ii) reflect the needs, interests and learning styles of the different students, taking into account gender, language, and cultural issues; (iii) link to recent developments in science; (iv) promote a student-friendly environment; (v) reach a reasonable balance between common requirements for everyone and the individualization of teaching/learning approaches; and (vi) specify activities such as searching and analyzing ideas and problems, and finding and evaluating solutions.

Department focuses on policy and operational issues involving Higher Education, General Education, and Vocational Education, while the Central Administrative Services Department deals with Budget, Planning and Finance, Internal Services, Human Resources, Education Outreach and Communities, Infrastructure, and Information and Public Relations issues.

Despite the initial success of efforts to re-establish Kosovo's educational system and to introduce a series of reforms since 1999, there are still many problems that need to be overcome. Some of these, which are common to all levels of schooling, are described below:

- There is still a high degree of centralization in the educational system through the Ministry, although it is proposed that some of the management of primary and secondary schools will be transferred to local levels of government. Additional attention must be given now to the training of local administrators so they are able to assume the duties of local management.
- Efforts to design Kosovo's education system to date have been led primarily by UNMIK experts and others from the international community. Additional mechanisms need to be established allowing for greater inputs to be made by involving Kosovan specialists as part of overall efforts to shift operational responsibilities to Kosovan people gradually.
- A medium-term strategy needs to be formulated for the ongoing professional training of Kosovan teachers in curriculum development and modern teaching methodologies.

Additional steps must also be taken to resolve the issue of integrating all segments

of Kosovan society into the new educational system. This is especially true for Kosovan Serbs and Roma communities physically isolated in separate enclaves throughout various parts of Kosovo. Recent developments indicate the possibility of legalizing a parallel university for Kosovan Serb students, which in many ways complicates efforts to establish an integrated educational system.

Another issue of importance concerns overall investment in Kosovo's education sector. This is a problem common to many of the countries in the SEE region. Public spending on education represents nearly 25% of the total Kosovo budget (see Table 3.1), of which nearly 80% is spent on teacher salaries. (This 80% budget wage ratio is also comparable to the percentage of overall education budget funds spent on teacher salaries in other SEE countries.)

There are many shortages with respect to both teacher salaries and other investment in basic resources for schools and other academic institutions, including supplies, computers and other teaching aids. Most within the education field are of the opinion that salaries are not high enough either to provide a minimum standard of living, or to provide professional motivation. Despite annual inflation rates in Kosovo as high as 12%, teacher salaries have remained the same since 1999. Many teachers have been forced to seek additional jobs or have left their profession altogether. Similarly, many young adults are discouraged from selecting teaching as a career. In May 2002, teacher demonstrations were organized to bring attention to this issue, which if not addressed by policymakers, could cause significant long-term harm to the quality of education.

*Everybody is talking about reforms; nobody is talking about salaries. It is very hard to implement them if you have to survive on 240 DM per month.  
[Teacher, 28]*

Table 3.1 Education Spending as a Percentage of Total Kosovo Budget (in millions DM)

	2000	% of Total Budget	2001	% of Total Budget
Education Spending	116.2	27.5	1180	23.3
Total Kosovo Budget	423.2	100.0	505.9	----

Source: CEA, 2000.

## Pre-School and Early Childhood Development

Although the importance of early childhood development is understood and recognized by both local and international education specialists in Kosovo, the current network of pre-schools is underdeveloped and requires immediate support. In the 2000/2001 academic year, only 4.7% of the total number of children falling in the 1-6 year-old age bracket attended pre-schools. By comparison, 37% of children receive pre-school education in Albania, and 20% in Macedonia.

There are many factors contributing to such a low attendance rate. The number of existing pre-school facilities is insufficient to meet current demand. For every available pre-school spot, there are between three and four parent requests. Additional facilities need to be built and existing schools expanded, both in rural areas, as well as in the more crowded urban centers. Another factor involves financial issues. The cost of pre-school is 35 Euros per month. These funds are used to cover food and supplies, with teacher salaries covered by the public education budget. Subsidies are provided to low-income families of up to 25 Euros per month to meet these costs. Other costs, however, are sometimes also involved, including clothing and transportation.

At the same time, many parents are unemployed and at home during pre-school hours, in general from 8 AM to 4 PM, and do not see a need to pay for pre-school services. As such, there is a pressing need to expand public awareness campaigns explaining the importance of early childhood development and the role that pre-schools play in meeting early learning needs.

With the support of UNICEF and other development organizations, both the Ministry of Education and Ministry of Health are considering ways to improve pre-school policy. Such policy discussions involve new financing mechanisms separating educational and food subsidies. In

addition, options are being discussed for shifting some additional pre-school costs to families.

Donors are also addressing the quality of pre-school education. If pre-schools are to provide more than simple day-care services, new teaching methodologies must be introduced. With support from the Kosovo Foundation for Open Society, the Kosovo Education Center is implementing a Step-by-Step program that introduces a Child-Centered Classroom philosophy that views the teacher as learning facilitator, rather than lecturer. The program is implemented in 75% of pre-schools, although work in Kosovan Serbian enclaves is still in the planning stage.

## Primary and Secondary Education

One of the most important changes made by the DES since 1999 has involved the introduction of the so-called 5+4+3 model of primary and secondary education commencing from the 2000/2001 academic year. This model is comparable to that used in many European countries. It consists of five years of primary school, four years of lower secondary schooling, or middle school, and three years of the higher cycle of secondary school. Under this model, children begin primary education at age six. Attendance in primary school and lower secondary school, a total of nine years, is now compulsory. The previous system consisted of eight years of compulsory primary education beginning at age seven, followed by four years of non-compulsory secondary schooling.

Secondary education is open to all students completing their primary education, although basic entrance exams are required. There are two types of secondary education: general and vocational. The general education track prepares students for university studies. There are four types of general education schools in Kosovo offering: 1) basic studies; 2) specialization in science and mathematics; 3) language training; and 4) preparations for prospec-

tive teachers.

The vocational education system offers sixteen fields of study, from which more specialized coursework can be selected catering to the needs of various trades and professions. Of those attending secondary school, three out of five are enrolled in vocational schools (see Fig. 3.1).

The most popular vocational schools are medical, with 26% of total vocational enrolment, and electro-technical, with 20%. These enrolment percentages, however, do not necessarily express either the real market needs for professionals in Kosovo, or the interest of students in certain fields [Riinvest, 2001]. Some students are reluctant to keep up with studies in some vocational subjects given their lack of applications to the marketplace. In this regard, there may be over-specialization in vocational education. The findings of existing market studies and public surveys, as well as all future studies, should be used to re-evaluate current vocational curricula.

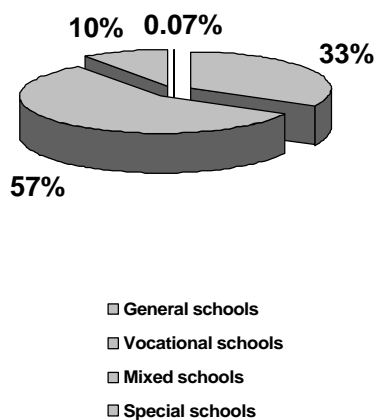


Fig. 3.1 Secondary School Students by Type of School [Source: KEC, 2002]

In addition to vocational and general schools, there are also two additional types of secondary education schools. Mixed schools offer both general studies and a small selection of vocational studies and were first established in the 1990s. There are very few schools of this type and plans are being considered to integrate these schools back into the separate vocational and general education school tracks. There are also six special education schools offering services to both physically - and

mentally-challenged students. There is a strong requirement for additional special schools to be established. In addition, under a project funded by the Government of Finland, plans are also being considered to integrate instruction for special students into the vocational and general school systems. Under such an approach, students with special needs would attend the same schools as other students, although they would be in separate classrooms.

## Measuring the Success of Basic Educational Reforms

As discussed in Chapter 1, two of the most basic indicators used to measure the effectiveness of educational systems involve literacy and enrolment rates in basic education. The data available for Kosovo on these two topics is summarized in Fig. 3.2 and Table 3.2.

Although these estimates seem at first glance to indicate that the percentage of the Kosovan population who are illiterate is continuing to drop, it is not clear whether or not these trends have continued, stopped, or reversed within the past five years. In addition, despite the overall low rates of illiteracy, there remains a discrepancy between literacy rates for men and women. Additional studies are required to ascertain more accurate figures for literacy rates and to identify the causes of illiteracy and gender inequality in this sphere. Once such information is available, more specific recommendations should be formulated for improving the development situation.

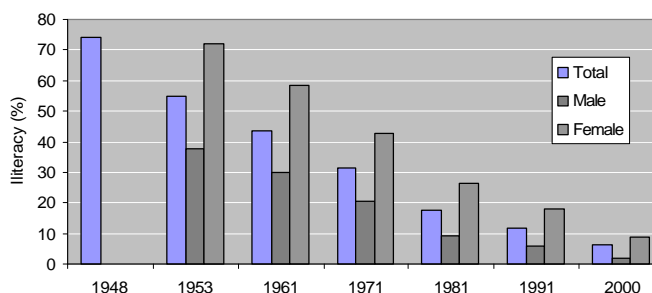


Fig. 3.2 Illiteracy Rates in Kosovo [Sources: KEC, 2000b; UNFPA/IOM, 2000b]

*In addition to public schools, I think we should have private elementary and high schools, as well. Anyone who has money could then send their children to private schools.*  
[Student, 17]

Similarly, the data available is insufficient to establish reliable trends over the past several years for Kosovo's enrolment rates. While enrolment levels in primary school are relatively high (primary education is compulsory), only 73% of children enrolled in the first grade of primary school finish the third grade. In turn, only 75% of those who complete primary education go on to enroll in secondary education. Of those enrolled in secondary school, only 45% complete this level of education. Enrolment rates for higher education are considerably lower at 17.3%. The data also shows a worrisome discrepancy

in enrolment rates between male and female students, particularly at the level of secondary schooling. In addition, these statistics speak nothing of the quality of education received, nor of the incidence of "hidden" drop-outs, i.e. those students who are still officially enrolled, but do not progress in their studies. Additional studies are required for better analysis, including educational data to be gathered through the 2004 Census. Despite these data shortages, there is no doubt about the link between enrollment

and functional illiteracy, as well as their link to high levels of unemployment for Kosovan youth. This problem is exacerbated by difficult economic conditions (see Box 3.2), a lack of enforcement of laws protecting children's rights, internal and external migration, lack of partnership between schools and the community, and needs for improvement in school management and teacher training. Each of these factors requires a set of specific interventions if efforts to improve levels of human development in Kosovo are to be achieved by increasing levels of literacy and education.

Table 3.2 Estimated Enrolment Rates in Kosovo Primary Education, % 2000

	Females	Males	Total
Primary school	91.2	92.1	91.7
Secondary school	54.0	65.0	59.5
Higher education	16.4	18.2	17.3
Mean value	53.7	58.4	56.2

Source: UNFPA/IOM, 2000b

## Moving Towards an Integrated System of Education

Teaching in Kosovo's primary schools is conducted in four languages: Albanian, Serbian, Turkish and Bosnian. Much of the curriculum and teaching materials used for this instruction is based on systems and methodologies introduced in Kosovo in the 1990s. From 1991 to 1999, separate institutions were used to administer

### Box 3.2

## The Link between Education and the Cycle of Family Poverty

In Kosovo, as in many other parts of the world, low education attainment is a strong correlate of extreme poverty. Efforts to ensure education opportunities for all are particularly important, as children born into poor households appear trapped in a vicious cycle, in which the low incomes of their families translate into poor educational outcomes. This, in turn, has a direct negative impact on the future welfare of their own families. As such, improving education outcomes is an important component of long-term strategies to eradicate poverty. Education is an important dimension of poverty that leads to a shortage of capabilities.

Although enrollment in Kosovo primary education is almost universal, large income-related inequalities exist. In urban areas, as many as 20% of children from households in the lowest expenditure decile are not enrolled in primary school. Even larger income-related inequalities exist in net enrollment rates for secondary education. Youth from the poorest decile in rural areas are less than half as likely to enroll in secondary education than their counterparts in the top decile. The difference in urban areas is also significant, with only 62% of the poorest children enrolled as opposed to nearly 90% from the top decile.

Source: WB, 2001.

education for Albanian-, Turkish- and Serbian-speaking students. As such, schools offering instruction in the Albanian language still use the Kosovan Albanian curriculum developed in the 1990s. Similarly, schools teaching in the Serbian languages use a Serbian curriculum and textbooks from this same period, and schools teaching in the Turkish and Bosnian languages are using textbooks from Turkey and Bosnia, respectively.

Only 22 out of 541 total primary schools in Kosovo, not including so-called "satellite" schools, teach in more than one language. Seven schools offer instruction in Albanian and Turkish languages, eleven offer instruction in Albanian and Bosnian, three in Albanian, Turkish and Bosnian, and one in Albanian and Croatian. Schools offering bilingual instruction are physically divided, i.e. classes being taught in each language are held in separate parts of the school.

In the 2000/2001 academic year, some 303,590 students were enrolled in Kosovo's primary schools, an increase of over 15,000 students from 1999/2000. Of these students, 92.3% enrolled to be taught in the Albanian language, 5.2% in Serbian, 1.8% in Bosnian, and 0.7% in Turkish. Similarly, out of 90,077 students enrolled in secondary education schools in 2000/2001 (an increase of nearly 10,000 from 1999/2000), 92.1% were being taught in the Albanian language, 6% in Serbian, 1.3% in Bosnian, and 0.7% in Turkish (see Table 3.3).

cultural issues. At the same time, both the international community and its local counterparts have affirmed that long-term Kosovo development is dependent on efforts to better integrate minority communities into all areas of Kosovan life. The current educational system must be reformed further to put these principles into practice. The existence of 22 schools offering instruction in multiple languages represents a good start. Additional efforts must be taken to support the establishment of additional schools offering integrated curricula. At the same time, efforts must be made to standardize the contents of curricula used in schools throughout Kosovo, and to make these teaching materials available in all minority languages. The process used to develop curriculum and training materials must also include all stakeholders.

## Higher Education

Kosovo enjoys one public university located in Prishtina, with branches in Prizren and Mitrovica. It was founded in 1970. No other universities are in operation, although plans are underway to establish an Albanian-American University. The Prishtina University is tuition-free, although there may be significant additional costs for books, supplies, room, board and transportation. Any Kosovan student completing secondary school is eligible to apply for entrance examinations.

Table 3.3. Number of Students and Teachers in Kosovo Primary and Secondary Schools, 2000/2001

Education Level	Number of Students			Number of Instructors		
	Male	Female	Total	Qualified	Under-qualified*	Total
Primary Schools	158,626	144,964	303,590	11,114	3,170	14,284
Secondary Schools	52,547	37,530	90,077	3,170	1,241	4,411

\*Instructors lacking advanced degrees in the area of their teaching.

Source: KEC, 2002. NB: Data for Kosovo Serb teachers not available.

According to the General Curriculum Framework for Kosovo, the education system is to reflect the needs, interests and learning styles of its different students, taking into account gender, language, and

At present the university has 21 faculties and schools offering undergraduate degrees in some 57 fields of specialization. Out of these, 14 faculties offer graduate programs in over 30 fields.



*Table 3.4 Kosovo University Schools and Faculties (\* indicates Graduate Programs are offered)*

*Faculty of Philosophy	*Faculty of Agriculture
*Faculty of Mathematical-Natural Sciences	*Faculty of Mining and Metallurgy
*Faculty of Philology	*Faculty of Physical Education
*Faculty of Law	Faculty of Education
*Faculty of Economy	Higher Pedagogical School
*Faculty of Civil Engineering, Construction and Architecture	Higher School of Economy (Finance)
*Faculty of Electronics and Electric-Engineering	Higher School of Engineering
*Faculty of Machinery	Higher Pedagogical School "Xhevdet Doda"
*Faculty of Medicine	Higher Pedagogical School "Bajram Curri"
*Faculty of Arts	Higher Pedagogical School "Skenderbeu"
	Higher School of Engineering

During the 2000/2001 academic year, some 20,227 students were enrolled in all schools and faculties of the university, of which 14,596 (72%) are full-time, and 5,681 (28%) part-time. These figures represent some 10% of the total Kosovan population of 19-25 year-olds.

Like other academic institutions in Kosovo, the University of Prishtina is overseen by the new Ministry of Education, Science and Technology, formerly the UNMIK Department of Education and Science. With the support of UNMIK and other international organizations, a series of reforms have been implemented to improve university operations.

Curricula reforms are being undertaken in accordance with the Bologna Declaration, which calls for the creation of compatible coursework and degree systems across all European universities. Under this new system, which is to be implemented gradually, it will take three years of studies to compete a Bachelor's degree, two years for a Master's, and three years for a PhD. University grading will be based on a system of credits. This system will allow Kosovan students to continue their university studies and have their degrees recognized in other European countries.

Other university curricula reform involves the establishment of new faculties in the humanities. Beginning in 2001/2002, new university departments for Political Science and for Sociology and Psychology were opened. Additional departments may be opened in the future.

Additional curricula and teaching reforms,

however, are also required. As is the case within the vocational educational system, existing departments and fields of specialization do not necessarily reflect either the skill requirements of Kosovo's workforce or the interests of Kosovan students. The existing university structure should be reviewed accordingly.

Also, there is still a reliance on traditional teaching methods in which formal lectures dominate. Often, there is little course-work or essays that students must prepare on their own, and at times limited direct interaction between staff and students for tutorials or career counseling. Over the past decade it has been difficult for university professors and lecturers to keep in touch with new developments in their field, including teaching and research methodologies. For these reasons, additional attention should be given to the continuing professional development of current university staff, as well as for the training of a new corps of university teachers.

Another problem influencing the long-term development of the university and the quality of the education it offers, involves issues of a financial nature. As in the case of primary and secondary education, there are insufficient funds available for the purchase of equipment. Even basic Internet connection costs (60 Euros/month) are well beyond that of most Faculty budgets or teacher salaries. Present salaries are not sufficient even to ensure a minimal standard of living. Many teachers are taking on additional work, or have left the education sector altogether.

Changes have also been made in university administration and management as part of efforts to improve efficiency and better control university finances and resources. These changes have led to a more centralized system. Over the long-term, as the university continues to develop, it will be necessary to review these policies and to consider a more decentralized administrative system.

## Improving Conditions for Science and Technology

Efforts to empower a society and increase its levels of human development are also tied directly to its ability to adapt a range of technologies and scientific advancements to the needs of its people. Decisions as to what are the most appropriate and sustainable forms of technological applications are based on various globally and locally-defined social, environmental, and economic considerations. Without the existence of specialized scientific research institutions with the capacity to keep abreast of the latest advancements, and to make carefully-weighted recommendations on those technologies that offer the best options for a given society, policy-makers often face the risk of making uninformed and potentially harmful choices.

Within Kosovo's university system, there are many faculties dedicated to the hard sciences and related fields with technological applications, some of them with their own research units. In addition, there are several semi-independent research facilities with direct ties to the university, as well as to other public and private entities that have recently been reopened since 1999.

These research centers and institutes focus their efforts on several fields, including:

- Agriculture and the development of more efficient production and use of seeds, produce, poultry, and fertilizer, including long-term ecological impacts;
- Energy and the more efficient, cleaner use of lignite coal for power generation and distribution through Kosovo's electric company, as well as use of other natural resources, such as metals and inorganic substances, with a variety of industrial

applications;

- Environmental protection issues, with a range of cross-cutting socio-economic applications;
- Public health issues, including the development of immunization campaigns;
- Information and Communication Technologies and the design of private ISP networks, soft-ware and data-bases, also in cooperation with newly established Computer Science Departments within University Faculties of Mathematics and of Electrical Engineering.

