

Early Warning Report

Number 17

KOSOVO

April – June 2007

respondents reported satisfaction with the supply of electric power and just 33% of respondents were satisfied with the information services. Approximately 41% of surveyed respondents were satisfied with Kosovo's healthcare services. The majority of respondents were satisfied with the telecommunications supply and Kosovo's

Figure 1.1: Level of satisfaction with the work of main institutions in Kosovo

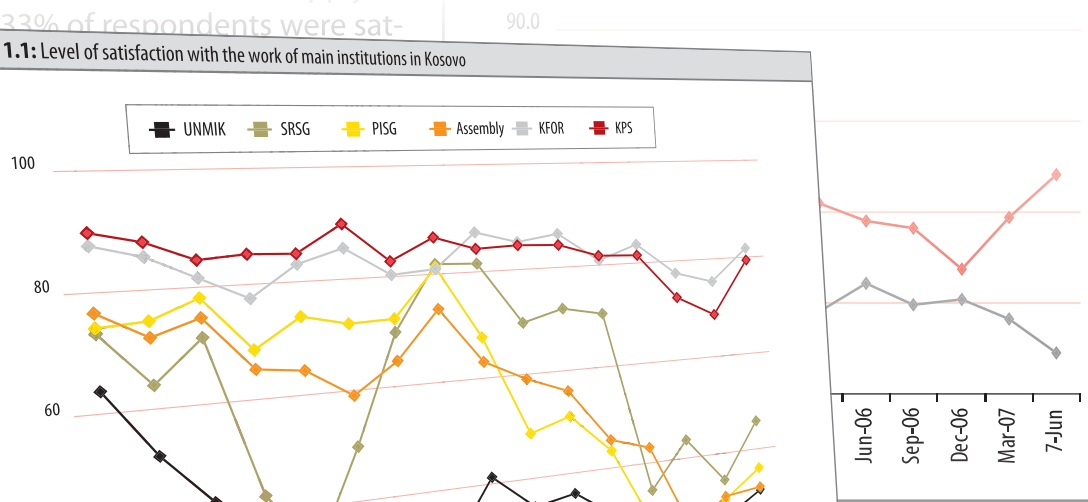
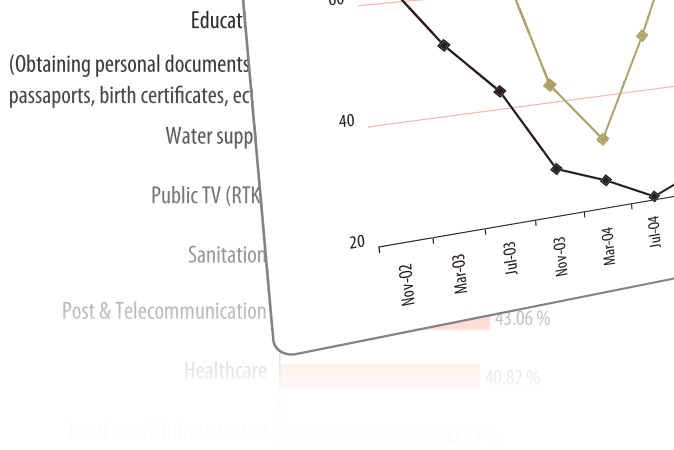


Figure 1.4: Satisfaction



respondents in Prizren/Ferizija/Urosevac overwhelmingly regard UNMIK as the institution being responsible for the current political situation. The least attribution of responsibility to UNMIK comes from respondents from Ferizija/Urosevac, where some 59% of respondents hold

Figure 1.6: The attribution of political responsibility by region



- Political and institutional stability
- Economic and social stability
- Analysis on employment
- Inter-ethnic relations
- Public and personal security



EARLY WARNING REPORT KOSOVO

Report # 17

**Political and institutional stability
Economic and social stability
Analysis on employment
Inter-ethnic relations
Public and personal security**

April – June 2007

The views expressed in this report are those of the experts and respondents and do not necessarily represent the views of either UNDP or USAID.

In this report, "Kosovo" refers to the UN administered territory according to UN Security Council Resolution 1244.