Most of these research centers are based in Prishtina with varying staff sizes and structures. All are faced with low investment. Since 1999, there have been some initiatives for scientific research and funding. Programs supporting scientific travel and the strengthening of institutional research links have also led to a partial recovery and strengthening of Kosovo's capacity to meet its technological needs. Much additional technical and financial support, is required, however.

Although no data is available on total public and international investments into the field of scientific research over the past three years, the overall level is low in comparison with investment needs and also with funding that has been provided to some social science programs.

As in other educational fields, poor financial rewards and a lack of resources for research institutions have contributed to a limited interest in science and technology as a career. Many of Kosovo's most experienced researchers have been forced to take up other occupations on a part- and full-time basis. Most scientific institutions face a shortage of equipment needed for their core activities, as well as up-to-date textbooks and other scientific publications.

As part of long-term development strategies, these and other issues must be resolved. Additional opportunities must be created for the professional development of new and existing researchers. New partnerships must be established between local and international institutions, especially in efforts to develop and adapt more efficient and ecologically clean technologies (see Chapter 5).

*These reforms were long overdue. They will advance education and bring it closer to European standards. We professors have to change the way of teaching. It is not only dry theory anymore. We need a more modern participatory style of teaching. I think positive results will show very soon and that our students will love this new approach.  
[University professor; 47]*

## Addressing Gender Inequalities in Education

Both the Constitutional Framework and General Curriculum Framework recently formulated for Kosovo clearly affirm that no forms of discrimination, including those on the basis of sex, shall be permitted. Although it is difficult to measure the degree to which active forms of discrimination are contributing to levels of gender inequality in the education sector, based on available statistics it is clear that girls and women do not enjoy the same level of development in the areas of educational achievement, literacy, and employment in the education sector as do boys and men.

shown that especially in rural areas, traditional social expectations are partially the cause for low enrolment and drop-out rates. Often, less importance is placed on the value of secondary and higher education for girls and young women, who are expected instead not to seek employment, but rather to perform more traditional roles with respect to childcare and other household duties. In addition, especially in the initial months of the post-conflict period, some parents were reluctant to allow their daughters to attend school due to security concerns. Another factor involves the expense of education, which may include books, supplies, room, board, and transportation. Given these costs, some families are forced to make choices

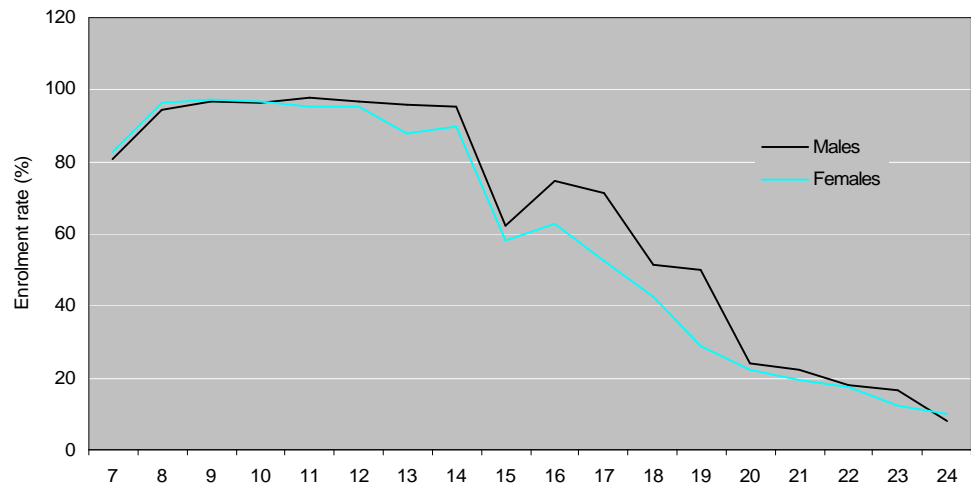


Fig. 3.3. Primary, Secondary, and Higher Education Enrolment Rates According to Age and Gender, 1999/2000 Academic Year [Source: UNFPA/IOM, 2006]

Enrolment rates for females aged 7 to 24 in primary, secondary and higher education are almost uniformly lower than for males (see Fig. 3.3.) The enrolment rate in primary schools for girls aged 12 to 14 is particularly lower than the rate for boys - 87% versus 95%. The proportion of girls who enroll in secondary education is also considerably lower than for boys - 54% versus 65%, respectively. The fact that fewer women go on to secondary school or go on to higher education also decreases their opportunities for future employment. Although the findings of more comprehensive social research are not available, smaller studies [Rinvest, 2001] have

between their children, and often place priority on funding the full education of sons over daughters.

There are also considerable gender imbalances in Kosovo in terms of literacy rates (see Fig. 3.4). Although the degree of inequality has decreased considerably over the past several decades - rates of illiteracy increase sharply for women over the age of forty, which are more than twice the rates for men in this same age bracket - ongoing discrepancies for all age groups give cause for concern. There is a strong correlation between illiteracy and school enrolment and drop-out rates.

As part of efforts to reduce adult illiteracy

rates, UNICEF and KFOS are implementing in partnership with local NGOs, a Women Literacy Program approved by the Ministry of Education to train 7,500 women from 20 Kosovo regions in basic skills, including literacy and numeracy. Special gender-sensitive curriculum and textbooks have been designed. There are also plans to formulate a more permanent adult training program through professional development centers to be managed by the Ministry of Culture. Additional projects are required, however, to identify the primary causes of gender-related illiteracy and to develop strategies to prevent such illiteracy.

well as more targeted campaigns to address the causes of these gender imbalances. Additional gender studies are required that offer more comprehensive quantitative and qualitative analysis of these issues.

## Supporting Life-long Learning and Adult Education

Although systems of adult education and training are important to all societies, they are especially important to those in a transitional period where large numbers of the labor force are unemployed or seeking

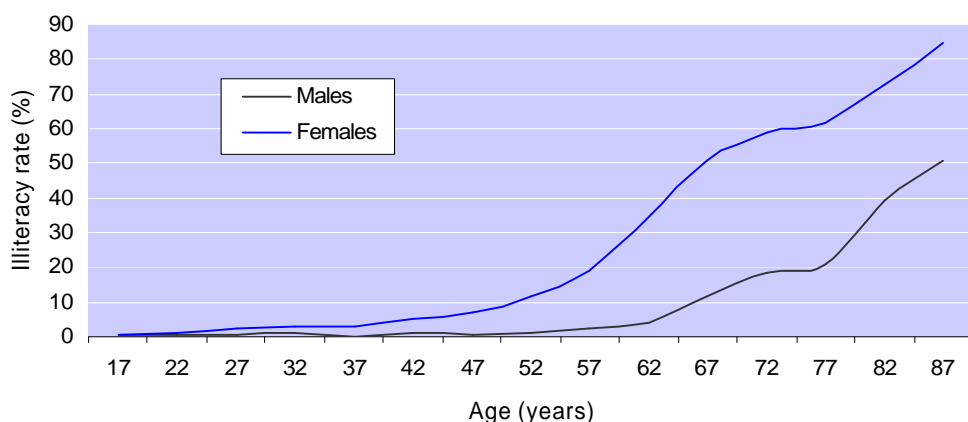


Fig. 3.4. Gender Imbalances in Illiteracy Rates of Different Age Groups [UNFPA/IOM, 2000b]

Women are also under-represented in terms of employment in the education sector. Only around one-third of all teaching posts existing in all levels of education are occupied by women. The proportion of women to men is highest in pre-school education where women occupy 56% of posts. It is lowest at the level of higher education, where women occupy only 12% of posts. [KEC, 2000]. Although up-to-date statistics are not available, women are also under-represented in more senior administrative and managerial positions within educational structures.

Efforts to improve gender equality in the education sector require long-term planning that incorporates both general public awareness-raising programs designed to bring gender-related issues to the attention of policy-makers and the general public, as

new forms of employment. In Kosovo, programs of life-long learning are under-developed. Previously, instruction for adults in new skills was provided through various on-the-job training programs. The Ministries of Culture and of Labor are now in the feasibility stage of plans to establish professional development centers. Such facilities would offer literacy and numeracy programs, as well as training in computers, languages, and basic skills for professions in such fields as sewing and hair-dressing. Employment offices currently located in each municipality may also be tapped in the future to provide career counseling, job placement services, and assist in the design and implementation of locally-relevant training programs. Additional support is needed to develop these programs, as well as to identify other adult education opportunities.

## Weaving a Tapestry of Arts and Cultures

The degree to which Arts and Culture are developed in a society reflects much about its values, diversity, and overall levels of human development. At the same time, arts and culture can in themselves contribute much to the growth and strengthening of a tolerant, cohesive society by supporting an intertwined network of new ideas, interests and traditions. During the recent period of Kosovo's transition there has been a re-opening of cultural institutions established in the past, as well as the emergence of several new artistic and cultural groups. These include both public and private institutions at the central, regional, and local levels.

Public organizations of culture come under the responsibility of the new Ministry of Culture, Youth, Sports, and Non-Resident Affairs. The Ministry supports these organizations financially through total or partial funding (between 60% and 95%) of ongoing program costs. Remaining costs are covered by local or international donors, as well as by some self-income generating activities, such as ticket sales and rent of premises. The Ministry also participates in institutions' selection of managerial staff, usually including a Director and Manager, and covers their salaries. The role of the Ministry, however, does not extend further - all decisions of an artistic nature are left solely to the discretion of the management and other members of each cultural institution. Public art and cultural organizations under the Ministry's supervision include:

- Kosovo Institute for Protection of Monuments and 4 regional Institutes;
- Central Archive and 5 regional Archives;
- Cultural Centers in 30 Kosovo municipalities;
- Kosovo and University Library, 8 regional libraries, and 22 municipal branch libraries;
- Four Professional Theaters, plus amateur theater groups in each Municipal Culture Center;

- Kosovo Film Production Company;
- Kosovo Museum, 5 regional museums, and municipal museums;
- Kosovo Philharmonic Orchestra;
- Kosovo Shota Ensemble of Song and Dance, as well as several municipal dance groups;
- Semi-private Rilindja Publishing Houses,
- Kosovo Art Gallery, and Ministry Art Gallery.

Municipal Cultural Centers are under the direct responsibility of each municipality's Directorate for Culture. The Ministry's role involves the development of guidelines and overall coordination. These are multi-functional centers that also serve as part-time theaters and galleries.

There are also public art schools under the supervision of the Ministry of Education. These include music schools, a secondary school for fine arts, and undergraduate and graduate programs in the fine arts and performing arts under the Art Faculty of the Kosovo University.

In addition to these public organizations, there are numerous private culture groups, including various special-interest NGOs, associations, and clubs, music and folkloric groups, cinemas, galleries, and publishing houses spread throughout Kosovo. Although these institutions do not receive direct financial support from the Ministry of Culture, they are eligible to participate in grant projects administered by the Ministry. In addition, these groups benefit from the Ministry's general arts and culture promotion policies, which include the organization of festivals, and cultural exchanges. For example, financial support has been provided to a Folklore Festival in Leposavic (Serbian minority) and to the Turkish Theatre of Prizren for its participation in a festival in Turkey. Other international organizations also offer support to such private cultural groups.

Despite the resurgence in a variety of arts and culture activities, there is more that can be done. Funds available through the Ministry of Culture are relatively small (see Table 3.5). In 2001, its budget was reduced by approximately 5%, although the overall

Table 3.5. Kosovo Arts and Culture Budget (in millions of DM), 2000, 2001

	Budget (DM)	Wages (DM)	% Decrease	% of Total Kosovo Budget
2000	3.56	2.56	-----	0.84%
2001	3.39	1.78	4.87%	0.67%

Source: Department of Culture, 2000.

budget for Kosovo increased. Greater support is needed to establish centers of excellence and for the work of leading artists.

Capacity building is also required for NGOs involved in and supporting the arts and culture. In addition, more attention needs to be focused on developing a new generation of arts specialists.

## Creating a New Culture of Values

Of an even more pressing nature, however, is the question of inter-ethnic relations and the current environment in which many of Kosovo's rich cultural traditions remain physically and socially separate. Although integrated societies do not need to share the same cultural likes and dislikes - indeed cultural variety is often considered one of the indicators of a well-developed democracy - at a minimum there must be a basic level of tolerance allowing for the free association, movement, and expression of different artistic, religious, ethnic or other cultural identities that may already exist or evolve over time. Cultural and ethnic diversity themselves can come to represent one of the overall characteristics of a society. At the other extreme, imposed cultural uniformity often marks the difference between cultural pride and ethnic extremism.

The long-term cultural, social, political and economic development of Kosovo depends on how it now chooses to resolve current challenges involving the separation of various cultural identities. One of the methods available to Kosovans and its development partners, is to support the development of a new "culture" of values, e.g. a Culture of Tolerance, Respect, Personal Accountability, Positive Change, and Life-long Learning. Some of these

"cultures" can be taught in schools. Others are better instilled through public awareness campaigns. Regardless of methods used, however, such changes in personal and collective mentality take time.

Various Kosovan and international organizations have initiated several pilot projects to promote such important cultural messages. The Ministry of Culture is contributing, financially and technically, to various reconciliation projects, including a documentary film, "Interweaving Lives", about the daily lives of Serbian and Albanian youth still separated in the same northern portions of Kosovo following the conflict.

A Youth Post-Conflict Participation Project supported by UNDP and implemented by the International Rescue Committee in 2000 has also enhanced confidence building and reconciliation processes in Kosovo by strengthening the capacity of young people of all ethnic groups to participate in the shaping of civil society and government. Through a phase of regional mobilization and capacity building leading to a Kosovo-wide "Youth Congress", Kosovan youth participated in a series of civic trainings and development initiatives encouraging them to identify and address post-conflict challenges through grants for pilot sub-projects, with particular emphasis on activities that facilitate youth's contribution to rehabilitation, reconciliation, civil society, and government. A representative "Kosovo Youth Network" (KYN) emerged to advocate on behalf of all Kosovan youth and is currently in development of its programmatic "Kosovo Youth Action Plan". The project has involved over 61 youth groups involving seven ethnic communities in five regions of Kosovo. The lessons learned from these and other

*Lyrics, Written by  
Youth NGO  
"Millenium" from  
Kamenicë/ Kosovska  
Kamenica*

*If you believe that a  
smile is stronger than  
weapons,  
If you believe that  
unity is more impor-  
tant than divisions,  
If you believe that dif-  
ferences don't hurt,  
but make you rich,  
If you believe that it is  
better to take the first  
step rather than wait-  
ing for someone else to  
take it,  
If you hate injustice  
against others as much  
as against yourself,  
If you know how to  
give your time to love  
others,  
If you can accept the  
thoughts of others that  
are different from  
your own,  
If you consider anger  
to be your weakness  
and not a statement of  
your power,  
If you think that peace  
is possible,  
Then everyone will  
have peace.*

pilot activities should be used to replicate programs instilling new cultural values on a larger scale.

## Summary

Investing in education is important to Kosovo's future. This is especially true given its young population. Although there already is strong potential that can be tapped for Kosovo's socio-economic growth, such capacity should not be over-estimated or taken for granted.

Much has already been done to re-start academic activities in Kosovo across all levels of education in a relatively short period of time, but there are still many issues to be addressed.

There is still a high degree of centralization in the educational system. Additional attention must be given now to the training of local administrators and managers.

Additional mechanisms need to be established allowing for greater inputs by Kosovan education specialists as part of efforts to shift responsibilities and leadership to the Kosovans gradually.

A medium-term strategy needs to be formulated for the ongoing professional training of Kosovan teachers in curriculum development and modern teaching methodologies.

There are many shortages with respect to both teacher salaries and other investments in basic resources for schools and other academic institutions. If this issue is not addressed by policy-makers, significant long-term harm to the quality of education at all levels could result.

Public awareness campaigns explaining the importance of early childhood development and the role that pre-schools play in meeting early learning needs must be expanded. The quality of pre-school instruction must be improved based on child-centered classroom principles.

Additional steps must be taken to resolve the issue of integrating all segments of Kosovan society into the new educational system. This is especially true for Kosovan Serbs and Roma communities physically isolated in separate enclaves throughout

various parts of Kosovo.

The findings of existing market studies and public surveys, as well as future studies, should be used to re-evaluate current vocational curricula and to revise them accordingly.

Low enrolment rates, functional illiteracy, and high levels of unemployment for Kosovan youth are linked issues. These issues are exacerbated by economic conditions, a lack of enforcement of laws protecting children's rights, internal and external migration, lack of partnership between schools and the community, and needs for improvement in school management and teacher training. Each of these factors requires a set of specific interventions if efforts to improve levels of human development in Kosovo are to be achieved by increasing levels of literacy and education.

Efforts to empower society and increase its levels of human development are tied directly to its ability to adapt a range of technologies and scientific advancements to the needs of its people. Additional assistance must be provided to support the professional development of new and existing researchers. New partnerships must be forged between local and international centers.

Efforts to improve gender equality in the education sector require long-term planning that incorporates both general public awareness-raising programs designed to bring gender-related issues such as illiteracy and drop-out rates to the attention of policy-makers and the general public, as well as more targeted campaigns to address the causes of these gender imbalances.

Although systems of adult education and training are important to all societies, they are especially important to those in a transitional period where large numbers of the labor force are unemployed or seeking new forms of employment. Additional support is needed to develop such programs.

The degree to which Arts and Culture are developed in a society reflects much about its values, diversity, and overall levels of human development. At the same time, arts and culture can in and of themselves contribute much to the growth and

strengthening of a tolerant, cohesive society by supporting an intertwined network of new ideas, interests and traditions.

There has been a re-opening of cultural institutions established in the past, as well as the emergence of several new artistic and cultural groups. Nevertheless, greater support is needed to establish centers of excellence and the work of leading artists. Capacity building is required for NGOs involved in and supporting the arts and culture. More attention needs to be focused on developing a new generation of arts specialists, and increasing overall levels of cultural funding.

Lessons learned from pilot projects designed to support the development of a new "culture" of values, e.g. a Culture of Tolerance, Respect, Personal Accountability, Positive Change, and Life-long Learning, should be used to develop more comprehensive programs. The long-term cultural, social, political and economic development of Kosovo depends on how it now chooses to resolve current challenges involving the separation of various cultural identities.

Chapter 4 offers a more in-depth look at these and other factors influencing Kosovo's economic development.






# Creating the Economic Basis for Human Development

## Introduction

Although long-term economic growth does not necessarily guarantee corresponding increases in living standards for all individuals in a society, a carefully managed development process that considers the human needs and implications of economic policies can result in both human and economic growth. At the same time, a weak or stagnant economy can have devastating effects on the quality of life. Many issues addressed by economic policy, and some of the benefits of strong economic growth do have a direct impact on human development, e.g., the creation of new jobs, personal income, public investment in education, health, and social services, improved infrastructure, and lower rates of inflation. Creating an economic basis for human development means ensuring that the benefits of economic growth are translated into lower levels of poverty and increased levels of empowerment for all segments of society.

Despite the challenging socio-economic environment in which Kosovo now finds itself, the current situation offers Kosovans and the international community an opportunity to re-evaluate, from a human development perspective, its previous socio-economic structures and identify new economic requirements and comparative advantages to be developed over the next three to five years of Kosovo's transition. Regardless of the final resolution of its political status, such forward-looking discussions are necessary as part of efforts to increase the self-sustainability of Kosovo's economy and further its integration into the economic systems and



“No one has the right to create an economy at the expense of the world's poor.”  
*Adolfo Perez Esquivel*

institutions of South-Eastern Europe and the greater European community.

This Chapter offers a preliminary analysis of the present status and development needs of various aspects of Kosovo's economy including its macro-economic characteristics, employment structure and related labor and social service systems, income and gender inequalities, revenue-base and budget structure, including international contributions, overall market environment, and infrastructure. As in other areas of Kosovan life, there is a limited amount of economic data on which to base more comprehensive policy recommendations. Where possible, qualitative analysis and expert estimations are employed.

## Moving From Relief to Reconstruction to Long-term Growth and Recovery

At the beginning of the post-conflict period in 1999, international assistance was focussed first on the emergency humanitarian relief needs of Kosovans. This work included management of the return of hundreds of thousands of refugees (more than 70% of the Kosovan population was displaced from their homes) and providing for their temporary shelter and other basic needs.

At the same time, efforts also took into consideration a series of other cross-cutting economic issues directly tied to the immediate needs of the population. As a result of the conflict, serious damage was done to many buildings, requiring repair and reconstruction. Disrupted energy, telecommunication, and other public infrastructure and municipal administration services needed to be restored. Food production and distribution systems, basic social services, and related financial infrastructure needed to be re-established. Longer-term needs, such as overall market supply, income generation, consolidation of a new central administration, and development of a new legislative base, also required support.

After nearly three years of development

work, involving numerous international organizations and their Kosovan counterparts, much progress has been achieved in meeting these immediate needs. The population has been able to return to more permanent forms of housing – out of 130,000 houses destroyed or damaged, more than 60,000 have been rehabilitated and rebuilt, 20,000 by donors and 40,000 by the Kosovans themselves. Initial food and energy requirements have been met; many public and private business structures have come back into operation; and basic administrative, infrastructure, and public services have resumed to varying degrees. Main roads and a number of bridges have been repaired and rehabilitated. The World Bank and other international organizations have provided significant contributions to the agriculture sector with emergency farm rebuilding and water supply projects.

There has also been considerable progress made in addressing many of the longer-term requirements for the establishment of a self-sustainable economy. New economic management structures at the central level have been established. A series of new economic regulations and legislation have been prepared. Several projects have been initiated to increase economic production and increase public revenue. Nevertheless, much more work is required to push reforms further in these and other areas.

## Macro-economic Indicators of Recovery

From a macro-economic perspective, there has also been some evidence of the preliminary positive results achieved with the assistance of the international community. Economic activity in Kosovo has grown since the end of the conflict. Estimations of Kosovo Gross Domestic Product (GDP) – the total volume of production of an economy across all economic sectors reflected in monetary terms – show a 24% increase between 2000 and 2001 (1.41 billion Euros versus 1.75 billion Euros) (Central Fiscal Authority). This translates to a 2001 GDP per capita of 904 USD, one of the lowest in Europe.

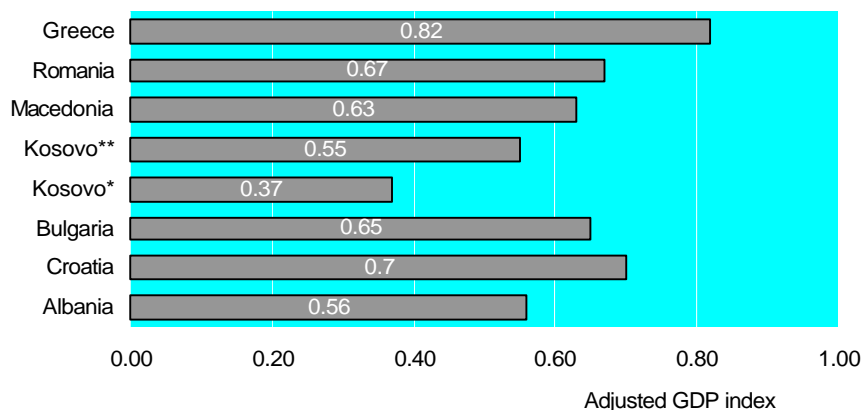


Fig. 4.1 Adjusted GDP per capita index of countries in the region (see Chapter 1); Kosovo\*\* - adjusted GDP per capita index value using approximated PPP ratio, Kosovo\* - adjusted GDP per capita index value using USD exchange rates

As discussed in greater detail in Chapter 1, however, these and other economic statistical estimates are for the time being only just that, i.e. rough estimates based on a combination of qualitative analysis and partial quantitative data. Even if more accurate data was available on registered forms of economic activities and production, it is nearly impossible to assign a numeric value to the volume of non-registered Kosovo economic output – the "shadow" economy comprising non-reported goods and services, as well as the trafficking of illegal goods. Although actual GDP figures for this period may be revised at a later data if more accurate data becomes available, it is clear that there has been significant growth in GDP over the past two years. Of course, the start-up values of GDP in the first months of the transition period were extremely low, so initial growth rates of 20% or more per year are not unexpected.

Similarly, other macroeconomic indicators also show considerable growth over the 2000-2001 period. Overall consumption rates grew by 14% in 2001 compared to 2000 rates. Investments and exports also grew by 9.35% and 69.23%, respectively. As in the case of GDP, however, post-1999 starting values for these indicators were very low, with rapid growth to be expected at least for the first few years of the transition period. At the same time, strong macro-economic indicators, even when calculated per capita, do not necessarily

correspond with an increase in standards of living for much of the population.

Table 4.1 Macro-economic trends in Kosovo, 2000-2001 (in thousands of Euros)

	2000	2001	Annual growth (%)
GDP	1,414.2	1,756.1	24.17
Consumption:	2,001.8	2,284.1	14.10
Family	1,546.8	1,754.2	13.40
Enterprises	0.0	0.0	
Budget	139.9	166.9	19.36
Foreign	315.1	363.0	15.19
Investments:	1,352.7	1,479.2	9.35
Family	227.7	165.0	-27.54
Enterprises	379.1	456.5	20.40
Budget	10.6	10.7	1.45
Foreign	735.3	847.0	14.87
Export	106.6	180.5	69.28
Import	-1,902.8	-2,185.7	14.87
Balance	-144.0	-2.0	

Source: Central Fiscal Authority, Monthly Macroeconomic Monitor, March 2002.

## Encouraging Private Enterprise Growth

The statistics for numbers of registered businesses and turnover rates (monthly sales) are also somewhat encouraging, at least from a quantitative perspective. Before the 1999 conflict, there were roughly 16,700 private small and medium-

sized enterprises (SMEs) and some 19,000 other private business entities registered in Kosovo. Following the conflict, through the end of 2001, there were 44,808 private businesses registered (SMEs and others). These figures represent both a rapid re-start of many existing enterprises forced to cease operation during the conflict, as well as the emergence of many new businesses. No figures are available on the percentage of registered businesses that are operational. Average monthly turnover rates for registered businesses showed an impressive growth of 40% in the fall of 1999 over turn-over rates for the pre-conflict period. During the second half of 2000 and in 2001, however, average turnover rates of private businesses declined. The cause of this decline is two-fold: there was excess demand in 1999, while now there are more realistic demand levels; as well as greater competition. In general, there are still many obstacles to doing business in Kosovo, including legislative gaps, unfair competition, low access to finance and business data, and high taxes (Reinvest 2000, 2001).

#### Box 4.1

### Structural Changes in the Economy

There is no official statistical information on the current structure of Kosovo's economy with respect to the contribution of different economic sectors to GDP. It is clear, however, that the economic structure is shifting in response to the new environment of the transition period, particularly in the industrial sector where the status of several large and medium-sized enterprises is unclear. Conditions are especially good for trade, services, restaurants and the construction industry. There are some indications that the private manufacturing and service sectors are increasing their weight in terms of numbers of registered businesses, and volume of investment and exports. Production activities are concentrated in various traditional construction materials, furniture and the printing industry. Additional support is required, especially in the areas of agriculture and agro-processing, and wood and metal-processing, as well as certain high value-added services. Technological modernization of formerly strong export sectors may also be required through privatization and joint-ventures (based on a thorough evaluation of their comparative advantages), especially in such sub-sectors as wine, batteries (industrial, automobile and nickel-cadmium), radiators, shock absorbers, electric motors, and conveyor belts.

## Supporting Family-Owned Businesses and Rural Economies

Small family businesses, as well individual entrepreneurs and traders not organized as companies, have also shown some initial signs of revitalization. In the agriculture sector, however, where family businesses are numerous, the trends are less marked. Agriculture has traditionally accounted for a large portion of Kosovo's economy and a source of income and employment for many people. Prior to the 1999 conflict some 60% of the population lived in rural areas – this figure has most likely decreased by 5-10%, as many rural families have since relocated to urban centers. For a majority

#### Box 4.2

### Small business

Small business is essential to development. It contributes substantially to two fundamentals of poverty reduction – job creation and economic growth – and stands as a cornerstone of civil society, often leading to greater economic inclusion by those in lower income brackets, especially women. Yet this sector also faces many difficult obstacles, with small companies often struggling to compete in difficult local business environments that favor larger firms.

*Source: The World Bank Group's SME Strategy, SMEFacts, Vol. 1, No.1, 2000*

of the rural population, agricultural activity has been used mainly for personal consumption purposes. Such subsistence farming is one of the first and most feasible steps to alleviate poverty in rural areas. It is also often a good "introduction" for new entrepreneurs to free-market conditions, as small farmers usually grow gradually. Therefore, rural development through assistance to family farms to help them generate income in a market economy is of key importance. It is necessary to stimulate reorientation of these local agricultural economies from self-sustaining models to more market-oriented approaches, which will require new management skills. In addition, policies must be developed to address such issues as access to land,

providing sufficient working capital, and ensuring fair markets through new legislation.

## Balancing Social Responsibilities, Development Priorities, and Budget Realities

Despite some of the preliminary progress achieved over the first few years of the transition period as reflected in some macro-economic indicators and other quantitative analysis for private sector growth, there are many serious obstacles to be overcome with respect to those who have not yet experienced the benefits of the initial trends for economic recovery. Unemployment rates and poverty levels remain high and the current system of social services is not able to meet the needs of all its beneficiaries.

## Unemployment Rates and Job Generation

As a result of disruptions caused by the conflict, as well as due to the still transitional nature of the post-conflict period, the high unemployment rate has become a major social and economic problem. Various sources estimate the current unemployment rate at about 50-55%, down from a high of 74% in the second half of 1999. This represents more than half of the able-bodied population (about 600 thousand inhabitants, or more than 25% of the overall population). The unemployed – of which a large portion are

female and/or young adults – are largely excluded from the benefits of development and reforms.

Experience gained by other countries in transition, has shown that high unemployment rates are often an indicator of a slow shift from socialist to market economies. In addition to the overall under-developed environment of the economy, another reason for these high unemployment rates in Kosovo involves the slow process of privatization for large public and socially-owned enterprises of which there are about 350 (see Box 4.3). Although more than 80% of these enterprises were re-started

### Box 4.3

#### Socially-Owned Enterprises

Socially owned enterprises present enterprises constituted under a unique form of organization permitted by the laws of the former Yugoslavia Federation, where assets were notionally owned by the workforce. In theory, the workforce also appointed its managers, although in practice state party managers were in control.

after the conflict, their average production capacity is at only about 35-40% – they employ only about a quarter of the numbers they did in 1989. The basic problem of these enterprises is their apparently unresolved legal status, as well as outdated production profiles and under-investment. As a result, new investment for modernization is in short supply. Only around 100-120 million DM has been invested into this sector since 1999, estimated to be only 15% of the total need for new capital at some 800 million DM.

Table 4.2 Breakdown of Numbers of Employed by Type of Employer, 2001

Business Entities	Number of Employed	% of Total Employed
Private enterprises	135,000	23.0
Other business entities	48,000	8.1
Socially owned enterprises	50,000	8.5
Public services	75,000	12.8
Farmers	90,000	15.3
Informal market	50,000	8.5
Employed in the Diaspora	140,000	23.8
<b>Total employed</b>	<b>588,000</b>	<b>100.0</b>

Source: Riinvest Survey-based Estimations

*Politicians should talk less and work more.*

*We had so many promises last year and very little changed. So many young people are in the streets doing nothing. We need jobs for them.*  
[Villager, 72]

Aside from accelerating the pace of economic reforms in general, there are many more specific interventions that can be undertaken to address the problem of unemployment and generate new jobs. One of the most important tasks in this regard is the establishment of more effective systems of social and economic data collection and analysis. On the one hand, it is necessary to track the labor market to identify areas of employment demand. All factors, both beneficial and detrimental, that influence the generation of jobs in Kosovo must be identified. At the same time, more data is needed describing the unemployed, including their overall numbers, composition broken down according to age, sex, educational, and geographical characteristics, and length of unemployment. Once this basic information is available, it will then be possible to develop more relevant programs of assistance.

Some of these programs should involve greater investments in human capital. All programs of education, including general, vocational, higher education, and adult education and re-training programs, must be re-evaluated taking into consideration curriculum designs that better reflect the requirements of the workplace. Similarly, measures must be taken to expand services provided by employment offices. The Ministries of Culture and of Labor are also exploring options to open professional development centers.

Additional support must also be provided to the setting and enforcing of employment standards for recruitment and career advancement. Existing standards designed to protect all forms of discrimination in the workplace must be enforced, particularly in the case of women and minority employees.

## Alleviating Poverty through Targeted Socio-economic Programs

In addition to high levels of unemployment, the transition period is also

characterized by high rates of poverty. According to studies conducted by the World Bank in 2000, half of Kosovo's population is at or below the poverty level, while 12% of these poor are living in conditions of extreme poverty. These Kosovans are poorly fed and dressed, live in an environment of poor public health and services, and often achieve only low levels of education.

The deterioration of the social situation in Kosovo immediately following the conflict can be seen by a 50% reduction in average family income to about 300 DM a month. The number of families with wage earners, income from businesses, and other sources of income has decreased dramatically since the pre-conflict period. At the same time, the number of families living on humanitarian relief has increased 10 times. The number of those living on funds received from abroad has also increased several times. Remittances received from relatives in the Diaspora represented half of the budgets of Kosovan families in the immediate post-conflict period. Since 1999, many families have had to liquidate their savings and often resorted to selling their real estate to ensure minimum levels of survival. Approximately 60% of the average family budget had to be spent to cover basic food needs in the first months of transition.

In addition to the hardships faced by the able-bodied unemployed, many other segments of society are also thus excluded from the first stage of economic recovery in Kosovo. Some of the groups particularly hard hit include:

- Former pensioners who have not received pensions since 1999;
- Veterans who are of working age, but unable to work;
- Disabled individuals who are below 65 years of age, and do not qualify for a basic pension;
- Orphaned children;
- Single-headed households, particularly widows and other single mothers who have no educational or professional training, and are therefore not qualified for formal employment;

- Rural families that have temporarily migrated to towns and are without sources of livelihood.

Specialized, targeted policies need to be developed addressing the needs for each of these groups. As in the case of the unemployed, additional information must be collected covering all parameters of each group in order to formulate the most effective interventions.

At present, there is no pension system in place to compensate pensioners for such a dramatic decline in their family and personal income. Starting in June 2002, however, a Three-Pillar Pension System will be introduced, financed directly by Kosovo Consolidated Budget. All pensioners over the age of 65 are to receive a flat benefit of 28 Euro per person per month. This figure corresponds to a minimal market calculation of the costs necessary to meet basic food requirements. The size of the pension, however, must be reviewed on a periodic basis in order to account for price increases. The second element of the new pension system is an Account System of Individual Savings, whereby each employee and their employer will deposit a combined amount of 10% of every salary in an individual pension savings account. The final pillar of the system involves voluntary individual and employer pension accounts.

A number of other social programs are also to be financed by the Kosovo budget and administered by the Ministry of Labor and Social Welfare. The largest of these is a social assistance scheme designed to support individuals or families living in extreme poverty regardless of age. Two additional programs are also being developed to target veterans and their families, and also to support people with disabilities.

## Correcting Socio-economic Imbalances and Inequalities

In addition to the human-oriented aspects of the socio-economic transition period already discussed above, there are several other imbalances and inequalities that

require the attention of Kosovan policy-makers and the international community. These include income-differences across various professions, limited economic integration of some minority communities, and gender-based inequalities.

### Understanding Income Differences

Although differences in salaries within and across professions existed in Kosovo's economy prior to 1999, during the new period of economic transition the range of compensation rates has expanded greatly, irrespective in some cases of professional qualifications or levels of experience. Much of these fluctuations are the natural occurrence necessarily associated with the development of a market-based, demand-driven economy. The average monthly salary in a socially-owned enterprise is around 200 DM. In the public administration and civil service system, salaries average 300 DM. In private enterprises average compensation rates reach 600 DM, while Kosovans employed in international organizations, such as UNMIK or OSCE, earn an average of 2,000 DM a month. The degree of income differences that can occur across professions is best evidenced by the salaries earned by drivers and security guards working for international organizations, which are as much as three times higher than average salaries for doctors, or engineers. Such differences have led to difficulties in efforts to recruit and retain qualified staff for employment in the health, education, and other public service and academic fields. It should be noted, however, that income differences, such as those cited above, cannot be blamed on any organization, local or international. Rather, the cause for such extremes in income differences is the result of a still limited public budget in Kosovo, and the reality of an international community with a budget that allows for a higher system of pay scales.

### Promoting Multi-Ethnic Integration

Another challenge facing Kosovan society is the integration of minority communities into its economic system. Kosovan Serb



and Roma minority communities based in various enclaves throughout Kosovo, in particular, are for the most part both physically and financially separated from the economic activities being developed elsewhere within the greater Kosovan community. Although difficult to directly encourage broader involvement in a free-market system, other ongoing programs designed to reduce levels of discrimination, increase security to allow for greater freedom of movement, and promote new cultures of trust and respect for all segments of society regardless of ethnicity, should be strengthened.

### Reducing Gender Inequalities

In addition to ethnic-related differences in economic participation, Kosovo's economy is also characterized by significant gender-based inequalities. Efforts to increase gender empowerment and equality are linked closely to issues of an economic

*Table 4.4 Representation of Women Employed in Kosovo's economy*

Economic Sector	Women as % of Total Sector Workforce Employed
Agriculture	3.9
Industry	15.4
Trade & Handicraft	17.9
Tourism	1.7
Administration	17.3
Health	21.0
Education	22.8

*Source: UNFPA/IOM, 1999.*

have the lowest percentage of workforce participation in agriculture (3.9%) and tourism (1.7%).

A discrepancy also exists between the proven potential of Kosovan women as successful entrepreneurs, and their actual economic involvement. According to official data, out of 19,227 private businesses registered as of September 2000, only 1,348 (or 7.2%) of them are

*Table 4.3 Women's Participation in Kosovo's Workforce (in percent), 1999*

	Share of Active Persons in the Workforce (%)			% share of women in total work-force
	Total	% of total able-bodied males employed	% of total able-bodied females employed	
Kosovo-wide Total	32.9*	23.0	9.9	30
Urban areas	37.7	23.9	13.8	37
Rural areas	28.1	22.1	5.9	21

*Sources: UNFPA/IOM, 1999; UNFPA/IOM, 2000.*

nature, especially to income. For a variety of reasons, involving cultural traditions and overall social development, women are under-represented in Kosovo's economy.

Women occupy only an estimated 30% of all jobs in the marketplace. Economic participation levels are lowest for women in rural areas, where they comprise some 21% of the rural workforce. Representation in urban areas is higher at 37% of the overall urban workforce (see Table 4.3).

The economic sectors with the highest levels of women participation in the workforce are in the education and health-care sectors, at 21.0% and 22.8%, respectively (see Table 4.4). Although statistics are not available, the percentage of Kosovan women in international organizations is also significant. Women

owned by women. Interestingly, however, a majority of business-owners in the retail sector are women at roughly 63%. Also, several women's business associations have been formed. Nevertheless, despite some success stories, and the support of several international organizations, additional technical, financial and institutional support is needed if current levels of gender-based inequalities in the economy are to be reduced. Increased support for family businesses is of particular importance, especially in most rural areas where current economic opportunities for Kosovan women can be expanded considerably.