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Selected Economic Indicators

	Jan-Mar 2005	Apr-Jun 2005	Jul-Sep 2005	Oct-Dec 2005	Jan-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	Trend
Population (in ,000) (a)		1,999*				2,033 **		2.07**	2.07**	
GDP growth rate (annual), % (a)		0.3				3				
GDP per capita, € (a)		1,120 (a)				1,117 (a)				↘
KCB (Annual), million € (b)		641.5				713.2 (l)		553 **(m)	553 (m)	↗
Workers' remittances, million €		281.0 (a)				318.0 (a)				↗
Foreign assistance, million € (a)		462.0 *				465.0 *				
KPST fund, million € (c)		145.8 (Dec)			167.5 (May) (d)	177 (Sep)(k)	213.0 (Dec) (k)	230.6 (Mar)		
KTA fund, million € (e)		113.1 (Dec)			234.9 (Apr)	256.1 (Aug) (h)	275.0 (Dec)	291.6 (Feb)		
Bank deposits, million €	704.8 (Feb)	731.2 (May)	765.8 (Aug)	809 (Nov)	844.6 (Apr) (e)	881.6 (Aug) (h)	926.4 (Dec)	973.5 (Feb)	967.6 (Apr)	↗
Commercial bank loans, million €	356.5 (Feb)	400.1 (May)	401.8 (Aug)	435.7 (Nov)	459.7 (Apr) (e)	476.4 (Aug) (h)	490.5 (Dec)	515.1 (Feb)	560.2 (Apr)	↗
Trade balance, million € (j)	-219.1 (Jan-Mar)	-308.5 (Jan-Apr)	-723.4 (Jan-Aug)	-1028.4 (Jan-Nov)	-537.5 (Jan-Jun)	-761.3(Jan- (Jan-Aug) (j)	-1235.3 (Jan -Dec)	-101.92 (Jan-Feb)	-400 (Jan-Apr)	↘
Registered job-seekers	303,095 (Jan)	311,230 (May)	314,446 (Aug)	319,721 (Dec)	323,201 (May)	324,835 (Sep)	326,026 (Dec)	331,056 (Mar)	332,013 Apr-June	↗
Consumer Price Index, % (com- pared to May 2002) ***	101.4 (May)	100.0 (May)	98.5 (Aug)	101.9 (Nov)	102.9 (May)	101.3 (Aug) (f)	102.6 (Nov)	100.2 (Mar)	99.4 (Apr)	↘
Basic pensions (per month), €	40	40	40	40	40	40	40	40	40	↔
Voluntary returns		2,126				1,608 (g)				↘

* Estimated

** Projected

*** In January 2006, SOK changed the methodology for compiling CPI. Therefore the comparison of currently produced CPI with the CPI from before January 2006 is not possible
Sources:

a) IMF (2007), IMF Aide Memoire of the IMF Staff Mission to Kosovo, February 19-27, 2007

b) MEF (2006), Budget 2006, MEF, Government of Kosovo, Prishtinë/Priština.

c) KPST (2005), Annual Report 2005, KPST, Prishtinë/Priština.

d) Assessment obtained from KPST through e-mail.

e) CBAK (2006), Monthly Statistics Bulletin, No. 56, BPK, Prishtinë/Priština, April 2006.

f) SOK (2006), Price Statistics Division, Consumer Price Index, SOK, Government of Kosovo, Prishtinë/Priština.

The rest of the figures are from UNDP (2006), Early Warning Report No. 12: October - December 2005, UNDP, Prishtinë/Priština, op. cit.

g) United Nations High Commissioner For Refugees Kosovo.

h) BPK (2006), Monthly Statistics Bulletin, No. 56, BPK, Prishtinë/Priština, August 2006.

i) Ministry of Labor and Social Welfare, 2006.

j) This is the trade deficit for the period Jan-Feb 2007, Statistical Office e of Kosovo

k) This figure is reported at KPST's website, date of release February 7th, 2007

(l) CBAK (2007). Monthly Statistics Bulletin for December 2006. No (64). Prishtinë/Priština