## Identifying Realistic Socio-economic Development Objectives

Kosovans and the international community have developed a common vision for Kosovo that – regardless of the final resolution of its political status – describes a tolerant, multi-ethnic democratic society, with sustainable democratic institutions, economic growth contributing to reduced poverty and unemployment, improved access to public services and infrastructure, and greater levels of integration within South-Eastern Europe (SEE), as well as the greater European region. The absence of a comprehensive medium to long-term strategy, however, makes more difficult the coordination of all stakeholder activities in the economic and development policy processes necessary to make this sound vision a reality.

Nevertheless, several key socio-economic strategic orientations can be identified as necessary guiding principles to be followed over the next three to five-years of Kosovo's transition period:

- Ensuring economic self-sustainability and integration within SEE and the greater European region;
- Building a more open market economy based on well-established legislative systems;
- Pursuing a more integrated economy with greater minority and women's participation;
- Increasing income generation and job creation through support to SMEs and family businesses;
- Improving infrastructure, including participation in sub-regional Stability Pact projects;
- Restructuring and privatization of SOEs and their technological regeneration, with a priority for those in areas of food production and construction, and with good export potential.

In addition to these strategic principles, success in navigating the next period of development will also depend on several other cross-cutting considerations. It is necessary to increase the capacity of

Kosovans themselves to participate fully in completing post-conflict reconstruction, and in implementing more substantial programs of social and economic development. Efforts to reduce the overall costs of reconstruction and development, and to increase the capacity of the economy to absorb investments, are also essential. All stakeholders, including local and international, public, private, and civil society organizations, must participate in development processes. Improved mechanisms for the coordination and management of donor financial and technical assistance must be developed.

Box 4.4.

### From Reconstruction to Growth

"The common ambition of the people of Kosovo, UNMIK and the international community, goes beyond the return of Kosovo to where it was in the beginning of 1999 – or even in 1989. Our ambition is to put Kosovo on the track of sustainable economic and social development which offers the people of Kosovo a future in Europe as citizens of Europe".

*Source: Department of Reconstruction, 2000.*

The current period of transition also offers an important opportunity to reassess the comparative advantages and disadvantages of Kosovo's economy, and to prepare interventions accordingly.

Box 4.5.

### Absorption Capacities

Kosovo needs to stimulate both public and private investments in order to create new jobs and support pro-poor growth. Returns on these investments will depend on the development of the economy's absorption capacities through:

- Creation of a friendly business environment based on rule-of-law, macroeconomic stability and free competition;
- Effective systems of governance at institutional (government) and corporate levels;
- Improvements of the quality of education and health services at central and local levels;
- Decreased levels of crime and corruption.

*Table 4.5 Comparative Kosovo Advantages and Disadvantages for Socio-economic Development*

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Human capital, a young, relatively well-educated population;</li> <li>• High entrepreneurial energy and spirit;</li> <li>• Positive attitudes towards economic reforms and transition;</li> <li>• Natural resources (minerals, land, geographic location);</li> <li>• Medium-term commitment of international community to provide technical and financial assistance.</li> </ul>	<ul style="list-style-type: none"> <li>• Current low levels of social and economic development;</li> <li>• Lack of well-developed institutions necessary for a market economy;</li> <li>• Still transitional nature of internal political and security issues.</li> </ul>

## Greater Kosovan Involvement in Economic Policy-Making

Long-term development of Kosovo's economy requires greater involvement of Kosovan people from all sectors of society: government, private sector, and civil society.

In accordance with UN Resolution 1244, the gradual shift of responsibility for social, political and economic management from the international community to Kosovans has already been initiated. In early 2002, a new Government, including ten new Ministries, was approved by the democratically elected Assembly. Many of these are strategically involved in formulating and implementing various socio-economic policies, including the Ministries of Trade and Industry, Economy and Finance, and Labor and Social Welfare (see Box 4.6). Although establishment of these institutions marks an important step in the policy transfer process, ministry capacities are still low and their policy authority still limited.

### Box 4.6

#### Policy Document of the New Provisional Institutions of Self-Government

Although Kosovo's Ministries are still in a process of consolidation, in early 2002, Kosovo's new Government presented a Policy Document to the Assembly and to the international community. The Document identifies the need to achieve

sustainable economic development as a priority. It also recognizes the need for the Government to take a more pro-active role in the modernization of Kosovo's legal framework, fiscal system, and necessary infrastructure.

The Ministry of Trade and Industry will be engaged especially in private sector development. This work is to involve stimulation of private local and foreign investment through improved legal frameworks, taxation policies, and infrastructure. The legal framework will give priority to development of laws on property rights, property registration, competition regulations, intellectual property, bankruptcy, and programs for privatization.

The Ministry of Economy and Finance is to support the formulation of a fiscal strategy which will ensure: 1) a taxation system that allows for a self-sustainable budget based on tax revenues; 2) budget management that ensures transparency and accountability of outcomes; and 3) intergovernmental finance and fiscal devolution that will authorize municipalities to improve collection of budget revenues and management of budget costs typical for local governments. In building up efficient fiscal management and procedures, priority is to be given to approval of an Organic Budget Law. In banking and credit areas, efforts will be made to improve local loan conditions through increased credit supply and competition, and the provision of a legal framework for loan guarantee instruments. The Ministry of Labor and Social Welfare will be focused on the implementation of new pension schemes, and support to groups living in extreme poverty and the unemployed. The Ministry will support efforts to create new standards within the labor market designed in part to eliminate all forms of discrimination in employment procedures.

Development of a sound market economy within a democratic framework involves a strengthening of civil society. To date, however, there has been only a superficial involvement of NGOs, the media, and other civil society actors in the economic development process. This lack of influence in the decision making process of UNMIK has sometimes led to frustration.

The debate between Kosovans and the international community on issues of privatization is an example of a policy process that many have felt did not take into consideration local opinions. There are concerns that these frustrations may continue in other strategic policy areas. With the election of Kosovo's Assembly and Government, improved channels of communication between all stakeholders, including civil society is essential.

Similarly, there has been little input into the new legislative framework from business and industry. At the same time, easily accessible information for the business community about these laws is scarce. Based on a recent survey [Rinvest, Survey of 300 SMEs, 2001], some 60% of businesses consider that they are not well-informed on the laws promulgated by UNMIK. Roughly 70% of these businesses report receiving the most important information from their colleagues or through the media.

Findings of public opinion polls conducted at the beginning of the transition period also indicate that Kosovans themselves are aware of the importance of civic participation in the development process. The survey shows that many Kosovans equate the success of reconstruction with the involvement of local people (31%), as well as by the international administration (29%), and support more partnerships between Kosovans and international experts (33%). Around 90 % of Kosovans polled expressed their expectations for significant improvement of the situation in Kosovo over the next five years [Rinvest, 1999]. These opinions should be taken into consideration when formulating successful strategies for Kosovo's economic recovery and development.

## From an Aid-Based Economy To Economic Self-Sustainability

Nonetheless, future growth of Kosovo's economy is still largely dependent on at least a certain level of continued technical and financial assistance from the international community. Much of the post-conflict reconstruction has been dependent on international support. Two donor conferences have been held, in which the international community pledged to contribute some 2.3 billion USD between 1999-2003. In 1999 UNMIK drafted a document on the identification and promotion of needs for urgent development and rebuilding through the end of 2000, as well as for the period 2001-2003 (see Table 4.6).

*Table 4.6. Donor Program in Support of Kosovo Rebuilding (in million USD)*

	Until 2000	2001 - 2003 period	Total
Agriculture	94	141	235
Private sector development	120	110	230
Institutions	50	50	100
Dwellings	306	214	520
Water supply and waste disposal	79	181	260
Clearing of land mines	21	9	30
Education	49	36	85
Healthcare	40	45	85
Telecommunications	41	54	95
Energy	129	281	410
Transport	69	96	165
<b>Subtotal</b>	<b>998</b>	<b>1,217</b>	<b>2,215</b>
Support for the budget	128	--	128
<b>Total</b>	<b>1,126</b>	<b>1,217</b>	<b>2,343</b>

*Source: A Program for Reconstruction and Recovery in Kosovo, EU/WB, 1999.*

Donors have allocated about 1.1 billion DM for rebuilding, and in direct support to Kosovo budget. UNMIK has confirmed capital expenditures through the end of

Box 4.7

### Main Contributors to Kosovo's Development

- Great Britain 175 million DM (19.5 %)
- Japan: 163.8 million DM (18.5 %)
- United States: 134.2 million DM (14.9 %)
- European Union: 99.2 million DM (11.0 %)
- Switzerland: 74.0 million DM (8.2 %)
- Sweden: 51.0 million DM (5.7 %)
- Denmark: 46.3 million DM (5.1 %).

*Source: Donor Pledges, Commitments and Spending in Kosovo (Total Covering Donors' Conferences)*

2003 of about 1.23 billion DM, an amount fully covered by donors. For the period 2001-2003 it is estimated 2.8 billion DM of investment will be required (see Table 4.7), with around 1.3 billion DM required for 2001 alone. Major investment requirements come from industry and commerce (52%), social services (32%), the judiciary and police (10%), and public administration (6%). Donors have committed considerable funds for rebuilding and capital investment for the 2001-2003 period (see Table 4.6). Increased investment in education and healthcare is also needed.

### Providing for a Self-financed Public Budget

Efforts to support economic growth and stability over the next several years must focus on ways to eliminate current disparities between public consumption and budget limitations. Kosovo must gradually develop the capacity to project and manage its own self-financed public budget and current account difficulties. The degree of success achieved under a system of economic self-sustainability is dependent on several factors, including: annual income, GDP per capita, choices made by consumers and voters, responsibility shown in governing socio-economic processes and the overall health of the economy. Since 1999 Kosovo has succeeded in increasing the share of tax revenues in its consolidated budget. According to current projections, over the next three years, Kosovo's budget is to be financed entirely by local sources. At the same time, the budget needs to be increased in order to compensate for the present contributions made by many international organizations covering budgetary gaps. Additional public

*Table 4.7. Planned capital investments and donor pledges for 2001-2003 (in million DM)*

	2001	2002	2003	Total
Planned capital investments	1,346.50	878.20	601.70	2,826.40
Donors pledges	585.30	119.80	64.10	769.20
Additional financial needs	761.20	758.40	537.60	2,057.20

*Source: Central Fiscal Authority, Kosovo budget for 2001, Prishtina, 2000.*

Foreign technical and financial assistance is also important to boost greater local development resources through a modern development concept, as current Kosovan capacities are still insufficient for such a mission. The development of these capacities and resources is essential if the planned gradual reduction in international external technical and financial assistance is to be achieved in such a manner that the current positive development trends are continued without undue levels of disruption.

funds are needed in order to increase current wages for many public employees in education, healthcare and other public services sectors, which are currently unadjusted for inflation and in many cases are not sufficient even to maintain a minimum standard of living. In order to meet these and other requirements, Kosovo's budget must increase at a rate faster than projected GDP growth from 2001-2005. Some initial progress has already been made in developing Kosovo's self-financing

capabilities. In 2000, 50% of Kosovo Consolidated Budget was financed through locally generated resources. In 2001, tax revenues were more than double 2000 levels and two-thirds of the budget was self-financed. Projections call for tax revenues to increase still further in 2002, with some 93% of the budget self-financed. GDP growth rates were estimated to be 24% in 2001, with forecasts calling for 14% growth in 2002, 9-10% growth for the years 2003-2004, and 6-7% annual growth for the 2005-2010 period. The ratio of budget to GDP is expected to increase from 14% in 2001 to 18% by 2005 (CFA estimations).

estimated at between 300-400 million Euro, and as such will also continue to be an important part of efforts to manage account deficits.

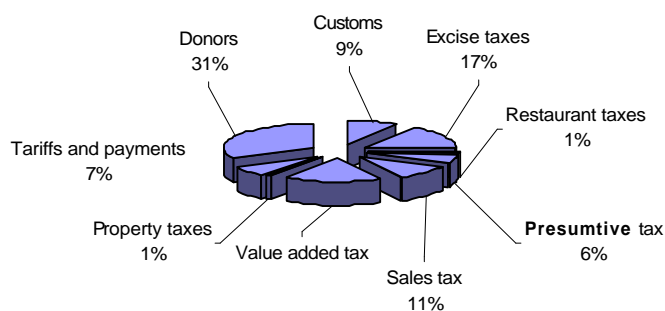


Fig. 4.2. Sources of Revenue for Kosovo budget, 2001

#### Box 4.8

### Fiscal Policy in Kosovo

Current fiscal policy in Kosovo is being established on an entirely new basis from that which was used before the transition period. New fiscal instruments and a new tax and customs administration are being created. The previous tax system focused only on taxing businesses. Since July 2001, a Value-Added Tax (VAT) with a 15% rate on all imported and domestic products has been applied. By applying the VAT a considerable part of the tax burden is expected to be transferred to consumption. The success of this transfer will depend on the purchasing power of consumers, the power of firms to withstand this burden, and their ability to substitute a part of this tax by cutting costs. New wage and incomes taxes are expected to be introduced beginning in 2002.

Kosovo's business community has requested lower and differentiated tax rates, as part of an overall tax policy supportive of development needs. Such a low-rate tax policy, applied across a broader base, would ideally secure a higher volume of budget income, while simultaneously assisting efforts to reduce fiscal evasion. A broadening of Kosovo's tax base could be achieved by applying new taxes on profit, property, salaries, individuals' income, and real estate transactions, with a clear definition of the fiscal role of municipalities. Such activities would be accompanied by a review of and possible decrease in existing tax and customs rates, especially for equipment and other production materials that are not produced in Kosovo.

Current fiscal policy in Kosovo is also burdened by high rates of tax evasion. Several measures must be taken to address this problem. These include: increasing the efficiency of tax and customs collection, improving fiscal discipline, promoting public awareness of the need for taxes and budgetary self-sustainability, reducing imports exempted from customs and taxes, and by applying fiscal standards in an equal and transparent fashion.

Plans call for high Kosovo trade imbalances between imports and exports to be reduced gradually. Exports are currently rather low at about 33 million Euro, which represent only 17% of pre-1989 Kosovo export levels. Current account deficits are to be reduced through a reduction in imports of humanitarian assistance, as well as an increase in exports as a percentage of overall GDP. Support of export-oriented enterprises, therefore, is crucial to future economic development. Annual remittance flows – money sent by members of the Diaspora to family in Kosovo – are

### Building the Foundations for an Open Market Economy

Building a free market and genuine competitiveness represents one of the most difficult aspects of reform in Kosovo, as in other countries in transition. The liberalization of trade and the regulation of free competition would lead to an increase in economic efficiency and increase possibilities for exports, with a resulting downward pressure on prices. Competition

and the free market do not depend only on the extent to which the market is controlled by the state, however, but also on the existing import and export regime. In Kosovo trade is free and imports are unrestricted with relatively low taxes. Nevertheless, the issue of competition remains one of the main problems for private entrepreneurs. Market inequalities are partially caused by companies seeking an unfair market advantage through tax evasion. Tax evasion represents a sensitive issue that involves other development areas, such as rule-of-law, transparency and corruption. A free market in Kosovo can be achieved only through comprehensive economic and social reforms in which promoting respect for and adherence to rule-of-law is key.

To this end, current efforts to establish and implement a new economic legislative framework need to be intensified. The new legislative framework touches on several important economic issues, including:

- Fair and open competition

A law is required to prohibit business practices that unfairly limit free and open competition. Without such competition, prices usually rise and there is a tendency for the quality and variety of goods to decrease.

- Ownership rights

The present ownership system in Kosovo, especially with respect to real estate ownership, should be modernized, reviewed and expanded. In particular, there is a need over the short-term to develop laws that regulate the registration of property rights, address the issue of transfer of public and private property, and ensure the right of real estate credits as is the case in Croatia and Montenegro.

- Intellectual property rights

A law is required for the promotion and protection of intellectual property rights.

- External trade and customs

A law on external trade activities is necessary to prevent discrimination in the application of regulations for cross-border trade for goods. There is also a need for laws that define a complete custom regime in accordance with EU requirements. A

new law that would regulate petroleum trade is also necessary to ensure conformity with applicable standards.

- Bankruptcy procedures

Legislation is required that outlines procedures for the liquidation and distribution of bankrupt companies' assets to creditors, or in the case of larger companies, to allow for a reorganization of company debts as part of long-term efforts to make the enterprise profitable and in a position to pay off all creditors.

- Administrative procedures

A law on administrative procedures is needed to ensure that public agencies at all levels apply their authority in a reasonable, non-discriminatory manner, and in accordance with the legislation, whose implementation and enforcement they are responsible for.

- Government transparency and accountability

New legislation is required that will allow for better public governance, including a law for the freedom of information that ensures all information kept by public organs is open to the public with limited exceptions; a detailed code of conduct for civil servants in order to promote responsible and ethical behavior by public officials; regulations for financial controls that discourages corruption, including a law on procurement that establishes clear rules for the use of public funds to purchase goods and services.

## Establishing a Reliable Banking System

In the initial post-conflict period, there was not a single operational bank in Kosovo. Since then Kosovo's banking system has made significant progress. There are now seven licensed banks in Kosovo that operate forty-six branches. In addition, a mobile banking system has been established that operates primarily in minority community areas. General deposits total some 389 million Euros, with 44 million Euros in unpaid loans. An inter-banking system of payments and system of liquidation has been established.

In addition, 24-hour banking services are available through automatic teller machines.

Despite these rapid achievements, however, there are still several additional steps that need to be taken to reinforce this sector. There is a significant gap between deposits and loans. The total amount of loans provided by commercial banks is slightly over 5% of total deposits, very low in comparison with international standards. Lack of a clear legal framework for titular ownership of property and inadequate laws on mortgage and bankruptcy increase the risk for banks and lowers demand for loan applications. Interest rates that usually run between 14-25% also represent a deterrent. A number of commercial banks are keeping their assets in banks outside of Kosovo. The situation could be improved over the medium-term with the establishment of a more comprehensive legal framework. New regulations are also needed prohibiting the use of counterfeit money and allowing for the confiscation of property purchased with such funds.

## Reconstruction and Privatization of Socially-Owned Enterprises

Although there is an ongoing legal debate over the ownership of socially-owned enterprises, once such issues are resolved, the long-term economic future of socially-owned enterprises (SOEs) in Kosovo depends on new investment, which in turn requires SOEs restructuring, privatization and building of new partnerships. Decisions regarding possible SOEs restructuring and privatization should be based on careful consideration of their:

- 1) economic efficiency, i.e., current comparative advantages and disadvantages within the new Kosovo and regional market;
- 2) ability to attract direct private investments, domestic and foreign; and
- 3) potential impact on general economic and free market reforms in Kosovo.

SOEs in Kosovo are primarily medium-sized enterprises. The structure of these

Table 4.8. Structure of socially owned enterprises according to their book-keeping value\* and number of employees

Fixed assets (in million DM)	% SOEs	Number of employees	% SOEs
Under 2	18	Up to 100	38
2 to 10	33	100 to 200	24
10 to 50	37	200 to 400	24
Over 50	12	Over 400	14

\* Based primarily on old accounting standards and long depreciation periods

Source: Riinvest, *Socially owned enterprises and their privatization, 2001.*

enterprises in terms of their book-keeping value and number of employees is shown in Table 4.8. The majority of these enterprises have assets of less than 50 million DM (88%), while most employ fewer than 400 (86%).

Present staffing levels in these enterprises cannot be considered as a major problem that would hinder privatization. Experience from other transition countries indicates that privatization through sale to private investors has many advantages in comparison with long-term leasing, or co-ownership schemes with the majority of shares owned by employees and managed by existing management staff.

Efforts to create an efficient market economy cannot be achieved by maintaining all existing social property. As such, where legally and economically feasible, SOEs should be privatized. Around 80% of the current SOE managers are in favor of such privatization proposals. Given this position within the business community, it is essential that more open forms of dialogue be established with the international community on this issue, and as part of broader participatory approaches to Kosovo's development.

## Re-Assessing Infrastructure Development Requirements

An important component of Kosovo's efforts to develop a strong economy involves its infrastructure, including energy, transportation, and telecommunication systems. Given the inter-regional nature of many infrastructure planning decisions that



are in turn affected to a certain degree by the unresolved question of Kosovo's political status, long-term development strategies are especially challenging.

Nonetheless, several medium-term strategic infrastructure priorities can be identified.

All public infrastructure services in Kosovo are important for the social welfare of its inhabitants and share many of the same

cooperation will create better possibilities for the integration of Kosovo's infrastructure projects into complementary sub-regional infrastructure projects and initiatives. It is in the substantial interest of both Kosovo and the region to effectively increase the participation of Kosovo in this important initiative of the international community for the overall development of the SEE region.

#### Box 4.9

### The European Union South-Eastern European Stability Pact

The Stability Pact lays down a framework for cooperation between the EU, the Commission, the United States, Russia, Japan, the Balkan countries, Turkey and other countries, plus regional and international organizations and international financial institutions. The aim is to bring peace, stability and economic development to the SEE region. The Pact sets out principles and areas of action with a view to a common approach. It specifies the role played by each party, that of the EU being to focus on the development of programs to underpin democracy, stimulate the economy and foster contractual relations within the region. The organization is in the hands of a special coordinator who chairs a regional round-table on South-Eastern Europe that serves as a forum for:

- Ensuring achievement of the Pact's objectives (the coordinator will make regular progress reports to the OSCE) and
- Coordination of three "working round tables" on democracy and human rights, economic reconstruction, development and cooperation, and security issues.

These round tables will draw up proposals for specific measures to be implemented under the Pact. The Pact also stresses the importance of coordination between the World Bank and the Commission on the formulation of a strategy for regional development and organization of donor conferences.

structural problems: low levels of finance and investment; inefficiency and often poor management; a need for modernization; and an absence of a long-term development strategy. Infrastructure services are also at risk of becoming dependent on the technical and financial support of international organizations. Given the weight of energy, transportation and telecommunications infrastructure in particular with respect to Kosovo's immediate development needs, however, the improvement and expansion of these sectors represents a priority. At the same time, participation in related SEE regional infrastructure networks through the EU Stability Pact is also essential.

Beginning in March 2002 Kosovo has been represented in the Working Tables of the EU Stability Pact through a special Coordinator appointed by the Government (see Box 4.9). Kosovo's closer involvement in the Stability Pact represents an important condition for the realization of its infrastructure projects. This ongoing

In its Policy Document presented in early 2002, the new government in Kosovo has also identified the need to develop a set of legal frameworks for all public services sectors in Kosovo that remain under the supervision of the international community through the SRSG, including electric energy and telecommunications. Such a public infrastructure legislative framework should:

- Set up a timetable for the legal and financial division of the means and operations of the companies of public services integrated horizontally and vertically, and for the administering of those specific companies through long-term renting or long-term concessions through international bids;
- Clearly divide the various functions of policy-making, regulation and operation;
- Ensure the efficient activities of an independent regulator for all sectors;
- Adopt the standards of the European Union for market access and development of the sector, including an open and

transparent process of licensing and industrial restructuring; and

- Promote competition between all existing and future market participants.

### Energy Systems

Kosovo's energy systems rely almost entirely on electricity mostly produced by two major thermal-power stations. Only a small percentage is produced by hydro-electricity. Although the installed power of these generating stations is over 1,500 MW, there has been a chronic shortage of supply since 1999, even though demand from industry has decreased sharply from pre-conflict levels. Despite the efforts of the international community to stabilize the production and supply of electricity, additional work is required. It is necessary to increase the use of open cast lignite mines, complete repairs and improve the efficiency of both power stations, and to plan ecologically-sound strategies for an increase in capacity, including the greater use of hydro-electric stations. If sufficient capacity is not made available, Kosovo's socio-economic development will be detrimentally affected. A program of energy conservation should be promoted. More attention should be given to the development of and increased use of various renewable and alternative sources of energy, including solar heating for houses, offices and factories, as well as small and medium-sized hydro-electric plants, thermal water systems, and bio-energy plants.

### Transportation Systems

Kosovo's infrastructure systems for transportation include a network of roads, railways and air routes.

The quality of its roads has decreased due to damage and a lack of maintenance for a period of ten years. This makes transport difficult and expensive. Over the past two years, several of Kosovo's main transport roads were resurfaced. Additional development priorities over the medium-term include:

- Adding additional lanes to the main road Mitrovica-Pristina-Skopje (Macedonia);

- Improvement and widening of the main Pristina-Prizren and Prishtina-Pejë roads;
- Construction of a Prizren-Lezhë road as the shortest and most rational connection from Kosovo to the Mediterranean Sea through the port of Durrës in Albania;
- Improvement of rural roads and access to main transport corridors in support of rural development.

Kosovo's railway system is functioning at reduced capacity, which has caused an overload on the main roads. Efforts to modernize the railway should address issues of electrification and increased capacity.

Air travel is gaining greater importance, due to the large international presence in Kosovo, as well as frequent journeys by the Kosovan Diaspora. For many sub-regional trips, it has also become the safest mode of travel. The single passenger airport in Prishtina requires modernization and expansion.

### Telecommunication Systems

Initial measures taken to reform Kosovo's telecommunications sector have been successful. The public Post Telecom company provides fixed and mobile telephone communications. The fixed telephone network has some 130,000 clients. Digitalization of the network is underway. Vala 900 is a mobile phone provider with almost 200,000 clients (up from 56,600 in December 2000). Mobitel, a Serbian company, also offers access to Kosovo frequencies, but without clear status. Still, Kosovo has one of the lowest coverage rates in Europe at 6%. A survey conducted by the EBRD in May 2000 estimates that an additional 200 million USD is required to increase coverage to 20%. This level of financing can be achieved only through private investment. Other issues requiring the attention of policy-makers include improved telecommunications regulations that allow for liberalization and greater market competition.

## Summary

Human development depends to a large degree on levels of economic development. When development processes are carefully formulated, it is possible to achieve both human growth and economic development. This requires a balancing of social responsibilities and development priorities. Despite the challenging socio-economic environment in Kosovo, there now exists an opportunity to re-evaluate existing socio-economic structures and identify new economic requirements and comparative advantages to be developed over the next three to five years of the Kosovo transition period.

Regardless of the final resolution of its political status, such forward-looking discussions are necessary as part of efforts to increase the self-sustainability of Kosovo's economy and further its integration into the economic systems and institutions of South-Eastern Europe and the greater European community.

Significant progress has been made in the transition period. Immediate basic needs of the population have been met. New economic management structures at the central level have been established. A series of new economic regulations and legislation have been prepared. Several projects have been initiated to increase economic production and increase public revenue. More work is needed, however.

Basic macro-economic indicators offer evidence of an initial recovery of Kosovo's economy. Such indicators, however, do not necessarily offer evidence of increased human development.

Despite the rapid re-opening and emergence of several new SMEs, there are still many obstacles to doing business, including legislative gaps, unfair competition, low access to finance and data, and high taxes.

Additional support should be provided to family-owned business, especially those in rural, agricultural areas. It is necessary to stimulate reorientation of local agricultural economies from self-sustaining models to more market-oriented approaches. Policies

must be developed to address such issues as access to land, providing sufficient working capital, and ensuring fair markets through new legislation.

Unemployment rates remain high, especially among women and Kosovan youth. More effective systems of socio-economic data collection must be established. Greater investments should be made in human capital. Support must be provided to the setting and enforcing of employment standards.


Policies need to be developed that target social groups most severely affected by current socio-economic hardships. Additional data must be collected on each disadvantaged group in order to formulate the most effective interventions. Plans to develop a new pension system, support those living in extreme poverty regardless of age, assist veterans and their families, and support people with disabilities must be implemented.

Although difficult to encourage broader involvement in a free-market system, programs designed to reduce levels of ethnic-based discrimination, increase security to allow greater freedom of movement, and promote new cultures of trust for all Kosovans regardless of ethnicity, should be strengthened.

Efforts to increase gender empowerment and equality are linked closely to issues of an economic nature, especially to income. Additional technical, financial and institutional support is needed if current levels of gender-based inequalities in the economy, including high unemployment rates, are to be reduced.

Long-term development of Kosovo's economy requires greater involvement of the Kosovan people from all sectors of society: government at all levels; private sector; and civil society, including NGOs and media. Nonetheless, future growth of Kosovo's economy is still largely dependent on at least a certain level of continued technical and financial assistance from the international community.

Efforts to support economic growth and stability over the next several years must focus on ways to eliminate current dispari-



ties between public consumption and budget limitations. Kosovo must gradually develop the capacity to project and manage its own self-financed public budget and current accounts and to enhance its economic viability. The 2002 Kosovo budget is already self-financed at a level of 93%, up from 50% in 2000.

Development of a more open market economy requires the formulation and implementation of a series of laws addressing such issues as fair and open competition, ownership rights, intellectual property rights, external trade and customs, bankruptcy, public administrative procedures, government transparency and accountability, establishment of a reliable banking system, and reduced levels of crime and corruption.

Where legally and economically feasible, socially-owned enterprises should be privatized and restructured. More open forms of dialogue should be established between Kosovans and the international community to discuss this issue as part of broader participatory approaches to Kosovo's development.

Given the weight of energy, transportation and telecommunications infrastructure with respect to Kosovo's immediate development needs improvement and expansion of these sectors represents a priority. Kosovo's closer involvement in the Stability Pact represents an important condition for the realization of its infrastructure development projects. More attention should be given to energy conservation and increased use of various environmentally-sound, alternative sources of energy.

Chapter 5 looks in more detail at the close link between human development and the environment, as well as at various health and healthcare issues affecting all segments of Kosovan society.



## Ensuring Longer, Healthier Lives and a Cleaner Environment

### Introduction

Among all the criteria used to assess a society's level of human development, perhaps the most important and most widely recognized is its willingness and ability to protect, care for and ensure the health and longevity of its population. An individual's health directly determines his or her ability to participate in all spheres of life, including social, economic, and political. At the same time, numerous social and economic issues, many already described in previous chapters of this Report, have a direct impact on an individual's health and quality of life. Another factor also linked closely to the health of a society is the health of its natural environment. Environmental pollution can often be the cause of serious, widespread health problems, and is itself closely linked to a range of social and economic development issues. Both health and environmental development challenges in Kosovo are of a long-term nature. Their causes and solutions span a period of many years. Although important to identify and treat the symptoms resulting from poor healthcare and weak environmental protection, it is equally, if not more important to put systems in place now that will prevent such symptoms from occurring in the future, thus helping to ensure fuller, more productive lives for all Kosovans. For this to happen, concerted efforts need to be taken by local and international actors in Kosovo to include health and environmental concerns as cross-cutting issues to be taken into consideration when formulating all other socio-economic development policies.

"The world we all share is given to us in trust. Every choice we make regarding the Earth, Air and Water around us should be made with the objective of preserving it for all generations to come"

*August A. Bush III*

## Working Today Towards a Healthier Tomorrow

Health issues in Kosovo, as elsewhere in the world, are defined by many parameters stretching across the life-span of every individual and all sectors of society. These include proper growth, development, and care beginning even before birth with pre-natal care, through all later stages of life, for children and their mothers, adolescents and adults, pensioners and other senior citizens. Despite the challenges still to be overcome, Kosovan policy-makers now have an opportunity to influence all aspects of public health by promoting healthy life-styles and preventive medicine; by reducing health risks linked to poor social conditions through programs addressing malnutrition, safe drinking water, and proper sanitary conditions; by working to achieve more equal access to healthcare; by improving the services offered by healthcare systems, including public and private facilities; and by decreasing the risk of externally-induced afflictions arising from poor environmental conditions.

## Reforming General Systems of Healthcare

Efforts by Kosovan and international policy-makers and health-care professionals to implement broad reforms within the health-care system face the same types of challenges encountered in other public sector areas. These include problems involving old infrastructure and limited material resources, the fundamental nature of changes required in institutional organization, training, development and compensation of health-care workers, lack of statistical data on which to base policy analysis, and limited levels of investment with which to finance reforms.

The health-care system inherited from the pre-conflict period was already weakened by several years of financial, staffing and managerial difficulties (see Box 5.1). The turmoil caused by the events of 1999 further weakened this system. Although

hospitals and most of Kosovo's health centers, with the exception of some facilities in more rural areas, were not destroyed during the conflict, most of the equipment installed in these institutions was outdated, badly maintained and unusable, or completely missing. The international community has since provided substantial aid for the purchase of new medical equipment.

The period of conflict and post-conflict displacement also adversely affected Kosovo's healthcare system in several additional ways:

- Many people moved from rural areas to the towns in the months following the 1999 conflict. As a result, healthcare institutions in urban areas have become overloaded, especially the University Clinical Centre in Prishtina. At the same time, many rural health-care professionals also relocated to urban centers. This has left rural areas with limited access to health services. Many rural residents must travel large distances to receive treatment.

- Since the start of the post-conflict period, referrals have not been necessary to gain access to all health services within Kosovo. This has put a burden on secondary and tertiary health institutions, requiring them to treat even the most trivial cases.

- Due to disruptions, development of parallel systems of health services, and shifting staffing assignments over the past several years, many current health-care workers require additional training and instruction in more recent developments in the health-care sector.

- For similar reasons, there is a critical lack of reliable quantitative and qualitative data that provides basic demographic information and more detailed studies of individual health issues and population groups in Kosovo. Although several studies have been conducted since 1999 with international support, additional surveys and research is required.

- The healthcare system of Kosovo is still organized mostly on the model basis of the inherited pre-conflict system, namely a centralized socialist model. In the last two years the process of change has begun, but

#### Box 5.1

### Characteristics of the Pre-conflict Healthcare System

Kosovo's health system was formerly based on a socialist model, with a vertical organization of services and large institutions. As such, the system was centralized, bureaucratic and for the most part ineffective. It was oriented more towards specialized clinics than to general practice and the development of a preventive health-care system.

Consequently, health facilities were large and inefficient, with a low bed occupancy rate and extended stays in hospital for patients.

Before the nineties, Kosovo's health system was financed by the Health Insurance Fund. Employees made regular compulsory contributions to the Fund, while those people registered with the bureau for the unemployed received free access to health services. Nonetheless, expenditures for healthcare were approximately 35% lower than the actual needs of Kosovo's health service.

During the 1990's, the public health infrastructure suffered an almost a complete breakdown, which contributed considerably to the general poor state of health of the population, especially children. Many Kosovans did not have access to the public health services. The quality of services was low. Various parallel health-care systems were developed to meet the needs of the population.

there is considerable reform still required. Until recently, responsibilities for reforming and managing Kosovo's health-care system fell under a Department for Healthcare and Social Welfare. Two co-heads, one international and one Kosovan, lead the Department, while a number of Kosovans and other international experts have been involved in developing and administering the departments' policies. In early 2002, as part of overall efforts to restructure and consolidate Kosovo's Provisional Institutions of Self-Government, a new Ministry of Health was established on the basis of the existing Department. Responsibility for the provision of social services previously held by the Department has been transferred to a newly formed Ministry of Labor and Social Welfare.

The Ministry of Health is organized into

two main Departments, Health Services and Strategic Management. Health Services is further broken down into structures for Primary Health Care, Hospitals, Special Services (Mental Health, Oral Health, Reproductive Health, Child Health, TB, HIV/AIDS, Occupational Health, and Physical Medicine and Rehabilitation), Pharmaceuticals, Sanitary Inspectorate and Public Health, Diagnostic and Support Services, and the Private Sector. Strategic Management includes such smaller divisions as Equity, Communities, and Quality Management. The Ministry also oversees health authorities at the district level, as well as other semi-independent agencies, such as the Kosovo Institute of Public Health. It continues to work with numerous international health organizations in areas of both information and policy planning services, as well as for the development and

#### Box 5.2

### Features of the Current Health-care System in Kosovo

The current healthcare system of Kosovo is administered and managed at the central level by the Ministry of Health. Health services are offered through an Emergency Center in Prishtina, five regional hospitals, 280 health centers, and emergency service ambulances for primary healthcare. More than 10,000 health workers are employed in the system. The number of doctors is less than 2,500, or on average around 13 doctors for 10,000 inhabitants. This ratio is much lower than the European average of about 35 doctors per 10,000 inhabitants. Hospitals with emergency care have about 4,800 beds, or some 120 beds per 100,000 inhabitants. Bed occupancy rates are less than 70%.

implementation of more specialized health-care reform and research programs.

A number of policy documents have been prepared as part of reform efforts. These papers have outlined several broad development priorities for the health-care system, including:

- Reorientation towards primary healthcare and family medicine, with a special emphasis on preventive healthcare, including immunization and health education programs.
- Institutional restructuring, including



*It is very difficult for us pensioners - very often they ask us to do lab analysis and X-rays and most of the times we have to do them in private clinics, which of course cost money. Also most of the medicines have to be bought. It is too much because we have not received a penny for two and a half years now.*  
*[Pensioner, 64]*

funding, and professional and managerial training.

- Development of community mental health services.
- Active participation of the community in the healthcare system, including establishment of a system for including patients in the management and monitoring of health services.

The new Government of Kosovo has also prepared a broad Policy Document in early 2002, which included improving the health-care system as a priority. The Policy Document also recognizes the need to improve the standards of primary health-care at the municipal levels, as well as to accelerate the economic reforms necessary to support the sector.

Despite these initiatives, funding remains the greatest obstacle to overcome in reform efforts. There has been a considerable decrease in funding for the health sector. In 1989 public investment in Kosovo's health-care system was 89 million USD. The new healthcare budget in the 2000 was

in part due to the limited budgets available to health institutions to purchase basic supplies and medicine.

Low levels of financing have also caused many professionals to leave the medical field for other jobs that command higher salaries. The issue of financing has also had an adverse effect on Kosovo's medical schools. Medical professionals are trained through Kosovo's system of vocational schools and the Faculty of Medicine at the Prishtina University. Low salaries make it

## Measuring Trends in Basic Health Indicators

difficult to retain qualified teachers, as well as to recruit new specialists.

Some of the most basic health indicators used to measure a region's relative level of development include life expectancy, total fertility, birth, death, and population growth rates, and infant mortality rates. Efforts to track these and other figures for Kosovo are hampered by the lack of

*Table 5.1 Health Spending as a Percentage of Total Kosovo Budget (in millions DM)*

	2000	% of Total Budget	2001	% of Total Budget
Health Spending	78	18	92	18
Total Kosovo Budget	423.2	100.0	505.9	100.0

*Sources: UNFPA/IOM, 1999; UNFPA/IOM, 2000.*

around 78 million DM and 92 million DM in 2001 (see Table 5.1).

In theory all Kosovans have free access to healthcare services; however, in practice this is often not the case. According to recent surveys [WB, 2001], the most common barrier to health-care access is the cost of the service: about 28% of those surveyed reported having had a medical problem at some time for which they did not seek treatment because they could not afford health-care. The same survey has shown that the most expensive item of expenditure for patients is pharmaceuticals required for treatment, as well as general expenses and "gifts" for medical personnel. This high incidence of for-pay treatment is due in part to low salaries received by doctors and other health-care professionals,

statistical information. The last reliable census was conducted in 1981, with a new census planned for 2004. Although fairly accurate estimates are available for these indicators beginning in 2000 based on the results of various donor-funded studies, the data prior to 2000 is less reliable and has been calculated primarily according to projected demographic trends.

The last available projections for life expectancy in Kosovo were made for the 1995-1996 period. Based on an extension of trends for this indicator over previous years, life expectancy at birth for children born in this period was projected to be 71.45 years for males, and 76.64 years for females [Begolli I., 2001]. Conditions present in Kosovo from 1996-1999 would suggest that life expectancy rates would

have dipped during these years. Until additional studies are conducted, it is not possible to assess whether this trend has been reversed.

Due to the adverse conditions of the past decade, there have been changes in other basic health indicators for Kosovo, as well. Some of these indicators are shown in Table 5.2. Values for the year 2000 are based on two different methods of estimation. Values for the first variant (2000a) are based using projections of past trends. Values for the second variant (2000b) represent data from a survey of 7,000 families conducted by UNFPA and IOM in 1999.

## Targeting the Most Vulnerable Groups of Society

In addition to providing services for the general population, health-care systems should take measures to meet and address the special health-care needs for the most vulnerable and at-risk groups in a society. In Kosovo, as elsewhere in the world, two of the most important of these groups include mothers and their children, especially infants. Other groups that also require special consideration from health-care professionals in terms of prevention,

Table 5.2 Health Demographic Indicators for Kosovo, various years

	1991	2000a	2000b	2001
Crude birth rate per 1000	28.5	26.9	18.9	...
Crude death rate per 1000	5.2	4.8	5.8	...
Natural growth rate per 1000	23.3	22.1	13.1	20.1
Infant mortality rate per 1000 births	44.0	33.6	35	...
Perinatal mortality rate per 1000 births	...	...	33	28.7

2000a - Assessments based on trends in the past [Begolli I., 2001].

2000b - Data from UNFPA/IOM, 2000.

2001 - Data from WHO/UNICEF, 2002.

Based on this data, the overall mortality rate of the population estimated based on the survey of 7,000 families is higher than that predicted on the basis of past trends. Such an actual decline from projected trends is expected given the living conditions of the past decade.

Although almost all indicators of population growth have shown a decrease during the last decade, Kosovo's population remains one of the fastest growing and youngest in Europe. Table 5.3 provides estimated population figures for Kosovo in 2000 by age groups.

treatment, and financing, include: drug-users and others at high-risk for Sexually Transmitted Infections (STIs), and HIV/AIDS; the elderly, invalids and veterans; and those living in extreme poverty.

## Improving Infant and Maternal Health

In its Health Policy for Kosovo (Department of Health and Social Welfare, 2001), health-care officials recognize the importance of infant and maternal health. The

Table 5.3 Estimated Kosovan population figures by age group, 2000

	Total population	Population aged less than 15 years	Population aged less than 5 years	Population age less than 1 year
Number of persons	2,105,000	737,750	252,600	46,310
Percentage of total population	100%	35%	12%	2.2%

Source: WHO/UNICEF 2002.

*For the last two years, health care has advanced in Kosovo. We have received quite a lot of equipment from different donors who have also trained us doctors in different fields of medicine. I myself have learnt a lot and I hope that these trainings will continue and maybe even some of us will have the chance to go abroad for further specialisation. [Doctor, 33]*

first priority of the Health Policy is to support all measures for a healthy start in life. According to this policy, Kosovo's health-care system will provide three levels of services: 1) Family Health Centers are to provide primary health services through a family medicine team of health care professionals; 2) regional hospitals will provide secondary levels of health-care, presumably on a referral basis; and 3) the Prishtina Emergency Center will provide tertiary levels of care. Primary care pediatricians are to be encouraged to work in Family Health Centers with maternity units. These physicians will also support

private health centers and at home.). There are many factors that could be contributing to these high mortality rates. Some health-care workers may have been prevented from receiving up-to-date training and education as a result of the turmoil over the past decade. Another factor involves low levels of health education and promotion. As a result, many women receive inadequate or no antenatal care. In the past decade, the factors most frequently contributing to infant mortality were respiratory tract diseases, infectious diseases and premature births (see Fig. 5.1). Of these, premature births were the

Table 5.4 Trends in percentage of underweight babies (< 2.5 kg), 1989-2001

1989	1990	1991	1992	1993	1994	1995	1996	1998	1999	2000*	2001*
2.1	4.6	4.0	3.9	2.1	6.2	5.2	4.9	4.5	5.0	5.8	6.1

Source: Begolli I., 2001; Riinvest, 2001.

the ongoing training of the family medicine teams. Various development agencies have also set up a series of training and supplemental education programs for health-workers, including those specializing in infant and maternal care.

As noted above, infant mortality rates are quite high at an estimated 35 per 1000. In addition to being one of the highest mortality rates in Europe, it is also 2-3 times higher than the rates in many other countries in the surrounding South-Eastern European region. The same UNFPA survey also estimates high

primary cause. There is also a direct relationship between premature births and low birth weights. Table 5.4 shows trends in the percentage of underweight newborn babies (< 2.5 kg) for the period 1989-1999.

Nutrition is closely related to infant health problems in Kosovo. Research conducted in 1997 revealed that an average of 12.2% of children are breast-fed, slightly higher in rural areas (15.4%) than in urban areas. Research has shown that some 50% of mothers breast-feed their children longer than one year. Similar results have been found in post-conflict studies.

It is estimated that some 26% of the population are women of childbearing age. According to a UNFPA/IOM survey, the median maternal mortality rate in 1999 was high, with 509 deaths during pregnancy or delivery per 100,000 live births, one of the highest rates in the SEE region. Although no quantitative studies have been completed on the causes of maternal mortality, some qualitative research has been conducted. This work shows that some of the causes may include maternal malnutrition, poor antenatal care, poor midwifery and short intervals between pregnancies at 2-2.5 years [Riinvest, 2001].

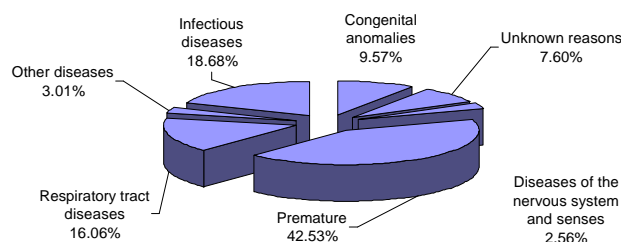


Fig. 5.1 The most common causes of infant mortality in 1992 [Begolli I., 2001]

perinatal mortality rates (fetal and neonatal losses in relation to all infant born) at 33 per 1000. (It should be noted that these estimates are also hampered by a lack of data on pregnancies and births occurring in

Based on a survey carried out in 1999, it was estimated that 5.4% of mothers were malnourished. Maternal obesity was also high at 10.7%. Both these factors may affect the health of both mother and child. A poorly nurtured mother has more chance of complications while giving birth, while maternal malnutrition can result in low birth weights.

Poor standards of delivery seem to be a contributing factor to high infant and maternal mortality, as well. Data on the percentage of people who assisted deliveries in 1999 is given in Table 5.5. About 20% of deliveries took place without the assistance of a doctor or midwife. Since 1999, considerable effort has been made with good, initial success to educate and encourage women and families on the need

Table 5.5 People assisting at Kosovo births, %

	1999*	2001**
Doctor	61.1	83
Midwife	20.2	13,4
Relatives	12.8	3
Other	1.9	0.6
No one	1.4	...
Unknown	2.6	...

Sources: \* UNFPA/IOM, 2000; UNICEF, 2002.

to use professional maternal health services. Efforts are underway through various projects being implemented in partnership between local and international specialists to address each of the factors contributing to high rates of infant and maternal mortality. Such initiatives must be continued if the "start a healthy life" goal is to be achieved in Kosovo and health levels reach those enjoyed elsewhere in Europe.

## Preventing the Spread of HIV/AIDS and STIs

Another segment of society that must be targeted by health-care professionals includes those who are at high-risk for HIV/AIDS, as well as for other sexually transmitted infections (STIs). Based on all available information, neither HIV/AIDS nor STIs have yet reached epidemic levels.

Given their potential for spreading rapidly throughout a population, however, it is essential that programs for detection, prevention and treatment be developed as quickly as possible. Some of those most at-risk for both HIV/AIDS and STIs are the sexually active and drug-users. Preliminary research indicates that both the size of both these groups is increasing. The issue of HIV/AIDS and STI are also especially important given Kosovo's young population.

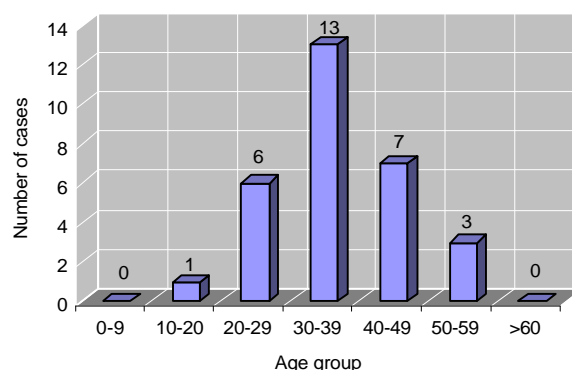


Fig. 5.2. Age groups of AIDS infected people in the period 1986-2000 [IHPK, 2001]

From 1986 until December 2000, 30 cases of people infected with AIDS and 19 deaths caused by AIDS were recorded in Kosovo. The largest number of cases reported in one year was 6 in 2000. Out of the total number of confirmed cases, 67% were among males. The 30-39 year-old age group has experienced the most number of cases, although given the still overall low number of cases such differences remain statistically insignificant (see Fig. 5.2). The youngest case for AIDS was reported in 2000 for a 14 year-old boy.

### Box 5.3

#### The Attitude of Families to Drug-users

The use of illicit substances is generally strongly condemned by heads of families. Besides being an issue of concern, families provide support when people get into difficulties through using drugs. It seldom leads to exclusion from the family. Families remain supportive in times of trouble, even for those dependent (heroin) users who have serious difficulties in remaining socially integrated.

Source: "RAR on substance use and young people in Kosovo", WHO/UNICEF 2001.

There is still no comprehensive strategy, however, to counter the rising trend of people infected with HIV/AIDS. As part of such a strategy, more effective public information campaigns are needed. A recent survey of secondary school students showed that:

- Only 12% of them were aware of all the ways HIV/AIDS can be transmitted.
- Less than 50% were aware that HIV/AIDS can be transmitted through the re-use of needles or through blood transfusion, or through breast-feeding;
- 20% of the students surveyed thought HIV/AIDS can be caught by standing close to an infected person;
- Only 15% knew that HIV infection differs from full-blown AIDS.

According to the UNFPA, there have been no surveillance studies of the incidence and prevalence of any STI in Kosovo.

Additional research needs to be conducted to detect prevalence rates more accurately for both HIV/AIDS and STIs in Kosovo. More aggressive steps also need to be taken to educate the public on ways to reduce the risks of infection.

## Reaching Out to Other Disadvantaged Groups

Several other segments of society often sharing many of the same demographic characteristics also require more targeted assistance from the public health and social welfare systems. These include people living in poverty, those in rural areas, the elderly, invalids, and veterans, orphans and single-headed families, as well as minority communities living outside the formal health-care system. Many of these groups lack the financial means either to lead a healthy life-style, including adequate nutrition, or to pay for "free" health-care services.

Years of decline and damage caused by the conflict have led to poorly maintained water supply systems, a major public health threat. Many diseases are water-borne. Unmanaged water systems also run the risk of being contaminated with dangerous pollutants. Despite the assistance of the

international community, in rural areas over 84% of extremely poor and 60% of poor and non-poor households lack access to maintained water supplies. In urban areas over 20% of extremely poor and almost 10% of poor households lack access to water supply systems [WB, 2001b]. Many rural inhabitants are also physically located at a large distance from health centers.

Starting in June 2002, all pensioners over the age of 65 are to receive a flat benefit of 28 Euro per person per month, which is the estimated cost necessary to meet basic food requirements. The new Ministry of Labor and Social Welfare is also developing programs to support individuals or families living in extreme poverty regardless of age. Two additional programs will work to target veterans and their families, and people with disabilities.

Additional attention must be focused on minority enclaves and their inclusion in existing public health systems, while discouraging the establishment of parallel health systems.

A final at-risk group includes those facing exposure to environmental pollutants. The issue of environmental pollutants is described in greater detail in the following sections of this Chapter.

## Towards a Cleaner, Greener Future

The human development link between Health and Environment works in two directions. Over the long-term, increased levels of human social and economic activity can have a detrimental effect on the environment, its natural resources, and the animal and plant ecosystems that it supports. This in turn can lead to reduced food and energy supplies for a population, as well as increased levels of pollution posing a direct threat to its health. By modifying its social and economic activities, society can also bring about positive changes in its environment – changes that both improve the quality of natural ecosystems, as well as lessen the health risks of many environmental factors.

For these reasons, it is necessary to formulate development policies that take into consideration social, economic and environmental growth.

In Kosovo, current levels of environmental pollution have been caused by decades of various socio-economic development policies that sometimes failed to take into consideration the effects of industrial growth, agricultural production, and urban expansion. Kosovo policy-makers now have an opportunity to reverse this trend by formulating new long-term, environmentally sound development policies, while also working to reduce existing pollution levels. Only in this way can Kosovo society come to enjoy the same levels of environmental protection and public health that have been achieved elsewhere in the greater European region.

## Identifying the Main Sources of Pollution

Although there is limited up-to-date data available, research conducted over the past ten-fifteen years has identified several sources of pollution in Kosovo affecting the quality of the air, the water, the land, and the ecosystems that depend upon them. Many of these pollutants remain in the environment even after their source has been eliminated or reduced. Since the start of the transition period, there has been little or no effort to reduce these pollution levels. Moreover, with the gradual economic recovery, levels of many industrial, agricultural and urban activities are beginning to increase. A more detailed description of these pollutants, their causes, and the impact they have had on Kosovo's environment follows.

Some of the largest sources of pollution in Kosovo have been in the energy and heavy industry sectors. These include electrical generation, primarily through the burning of coal in large thermal-electric stations, as well as extraction and production of non-ferrous metals, and the chemical industry. Most of these industrial plants are located in the region of Mitrovica (the Trepça mines, smelting of lead and zinc,

chemical production); the region of Obiliq near Prishtina (open cast lignite mines, lignite-fired power stations, and plants producing chemicals from coal); and in the region of Hani i Elezit (cement factory). In addition to causing air pollution, these branches of industries have also generated large solid waste deposits.

Other light industries have also contributed to environmental problems. These include the manufacturing of textile, leather, rubber, paper, and construction materials. These industries have been built up without any distinct geographic concentration, so that the pollutants they have generated are spread to varying degrees across nearly the whole of Kosovo.

Another source of pollution involves domestic and commercial waste, especially waste produced in the post-conflict period. There is insufficient legislation to protect the environment through more strictly regulated town and land-use planning. The general public has not been encouraged enough to take an interest in the environment. As a result there is uncontrolled building, solid-waste dumping and the discharge of raw sewage into rivers.

Environmental pollution also continues to be caused by: the use of pesticides and run-off from agricultural activities, a growing number of personal and commercial vehicles especially in the larger urban areas; and the heating of private houses during the winter with coal and wood.

## The Air We Breathe

Air pollution in Kosovo has been caused mainly by thermal power plants, as well as by the smelting of lead, zinc, and nickel. The specific pollutants produced by these industries include sulphur dioxide, nitrogen oxide, and dust particles. When released into the atmosphere in large volumes, these pollutants can contribute to a variety of respiratory diseases, especially for those most at risk, including young children, pregnant women, the elderly, and those already sick. Over the long-term, these pollutants have been shown to increase the risk for respiratory and other

related diseases for the general population, as well.

The quantity of these pollutants emitted into the air when the industry of Kosovo is working at full capacity can be estimated on the basis of the last Inventory of Air Pollution Sources for the year 1988, carried out in accordance with the methodology of the European Community (CORINAIR). Since this 1998 Inventory, no new major plant has opened.

The overall quantity of sulphur dioxide emitted by all categories of air pollution sources in Kosovo accounted for 104,240 tons per year [ASAK, 1996]. More than 86% of this pollutant was produced by the two largest industrial complexes in Kosovo: the Trepça corporation, accounting for around 41%, and the Kosovo thermal-power plants located in the Prishtina region at around 45.3%. According to quantities of sulphur dioxide released into the air per unit surface and per capita in 1989, Kosovo belonged to the group of the ten most polluted regions in Europe by sulphur dioxide emissions, with 9.6 tons/km<sup>2</sup>, or 65 kg/capita per year.

The same two facilities also produced some 68% of the overall quantity of nitrogen oxides, and almost all the dust generated in 1998 at around 98%. The extremely high emission of dust from the thermal power plants of Kosovo is due first to the low efficiency of the electric filters, and to the large amount of dust that remains after the burning of lignite.

The Trepça plant has not been in operation since the end of the conflict. The mines that provide the raw materials for its smelting activities have been flooded. The plant may be reopened in the future, but no concrete time-tables have been set. The thermal power plants are still in operation, although at only about 40% of their capacity. Plans call for their modernization and an increase in production capacity over the next several years.

The quantity of pollutants emitted greatly depends on the type and condition of the plant in use. In this respect, lead and zinc smelting in Kosovo represents an example of an industry still running with outdated

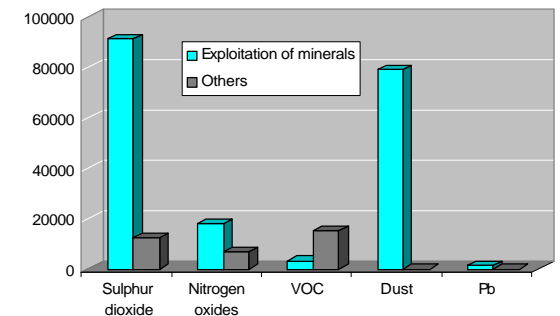
technology. This can be seen from Table 5.6, where a comparison has been made between three European lead smelting houses with comparable production

*Table 5.6 The overall emission (in t/year) in the Trepça smelting plant, compared with "KCM" in Plodiv in Bulgaria, and Budelco in the Netherlands*

	Trepça 1989	KCM 1989	Budelco 1991
Dust	730	367	12.1
Lead (Pb)	438	82.5	4.9
Zinc (Zn)	83	71	0.7
Cadmium (Cd)	3.6	7.6	0.1

*Source: ASAK, 1996.*

capacity: Trepça in Kosovo, KCM in Bulgaria, and Budelco in the Netherlands. Industrial exploitation of mineral resources represents the primary source of Kosovo air pollutants, particularly sulphur dioxides, nitrogen oxides, and dust as is illustrated in Fig. 5.3.



*Fig. 5.3 Emissions of different pollutants in Kosovo for 1989, t/year [Shllaku L., 1992a]*

As mentioned above, in the absence of more recent environmental research, data obtained by monitoring air quality at the end of the eighties can be used as relatively accurate indicators of current air quality, assuming the same level of industrial and mining activity.

The highest concentration of sulphur dioxide pollutants is found in the Mitrovica region. Fig. 5.4 shows the percentages above the maximum allowable concentration (150 g/m<sup>3</sup>), as daily averages across measuring stations in Mitrovica from January to September 1989.

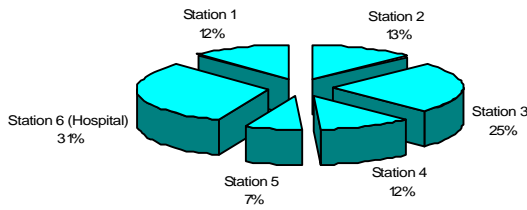


Fig. 5.4 Percentage above daily maximum allowed concentrations of sulphur dioxide in the Mitrovica region, 1989 [ASAK, 1996]

Concentrations of sulphur dioxide in the region of Prishtina are lower than in the region of Mitrovica. According to 1989 data, the annual average in Prishtina is 39 g/m<sup>3</sup>, while the average was more than 150 g/m<sup>3</sup> in Mitrovica. The air quality in this region, however, is also affected by dust emitted through chimneys of the thermal power plants in Obiliq, as well as dust spread from their respective waste deposits. Measurements carried out in the Prishtina region during 1987-1988 have shown that the maximum permissible concentration of dust (150 g/m<sup>3</sup>) was exceeded with a frequency about once out of every three measurements (see Fig. 5.5).

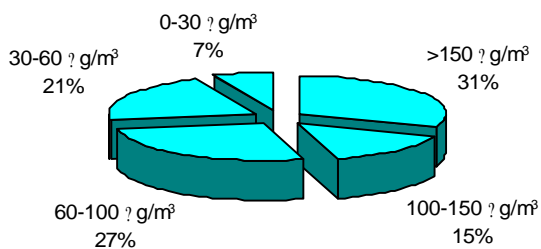


Fig. 5.5 Frequency of measurements recorded for various levels of dust concentrations in the air of the Prishtina region, 1987-1988 (% of total recordings) [ASAK, 1996]

## The Water We Drink

Pollution of water resources in Kosovo is caused mainly by untreated waste from industry and raw sewage. Other activities, both recreational and commercial, have also begun to contribute more to water pollution in recent years. Such pollution is due in part to insufficient regulation, poor enforcement, and low public awareness of the environmental threats. The pollutants released into the water are both inorganic

and organic. Inorganic compounds include heavy metals, such as lead, zinc, and fluoride. Organic substances include phenol compounds, the most dangerous. These pollutants have in general been shown to increase the risk for various health problems, including cancers, skin diseases, and developmental disorders, particularly for pregnant and nursing women, children and the elderly.

Water from rivers and canals in Kosovo is not in such great volume as to be free of the effects of current levels of pollution. Water resources are mainly comprised of river water originating in Kosovo (about 90%), which consists of three systems: Sitnicë-Ibër-Moravë-Danub, Bistricë-Drini i Bardhë and Lepenc-Vardar. The Ibër river system, which originates outside of Kosovo's territory, has an average flow of 11.8 m<sup>3</sup>/s, and contains about 10% of total water flows.

Overall water consumption through public water distribution systems was estimated in 1985 at 75.5 million m<sup>3</sup> (2.39 m<sup>3</sup>/s), while consumption by heavy industry was 149.9 million m<sup>3</sup> (4.75 m<sup>3</sup>/s). Since this water mostly goes back into the river systems without any pretreatment, the water remains polluted. This limits the safe levels of use of these important water resources.

The quantity of water contaminated in 1984 by industrial effluent discharged in the main river systems was 82,375,000 m<sup>3</sup>. The largest amount of effluent was discharged into the Sitnica River (91%), essentially making the Sitnica-Ibër river system an open drain of industrial effluent. Waste water from Kosovo's thermal-power plants, the chemical industry in Obiliq, the Trepça industrial complex, and ferrous-nickel production has been discharged into this river system. As a result, large quantities of organic and inorganic compounds have been released into the water. The Trepça complex alone produced 150 t/year of lead, 500 t/year of zinc, 900 t/year of fluoride. Open pit lignite mines and the coal drying plant produced significant quantities of phenol compounds. [Shllaku L., 1992b].

*I am from Peja.  
I am sorry to say I  
could not live in  
Prishtina. It is too  
crowded and too dirty.  
Peja is a smaller town  
but more beautiful.  
We are surrounded by  
mountains and we  
don't have air  
pollution like here. I  
think something has to  
be done - some filters  
or something to be  
placed in the power  
plants in order to  
breathe fresh air.  
[Restaurant-owner, 28]*



*Environment, well, it is enough just to turn the TV on and you see in what environment we live: fish in the Sitnica river dying of leaks from the power plant, toxic wastes that have been lying around in Mitrovica and Gjilan for years, now are being removed by people in masks, clouds of coal smoke coming from the power plants, houses being built in every square inch not leaving a trace of greenery, the "famous" city park, most people don't even know where it is, for years a dumping place. That is our reality and our environment.*  
[Economist, 33]

Intensive monitoring of the water quality of Kosovo's rivers carried out during 1980s shows that pollution of rivers by organic compounds was very marked, especially in urban rivers and streams. A large amount of organic substances in these streams flows into Kosovo's rivers. The transport of these materials from the Prishtevka River into the Sitnica River can increase the level of pollution of organic materials by 7-12 times. The highest concentration of pollution for this river was measured in December 1990, when it transported 19 t/day of BOD5 (Biological Oxygen Demand) into the Sitnica river. As a result, especially during months when overall water volume decreases considerably, some rivers have no or very low levels of dissolved oxygen, essential for supporting a varied and healthy aquatic ecosystem.

Kosovo's rivers are polluted with heavy metals, as well. The waterways most polluted with heavy metals are found in the Mitrovica region. The quantity of lead transported in the Ibër River passing through Mitrovica in February 1988 was 1.4 t/day.

## The Land We Walk and Plough

Industrial and domestic solid waste represents a particular problem for Kosovo's environment. The overall surface area covered with industrial waste deposits was greater than 12,000 hectares in 1980s [ASHAK, 1996]. The largest industrial deposits are those at the thermal-power plants in Obiliq and the smelting works in Zveçan. Due to poor design of the waste disposal areas in Obiliq, and inadequate management, there is a constant risk that the ground water around them, as well as the Sitnica river that runs near the waste disposal areas, will be poisoned with phenols and other pollutants. The situation is similar with waste dumps in the Mitrovica region. To date, none of these disposal areas have been re-planted, so there is a serious risk of the wind spreading toxic waste into the surrounding areas.

More recently, solid waste from urban areas has become one of the biggest problems for the environment in Kosovo. According to some assessments, about 1.2 kg of solid waste per capita is produced daily. There is a shortage of proper services for waste collection and disposal. Moreover, none of the existing waste disposal sites are properly managed, increasing elevated health risks for the population living nearby. At present, no solid waste is recycled, due to the low content of recyclable material. In 2001 donor organizations began to build a more modern system for disposal of solid waste from urban centers.

### Box 5.4

#### A Good Example of Solving the Urban Waste Problem

Intensive building and large-scale migrations towards urban areas in the immediate months after the 1999 conflict have produced high levels of solid and urban waste, whose management has been done with no regard to the environment. More recently, actions have been taken to implement a more modern management approach. A good example of this is the action of the Italian agency, Arcobaleno, which has already implemented a modern waste management project in the town of Peja, and intends to continue with similar projects in western Kosovo.

Like the air and water, the land is also seriously contaminated with heavy metals. This is especially noticeable in the region of Mitrovica. Analyses of samples taken from agricultural land planted with various fruit crops have shown concentrations of lead in the soil to be from 57 to 720 g/kg [Shllaku L., 1992b]. This represents from three to thirty-five times the maximum acceptable level for growing most fruit, which is 20 g/kg of dissolvable lead.

High levels of some pollutants, especially heavy metals and dust, also has a serious impact on agricultural products.

Measurements carried out in the area of Mitrovica in 1989 have shown that in the most contaminated areas, the concentration of heavy metals in spinach exceeded the permissible level by 20-30 times for lead, more than 10 times for zinc, more than 20 times for cadmium, and more than

5 times for copper. The contamination of other agricultural crops was also very high. The concentration of lead in potatoes exceeded the permissible level by 30 times, and the concentration of cadmium more than 6 times. The contamination of flour has also been fairly high, with concentrations of lead in the most polluted areas reaching for 1-21 g/kg. When the smelting works at Trepça are fully functioning, a person eating agricultural products grown in this region is likely to ingest an amount of lead three times higher than the maximum recommended level by WHO/FAO, and fifteen times higher than the maximum level allowed by the European Community.

#### Box 5.5

### Pollution Caused by Depleted Uranium

During its 1999 campaign in Kosovo in 1999, NATO forces used 31,000 missiles containing about 9.3 tons of depleted uranium (DU).

According to NATO, 112 different targets were hit during the bombing.

In November 2000, UNEP conducted a study on the effect of DU on the quality of the environment in Kosovo, and its impact on land, water, and other samples. According to this report, there are two ways in which DU could become a public health risk. First, there are the positions directly hit by DU missiles, where remnants of shrapnel could remain on the ground with high levels of DU dust. Secondly, rain could cause this dust to penetrate into the ground water, thus polluting public water resources. Analyses conducted by UNEP have shown no water pollution to date, although the risk should be continuously kept under observation.

### Preserving Natural Habitats and Bio-diversity

Kosovo is distinguished by the high bio-diversity of its ecosystems. It possesses many natural areas of particular value, which have been put under protection, mainly during the period 1970-1990. All protected natural areas are characterized by a richness of species.

Kosovo has 46,000 hectares under protection, or 4.72 % of its territory. It has one national park, 11 nature reserves, 32

natural features of special interest, and 5 protected landscapes.

The Sharr National Park, in particular, possesses one of the highest diversity of species in Europe and the world. It contains more than 2,000 species of vascular flora, around 26% of the Balkan species and 18% of all. Out of these, 86 have been declared internationally significant, while 26 species were registered in 1997 in the IUCN Red List of Endangered Plants. The Sharr National Park has been proposed both as an area of natural heritage with special value, and as a Biosphere Park under the protection of UNESCO.

Bjeshkët e Nemura is also another important area representing significant European and Balkan bio-diversity. There are more than 750 species of alpine vascular flora, out of which 18 are unique to the locality, while more than 100 are endemic to the Balkans.

Despite the importance of the bio-diversity of Kosovo, since 1999 little attention has been given to the protection of these natural resources. There is a danger that continued neglect over the short-term will lead to long term and possibly even permanent damage.

### Placing Environmental Issues at the Top of the Development Agenda

In addition to the pollution problems described above, there are several other challenges to be overcome related to the environmental sector. As in other areas of Kosovan society, most of these reform issues are linked closely to relative levels of available investment.

In early 2002 as part of overall governmental restructuring, a new Ministry of Environment and Spatial Planning was established. The Ministry is divided into three main Departments for Environment, Spatial Planning, and Housing and Construction.

The 2001 budget for environmental spending was 396,000 DM, which

represents less than 0.1% of the overall Kosovo budget (see Table 5.6). As in other public administration fields, however, low salaries make efforts to retain qualified environmental experts and to recruit new specialists difficult.

Many professionals in the environmental field have been forced to seek other jobs. There is insufficient investment to modernize research equipment or to fund essential monitoring of a range of environmental pollutants as has been done in the past.

exchange of information must be developed between Ministries and relevant faculties and research units of Kosovo's university system. Additional outreach must also be made to the emerging environmental NGO sector. Although several NGOs dealing with environmental issues have been established since 1999 their role as a development partner and advocate for positive environmental change should be expanded. Interestingly, growing civil society concern and support for environmental issues has also

*Table 5.6 Environment Spending as a Percentage of Total Kosovo Budget (in millions DM)*

	2000	% of Total Budget	% of Total Budget	% of Total Budget
Environment Spending	0.268	0.06	0.06	0.08
Total Kosovo Budget	423.2	100.0	100.0	---

*Source: CEA, 2000.*

Although funding levels remain low, the new Government has identified environmental issues as a development priority. In its Policy Document prepared in early 2002, the Government lists the following types of intervention required:

- Rigorous enforcement of laws to support ongoing efforts to protect and prevent the devastation of the natural resources, including forests, parks, and waterways;
  - Comprehensive measures taken for determination of strict standards for environmental protection against all forms of industrial, urban and agricultural pollution;
  - Formulation of specific provisions to protect agricultural lands from illegal constructions;
  - Encouragement of scientific research and incorporation of modern technologies to protect the health of Kosovo's inhabitants and to improve basic indicators of pollution;
  - Drafting of a spatial plan for Kosovo's territory in accordance with European standards of territory regulation and economical, social and cultural development.
- If these actions are to be successful, a series of additional actions must be taken in cooperation with local and international actors. Because of the cross-cutting nature of environmental issues, there must be closer coordination between environmental experts and all development partners. This cooperation must extend to all research institutes in Kosovo, including those dealing with the agriculture and energy sectors. Similarly, greater levels of communication and

led to the formation of a Green Party in 2001. Such support should be tapped through the initiation of more comprehensive public awareness campaigns.

More attention must also be given to:

- Reducing the pollution from existing industries, especially from thermal-power plants in Obiliq and the lead and zinc smelting industries in Mitrovica;
- Developing new forms of alternative and renewable sources of energy, including solar heating for houses, offices and factories, as well as small and medium-sized hydro-electric plants, thermal water systems, and bio-energy plants;
- Applying modern methods of treatment to industrial and urban waste, and introducing broad systems of recycling;
- Establishing a central management system for environmental information, encompassing data collection, databases, and data processing;
- Participating in all regional initiatives for the protection of the environment;
- Incorporating existing international standards for environmental protection in its laws.

## Summary

Kosovan policy-makers have an opportunity to promote healthy life-styles and preventive medicine; reduce health risks linked to poor social conditions; achieve equal access to healthcare and improve health services; and decrease the risk of environmentally-caused illnesses.

There is a critical lack of reliable quantitative and qualitative data that provides basic demographic information and more detailed studies of individual health issues and population groups in Kosovo. Additional surveys and research is required.

Healthcare systems need to be reoriented towards primary healthcare and family medicine, with an emphasis on preventive healthcare, including immunization and education programs. This requires institutional restructuring and increased professional and managerial training.

There is a need to improve the standards of primary health-care at the municipal levels. Community mental health services need to be established. A system for including patients into the management process and monitoring of health services needs to be established.

Low levels of financing have caused many professionals to leave the medical field for other jobs with higher salaries. Low financing has also had an adverse effect on medical schools. Low salaries make it difficult to retain qualified teachers, as well as to recruit new specialists.

Although almost all indicators of population growth have shown a decrease during the last decade, Kosovo's population remains one of the fastest growing and youngest in Europe. Many factors contribute to high infant and maternal mortality rates: poor nutrition limited use of health services, low levels of health education, inadequate antenatal care. Efforts to address these issues must be continued if health levels are to reach those found elsewhere in Europe.

Another group to be targeted includes those at high-risk for HIV/AIDS, and other sexually transmitted infections (STIs). Research is needed to detect prevalence rates for both HIV/AIDS and STIs. More steps are needed to educate the public on ways to reduce the risks of infection.

Other groups requiring targeted assistance from public health and social welfare systems include: the impoverished, those in rural areas, the elderly, invalids, veterans, orphans and single-headed families, as well as minority communities, and those facing exposure to environmental pollutants.

The quality of the environment also has a direct impact on a society's health. Pollution

levels in Kosovo are high. Policy-makers have an opportunity to reverse this trend by formulating environmentally-sound development policies, while also working to reduce existing pollution.

Some of the largest sources of pollution include coal-based electrical generation, extraction and production of non-ferrous metals, and the chemical industry. Light industries also contribute, including the manufacturing of textile, leather, rubber, paper, and construction materials.

Other pollution sources involve domestic and commercial waste; uncontrolled building; solid-waste dumping; the discharge of raw sewage into rivers; the use of pesticides and run-off from agricultural activities, a growing number of vehicles; and the heating of private houses.

Additional measures are needed to:

- Enforce strict laws to protect natural resources, including, forests, parks, and waterways;
- Introduce public information campaigns to encourage conservation and limit pollution;
- Determine strict standards protecting against industrial, urban and agricultural pollution;
- Encourage scientific research and incorporation of modern technologies;
- Draft a spatial plan for Kosovo's territory in accordance with European standards;
- Reduce industrial pollution from thermal-power plants and lead and zinc smelting industries;
- Develop such alternative energies as solar, hydroelectric, thermal water, and bio-energy;
- Apply modern methods of industrial and urban waste treatment, including recycling;
- Establish a central management system for environmental information;
- Participate in regional initiatives for the protection of the environment;
- Incorporate existing international standards for environmental protection in its laws.

Environmental issues are cross-cutting-there must be closer coordination between environmental experts, Ministries, research institutes, and university faculties and research units. Additional outreach must also be made to environmental NGOs and other civil society partners.

## In Closing...

A considerable amount of information has been provided in the preceding pages of this Report. Some readers may disagree with the recommendations that have been offered, others may place priority on a different set of development objectives, while some may wish to clarify, correct, or improve upon analyses. If any of these are the case, this Report can be considered successful.

Although this page marks the end of the first Human Development Report for Kosovo, it also marks the beginning of an ongoing discussion on a range of human development issues that will determine Kosovo's future. Such participatory, broad-based debates are necessary if policy-making processes in Kosovo are to respond to and reflect the needs of all Kosovans.

A series of events will be organized in 2002 to encourage more active, year-round discussions of the issues that have been explored in this year's Report. These include the use of various traditional forums, including workshops and conferences, as well as on-line exchanges through the UNDP Kosovo web-page ([www.ks.undp.org](http://www.ks.undp.org)) and other e-venues.

Many of these discussions will be revisited again in the next Human Development Report for Kosovo. It is hoped that by working together now it will also be possible to document new examples of successful efforts to build bridges for a better future in Kosovo.

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## Annex 2 - Kosovo at a Glance

Area	10,908 square kilometers
Population	Between 1,800,000 and 2,000,000; population in diaspora between 400,000 and 700,000 Some 35% reside in urban areas; 65% in rural areas
Language	Official languages are Albanian, English and Serbian
Religion	Primarily Muslim, but often non-practicing Other religions: Serbian Orthodox, Roman Catholic
Form of Government	United Nations Interim Administration lead by UNMIK (United Nations Mission in Kosovo), and in cooperation with local Provisional Institutions of Self-Government established in 2002 (comprised of Executive, Judiciary and Legislative branches)
Women's Participation in Governance	28% of Assembly seats held by women (2002)
Infant Mortality Rate	34-35 per 1,000 live births (2001)
Life Expectancy at Birth	74.1 years (76.6 for females, 71.5 for males), last Estimated for 1995/96
Illiteracy Rate	Estimated at 6.5% in 2000
Economic Indicators	Per capita GDP: 904 USD in 2001 Assessed annual real GDP growth in 2001: 24%
Unemployment Rate	Estimated at 50-55% (2002)
Currency	Starting January 1, 2002, the Euro - previously the German mark 1Euro = 1.9558 DM (2002)



# Annex 3 – Statistical Data

## Demography

Table A.1 Demographic Indicators

	Number of inhabitants	Density	Birth rate	Mortality rate	Population growth rate
1948	733,034	67	37.9	14.1	23.8
1953	815,908	75	42.6	20.6	22.0
1961	963,988	88	41.7	12.1	29.6
1971	1,243,693	114	37.5	8.2	29.3
1981	1,584,440	145	30.2	6.1	24.1
1991 <sup>1)</sup>	2,030,000	186	27.1	6.0	21.1
1997 <sup>1)</sup>	2,300,000	211	27.0	6.0	21.0
2000 <sup>2)</sup>	2,426,000	222			
2001 <sup>2)</sup>	2,470,000	226			
2001 <sup>3)</sup>					20.1

Source: Kosovo statistical yearbooks, various years.

1) Riinvest, 1998.

2) Assessment based on 18.0/1,000 population growth rate.

3) WHO/UNICEF, 2002.

Note: birth rates, mortality rates and population growth rates are given per 1,000 inhabitants

Table A.2 Assessments of Kosovo Population

		WB <sup>1)</sup>	UNFPA/IOM <sup>2)</sup>
2000	Present population:		
	Low variant	1,746,932	1,586,000
	High variant	1,923,413	1,886,000
	Absent population:		
	Low variant	500,000	735,000
	High variant	400,000	435,000
2001	Present population:		
	Low variant	1,778,377	1,614,548
	High variant	1,958,034	1,919,948

Sources: 1) WB, 2000.

2) UNFPA/IOM, 2000.

Note: Assessments for the year 2001 are based on 18.0/1,000 population growth rate.

Table A.3 Population by Ethnic Group in 2000 (%)

Albanians	Serbs	Bosniacs	Romas	Turks	Others	Total
88.12	6.97	1.92	1.68	0.00	0.31	100

Source: WB, 2001b.

Table A.4 Population Age Distribution 1971-1999 (%)

	1971	1981	1991	1999 <sup>1)</sup>
Total	100.0	100.0	100.0	100
Under 4	16.8	14.9	13.4	9.7
5 - 9	13.9	14.0	12.2	9.6
10 - 14	12.0	12.5	11.7	10.6
15 - 19	10.2	10.9	10.9	13.1
20 - 24	8.1	8.8	9.6	11.1
25 - 29	6.4	7.0	8.3	9.1
30 - 34	6.2	5.8	6.7	6.5
35 - 39	5.5	4.8	5.3	6.2
40 - 44	4.7	4.6	4.4	4.7
45 - 49	3.1	4.0	3.7	5.0
50 - 54	2.6	3.5	3.5	3.9
55 - 59	2.6	2.2	3.0	3.6
60 - 64	2.6	1.8	2.5	2.9
65 - 69	1.7	1.6	1.5	1.8
70 - 74	1.4	1.4	1.2	1.1
Over 75	1.4	1.5	1.7	1.1
Unidentified	0.8	0.7	0.4	0.0

Source: Statistical yearbooks of Kosovo and FRȚ, various years.  
1) Riinvest, 1999

Table A.5 Population's Age Distribution by Specific Age Groups and Areas in 1999 (%)

	Total			Urban areas			Rural areas		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Less than 16	32,1	30,1	34,2	29,2	27,3	31,1	35,1	33,0	37,4
Less than 25	50,6	49,1	52,3	47,5	46,0	49,1	53,9	52,3	55,5
Female 15-49		54,3			56,7			51,8	

Source: UNFPA/IOM, 1999.

Table A.6 Population's Age Distribution by Specific Age and Ethnic Groups in 1999 (%)

	Areas with predominant Albanian population			Areas with predominant Serbian population		
	Total	Female	Male	Total	Female	Male
Less than 16	32,8	30,7	35,1	25,3	24,5	26,1
Less than 25	51,7	50,1	53,4	40,3	38,9	41,6
Female 15-49		54,5			51,6	

Source: UNFPA/IOM, 2000.

Table A.7 Household Size in Kosovo in 2000 (number of persons)

	Rural	Urban	Total
Albanian	7.57	5.93	6.76
Serb	4.22	3.64	3.93
Other	5.13	5.56	5.36
Mean size	6.90	5.54	6.22

Source: WB, 2001b.

## Economy

Table A.8 Economic Growth Indicators 1948-1995 (annual average in percent)

	1948-65	1966-70	1971-75	1976-80	1981-85	1986-90	1991-95
Output	5.7	6.0	7.5	3.6	1.8	-5.6	-11.6
Output per head	3.4	4.4	1.5	-24.8	-0.4	-7.5	-13.4

Source: WB, 2001a.

Table A.9 Gross Domestic Product per Capita (USD)

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	2000*	2001*
1,125	1,122	1,060	989	877	689	601	441	326	320	340	764	904

Source: Statistical yearbooks of Kosovo and FRȚ, various years.

\* Assessment of GDP per capita made by Central Fiscal Authority, March 2002.

Table A.10 Structure of GDP 1971-1996 (in percent)

	1971	1975	1980	1988	1994	1995	1996
Industry	33.3	36.5	36.4	47.4	32.3	37.0	33.8
Agriculture	28.2	23.8	18.6	20.4	35.4	34.2	28.8
Other branches	38.5	39.7	45.0	32.2	32.3	28.8	37.4

Source: Statistical yearbooks of Kosovo and FRȚ, various years.

Table A.10 Structure of GDP 1971-1996 (in percent)

	2000	2001	Annual growth (%)
GDP	1,414.2	1,756.1	24.17
Consumption:	2,001.8	2,284.1	14.10
Family	1,546.8	1,754.2	13.40
Enterprises	0.0	0.0	
Budget	139.9	166.9	19.36
Foreign	315.1	363.0	15.19
Investments:	1,352.7	1,479.2	9.35
Family	227.7	165.0	-27.54
Enterprises	379.1	456.5	20.40
Budget	10.6	10.7	1.45
Foreign	735.3	847.0	14.87
Export	106.6	180.5	69.28
Import	- 1,902.8	- 2,185.7	14.87
Balance	- 144.0	- 2.0	

Source: Central Fiscal Authority, Monthly Macroeconomic Monitor, March 2002.

Table A.12 Sectoral Outputs 1990-1995 (in USD millions) and Growth (in %)

	1990	1991	1992	1993	1994	1995
Total output	1,330	1,184	885	666	666	720
- industry and mining	423	350	285	199	189	220
- agriculture	186	224	199	201	212	213
Total output growth	-19.8	-11	-25.3	-24.8	0	+8.1
- industry and mining	-28	-17.6	-18.2	-30.3	-5	+16.8
- agriculture	-12.5	+20.2	-11.0	+0.9	+5.5	+0.3

Source: Statistical yearbooks of Kosovo and FRȚ, various years.

Table A.13 Socio-economic Structure of the Population 1981-2000 (% of total population)

	1981	1991	1997 <sup>1)</sup>	2000 <sup>2)</sup>
Work-force	53	57	57	62
Employed people:	24	28	20	33
- agricultural active	6	4	5	....
- non-agricultural active	18	24	15	....
Unemployed people	29	29	37	....
Urban population	32.5	35.0	35.0	....

Source: Kosovo's Statistics, various years.

1) Riinvest, 1997.

2) UNFPA/IOM, 2000.

Table A.14 Number of Households (1981-2000)

	1981	1991	1997	1991 <sup>1)</sup>	1997 <sup>1)</sup>	2000 <sup>2)</sup>
	152,598	188,107	228,884	289,246	375,700	320,000

Source: Statistical yearbooks of Kosovo and FRȚ, various years.

1) Riinvest, 1997.

2) Assessment based on 2,000,000 present population and average value of 6.22 members per household (WB, 2001).

Table A.15 Employees in Public Sector and Socially-owned Enterprises 1990-1995 (in thousands)

	1990	1991	1992	1993	1994	1995
Number of employees	245	175	159	155	145	143
Growth (in percent)	-11.9	-18.6	-9.2	-2.5	-6.5	-1.4

Source: Statistical yearbooks of Kosovo and FRȚ, various years.

Table A.16 Employed People as a Percentage of Total Population in 1999, Disaggregated by Areas and Ethnicities

Total	32.9
Urban areas	37.7
Rural areas	28.1
Areas with predominant Albanian population	31.5
Areas with predominant Serbian population	47.1

Source: UNFPA/IOM, 2000.

*Table A.17 Dependency Ratios for Population in 1991 and 2000 (in %)*

	Under 15	65 and over	Under 15 and 65 and over
1991	64.3	7.7	72.0
2000	61.6	11.9	73.5

*Source: WB, 2000.*

*Table A.18 Health, education and social welfare budgets (DM millions)*

	2000	Share of total budget (in %)	2001	Share in total budget (in %)
Health	81.1	19.2	98.0	19.4
Education	116.2	27.5	118.0	23.3
Social assistance	82.5	19.5	85.0	16.8
Total Kosovo budget	423.2	100.0	505.9	100.0

*Source: CFA, 2000.*

*Table A.19 Planned Expenditures for Reconstruction and Investment in Some Sectors for the Period 2001-2003 (DM thousands)*

	2001	2002	2003
Agriculture	119,445	86,500	128,900
Civil security and emergency	75,800	14,140	8,270
Education and science	94,750	28,800	14,750
Healthcare	66,200	50,104	34,350
Jurisdiction	51,640	4,600	2,805
Sheltering	291,400	138,400	78,400
Local administration	51,500	33,500	22,000
Systems of public supply	496,551	129,438	0
Trade and industry	90,650	32,300	47,300
Transport and infrastructure	159,276	42,984	850
Expenditures for all sectors	1,720,641	671,442	386,713

*Source: Department of Reconstruction, 2000.*

*Table A.20 Export, Import and Trade Balance 1981-1990 (USD millions)*

	Export	Import	Trade balance
1981	211	445	-234
1982	197	246	-49
1983	190	239	-49
1984	205	215	-10
1985	213	204	+9
1986	168	178	-10
1987	117	180	-63
1988	222	180	+42
1989	228	183	+45
1990	171	191	-20

*Source: Statistical yearbooks of Kosovo, various years.*

Table A.21 Registered Business through September 2001

	Number	Structure (in %)
Registered entities	40.942	100.0
Enterprises	19.444	47.5
Individual entrepreneurs	21.498	52.5

Source: Statistical Office of Kosovo, 2001.

Table A.22 Donor Participation in Consolidated Budget of Kosovo 1999-2002 (in million euros)

Year	Donors	Local sources	Budget in total	Donors (%)
2000	117.8	126.6	244.4	48.2
2001	66.2	304.9	371.0	18.1
2002	26.0	348.1	374.1	7.0

Source: Central Fiscal Authority, Monthly Macroeconomic Monitor, March 2002.

## Education

Table A.23 Illiteracy Rate 1948-2000, %

	1948	1953	1961	1971	1981	1991	2000 <sup>1)</sup>
Total	62.5	54.8	43.9	31.6	17.6	11.9	6.5
Females	78.4	72.1	58.4	43.5	26.4	18.2	9.0
Males	46.9	38.0	29.8	21.8	9.4	6.0	2.0

Source: Statistical yearbooks of FRY and Kosovo, various years.

1) UNFPA/IOM, 2000

Table A.24 Highest School Grade Achieved 1961-2000 (cohort 20 and above)

	1961	1971	1981	2000 <sup>1)</sup>
Total	2.78	4.45	6.25	9.95
Females	1.79	3.31	4.91	
Males	3.75	4.42	7.52	

Source: Statistical yearbooks of FRY and Kosovo, various years.

1) UNFPA/IOM, 2000.

Table A.25 Number of children in pre-schools 1971-2000

	1971	1981	1986	1999	2000
Number of Children	2,257	6,023	10,051	8,078	4,851

Source: KEC, 2000a.

Table A.26 Number of Pupils and Teachers in Primary Schools (school year 2000/2001)

Number of Pupils			Number of Teachers		
Male	Female	Total	Qualified	Unqualified	Total
151,621	137,964	289,585	11,114	3,170	14,284

Source: KEC, 2001.

Table A.27 Enrolment of Children in Primary Schools 1970/71- 2000/2001 (in percent), Disaggregated by Ethnicity

	1970/71	1978/79	1989/90	1995/96	1999/2000	2000/2001
Albanians	71.9	81.9	87.3	86.4	92.3	93
Serbs	27.1	17.6	12.1	13.0	5.2	4.6
Turks	1.0	0.5	0.7	0.6	0.7	0.7
Bosniacs	....	....	....	....	1.8	1.7
Total	239,393	307,542	349,114	310,838	286,940	289,585

Source: KEC, 2001.

Table A.28 Enrolment of Children in Secondary Schools 1971/1972-2000/2001 Disaggregated by Ethnicity (%)

	1971/72	1978/79	1989/90	1995/96	1999/2000	2000/2001
Albanian	63	74	81	80.1	91.7	92.1
Serb	35	25	18	19.4	6.8	6.0
Turk	1.2	1	1	0.5	0.6	0.7
Bosniac	....	....	....	....	0.8	1.3
Total number	44,010	77,521	82,657	70,155	80,661	90,077

Source: KEC, 2001.

Note. The enrolment of children from the Roma community in the school year 2000/2001 accounted for only 0.07% of the total.

Table A.29 Number of Students and Instructors in Secondary Schools (school year 2000/2001)

Number of Students			Number of Instructors		
Male	Female	Total	Qualified	Unqualified	Total
52,547	37,530	90,077	3,170	1,241	4,411

Source: KEC, 2001.

Table A.30 Enrolment of Students in High Schools and Faculties, Disaggregated by Languages

	1970/71	1978/79	1989/90	1990/91	1999/2000	2000/2001
Albanian	5,707	26,657	24,039	19,736	22,058	20,277
Serb	4,661	9,911	7,559	9,280	....	....
Total number	10,368	36,568	82,657	29,016	22,058	20,277

Sources: KEC, 2001; KEC, 2002.

Table A.31 Investment in Science 1965-1983 (percent of budget)

1965	1975	1980	1983
0.21	0.65	0.38	0.27

Source: Statistical yearbooks of Kosovo, various years.

# Health

Table A.32 Infant Mortality Rate 1990-2000 (per thousand)

	1990	1991	1992	1993	1994	1995	1996	1997	1999	2000
Total	34.38	33.62	34.36	33.33	24.88	23.63	15.94	18.2	40.4	35
Male	34.01	35.38	36.59	33.66	27.44	25.61	16.93	20.4	...	...
Female	34.8	31.66	31.89	32.97	22.05	21.43	14.87	15.76	...	...

Sources: UNICEF, 2000b; Riinvest, 2001.

Note: Perinatal mortality rates: 29.1 (in 2000), 28.7 (in 2001) [WHO/UNICEF, 2002]

Table A.33 Trend of Low Birth Weight Babies < 2.5 kg in 1989-2001 (in percent)

1989	1990	1991	1992	1993	1994	1995	1996	1998	1999	2000*	2001*
2.1	4.6	4.0	3.9	2.1	6.2	5.2	4.9	4.5	5.0	5.8	6.2

Source: Begolli I., 2001; Riinvest, 2001.

\* WHO/UNICEF, 2002.

Table A.34 Indicators of the Infant and Under-five Children Nutrition Status

	AAH (January 2000) <sup>1)</sup>		Mid-Decade MICS (1996) <sup>2)</sup>		
	Female	Severe	Moderate	Severe	Moderate
137,964		1.9%	7.5%	4.5%	13.1%
		1.1%	4.7%	0.7%	2.1%
		....	....	0.8%	3.3%

Stunting - Indicator of cumulative deficient growth  
 Wasting - Indicator of recent nutritional deficiency  
 Underweight - Composite measure of stunting and wasting

Sources: 1) AAH, 2000a.

2) UNICEF, 2000a.

Table A.35. Maternal Mortality Ratio in 1990-2001 (per 100,000 live births)

1990	1991	1992	1993	1994	1995	1996	1999	2000	2001
9.06	5.74	6.75	22.66	2.30	13.40	6.52	>153	23.0	12.6

Sources: Riinvest, 2001; WHO/UNICEF, 2002.

Table A.36 Visits to Reproductive Health Care Institutions in 1989-1999 (%)

	1998	1999	1989-1999
No visit	12.1	14.0	12.7
One or two visits	31.8	33.0	32.4
Regular visits	38.8	32.1	34.7
Unknown	17.3	20.9	20.2
All visits	100.0	100.0	100.0

Source: UNFPA/IOM, 2000.

Table A.37 Place of Delivery 1989-1999 (%)

	1998	1999	1989-1999
Private places	13.0	17.6	14.2
Health institutions	81.5	75.2	80.8
Other	3.8	4.7	3.0
Unknown	1.6	2.5	1.9

Source: UNFPA/IOM, 2000.



## Poverty

*Table A.38 Kosovo Poverty Indicators in 2000 (poverty measures in percentages)*

	Extreme poverty headcount	Overall poverty headcount	Poverty gap	Severity of poverty
Total	11.9	50.3	15.7	6.8
<b>Location</b>				
Rural	11.6	52.0	16.1	6.9
Urban	12.5	47.5	15.1	6.7
<b>Regions</b>				
1. North-East	12.4	46.5	15.2	6.7
2. South-West	15.9	59.5	20.0	9.3
3. West	6.8	42.5	11.6	4.6
4. North	12.2	58.4	17.5	7.2
5. South-East	11.2	47.6	14.3	6.2
<b>Survey samples</b>				
Albanian	12.0	49.7	15.6	6.8
Serb	11.0	58.6	17.5	7.3

Source: WB, 2001b.

*Table A.39 Impact of Food Aid on Poverty and Inequality in 2000 (poverty indicators with and without food aid)*

	Actual consumption	Without food aid	Reduction with food Aid
<b>Extreme poverty (&lt; Food Poverty Line)</b>			
Incidence	11.9 percent	14.6 percent	2.6 percent
Extreme poverty gap	2.5 percent	3.9 percent	1.3 percent
Extreme poverty severity	0.8 percent	1.5 percent	0.7 percent
<b>Overall poverty (including extreme) (&lt; Food Poverty Line)</b>			
Incidence	50.3 percent	52.2 percent	1.9 percent
Poverty gap	15.7 percent	17.8 percent	2.1 percent
Poverty severity	6.8 percent	8.4 percent	1.6 percent

Source: WB, 2001b.

## Gender

*Table A.40 Employment of Females in Different Sectors in 1999, %*

Agriculture	3.9
Industry	15.4
Trade and handicraft	17.9
Tourism	1.7
Administration	17.3
Health	21.0
Education	22.8

Source: UNFPA/IOM, 2000.

*Table A.41 Percentage of Females Elected in October 2000 and November 2001*

	Local elections (2000)	Assembly elec- tions (2001)
Women candidates (%)	24	30
Women elected (%)	8	28

*Source: OSCE, 2000; OSCE, 2001.*

*Table A.42 Share of Employed Persons in Total Population in 1999, Disaggregated by Gender and Areas (%)*

	Employed persons		
	Total	Female	Male
Total	32.9	9.9	23.0
Urban areas	37.7	13.8	23.9
Rural areas	28.1	5.9	22.1
Areas with predominant Albanian population	31.5	9.0	22.5
Areas with predominant Serbian population	47.1	18.5	28.6

*Source: UNFPA/IOM, 1999.*

*Table A.43 Gender Work-force Structure in 1999, %*

	Total			Urban areas			Rural areas		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
Structure	62.5	32.0	30.5	66.1	33.7	32.3	58.8	30.3	28.5

*Source: UNFPA/IOM, 1999.*

*Table A.44 Participation of Females in Judiciary in 2001*

	Courts and prosecutors' offices		Chamber of attorneys	
	1989	2000	1989	2000
Total	569	378	410	178
Females	117	72	22	12
% of females	20,6	19,0	5,4	6,7

*Source: Norma, 2001*

## Environment

*Table A.45 Emission of the Pollutants in the Atmosphere (t/year) According to Different Activities*

	SO <sub>2</sub>	NO <sub>x</sub>	VOC <sup>1)</sup>	Dust	Pb
Production of energy in industry	47,940	16,690	2,800	78,600	-
Production of energy out of industry	11,640	1,890	475	-	-
Industrial processes (smelting plants etc.)	43,600	1,200	490	720	1,230
Treatment of solvents	-	-	820	-	-
Road transport	1,060	5,030	3,280	-	-
Nature	-	-	10,750	-	-
Total	104,240	24,810	18,650	79,320	1,264

1) VOC - Volatile Organic Compounds, Source: Shllaku L., 1992.

If you believe that a smile is stronger than weapons,  
If you believe that unity is more important than divisions,  
If you believe that differences don't hurt, but make you rich,  
If you believe that it is better to take the first step rather than waiting for someone else  
to take it,  
If you hate injustice against others as much as against yourself,  
If you know how to give your time to love others,  
If you can accept the thoughts of others that are different from your own,  
If you consider anger to be your weakness and not a statement of your power,  
If you think that peace is possible,  
Then everyone will have peace.

Lyrics written by Youth NGO "Millenium" from Kamenicë/Kosovska Kamenica