(m) Kosovo Ministry of Economy and Finance - First Quarterly Report 2007

Selected Indicators from the Opinion Poll

	Mar 2005 a)	Jun 2005 a)	Sep 2005 a)	Dec 2005 a)	Jun 2006 a)	Sep 2006 c)	Dec 2006 d)	Mar 2007 e)	Jun 2007 f)	Trend
Political pessimism, % ("very dissatisfied" or "dissatisfied" with current political trends)	38.6	35.8	41.0	40.2	43.4	38.7	48.9	50.0	54.0	↗
Economic pessimism, % ("very dissatisfied" or "dissatisfied" with current economic trends)	71.1	69.9	68.8	73.3	76.0	70.0	76.2	76.1	70.7	↘
Willingness to protest due to economic reasons, %	62.9	63.5	57.4	69.3	62.8	44.0	42.8	46.0	54.9	↗
Willingness to protest due to political reasons, %	48.9	48.4	45.4	56.2	45.5	30.6	30.9	28.6	31.2	↗
Satisfaction with UNMIK's performance*, %	29.7	41.4	34.5	35.9	30.5	29.9	28.0	26.1	31.5	↗
Satisfaction with SRSG's performance*, %	81.2	81.7	69.8	72.0	70.5	34.5	43.6	38.3	45.9	↗
Satisfaction with PISG's performance*, %	81.2	67.7	48.7	51.0	43.3	27.2	27.16	34.2	35.9	↔
Satisfaction with Assembly's performance*, %	73.7	63.0	59.0	56.2	45.4	43.0	25.6	34.6	31.9	↘
Satisfaction with KFOR's performance*, %	81.0	87.3	84.3	86.3	81.0	83.6	77.5	75.4	81.8	↗
Satisfaction with KPS performance *, %	86.9	84.4	84.5	84.2	81.8	81.5	72.5	68.5	79.3	↗
Feelings of insecurity ("Somewhat unsafe" or "very unsafe" while outdoors)	38.1	36.6	36.7	42.9	35.5	42.7	38.6	43.7	22.6	

Sources:

- a) UNDP (2006), Early Warning Report No. 12: October – December 2005, UNDP, Prishtinë/Priština, op. cit.
b) UNDP (2006), Opinion Poll: January – June 2006.
c) UNDP (2006), Opinion Poll: July – September 2006.
d) UNDP (2006), Opinion Poll: October - December 2006
e) UNDP (2006), Opinion Poll: January - March 2007
f) UNDP (2006), Opinion Poll: April - June 2007

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List of Acronyms

CBAK	Central Banking Authority of Kosovo	MEF	Ministry of Economy and Finance
CPI	Consumer Price Index	MEM	Ministry of Energy and Mining
EAR	European Agency for Reconstruction	MoH	Ministry of Health
EC	European Council	NATO	North Atlantic Treaty Organization
EFC	Economic and Fiscal Council	ORA	Partia Reformiste/Reform Party
ESI	European Stability Initiative	OSCE	Organization for Cooperation and Security in Europe
EU	European Union	PDSRSG	Principal Deputy Special Representative of the Secretary General
EWR	Early Warning Report	PISG	Provisional Institutions of Self Government
EWS	Early Warning System	RTK	Radio Televizioni i Kosovës (Public TV Broadcaster of Kosovo)
ICG	International Crisis Group	SEE	South-East European
IMF	International Monetary Fund	SOEs	Socially Owned Enterprises
KEK	Korporata Energjetike e Kosovës (Energy Corporation of Kosovo)	SOK	Statistical Office of Kosovo
KFOR	Kosovo Force	SRSG	Special Representative of the Secretary General
KIPRED	Kosovar Institute for Policy Research and Development	UN	United Nations
KPC	Kosovo Protection Corps	UNMIK	United Nations Interim Administration Mission in Kosovo
KPS	Kosovo Police Service	UNOSEK	United Nations Office of the Special Envoy for Kosovo
KTA	Kosovo Trust Agency	UNSC	United Nations Security Council
LDD	Lidhja Demokratike e Dardanise/Democratic League of Dardania		
LDK	Lidhja Demokratike e Kosoves/ Democratic League of Kosovo		

Foreword

This edition of the Early Warning Report (EWR) is the seventeenth in the series that commenced in August 2002, under the sponsorship of United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP). Covering the period from April to June 2007, the report follows the tradition of previous reports by examining the evolving situation in Kosovo under four main areas covering political, socio-economic, interethnic, and security issues. A particular feature of the Early Warning System (EWS) Project Phase IV is that every quarterly report will draw from the expertise of a diverse pool of analysts.

This edition of the Early Warning Report is published in a period of intensive and important developments with the presentation of the Ahtisaari proposal to the UN Security Council, followed by the fact finding mission of the UNSC team in Kosovo, the continuous international discussions on Ahtisaari's proposal regarding the final status of Kosovo dominating the political situation. In this regard, continued monitoring of early warning indicators may prove to be a necessary tool for obtaining insight into potential conflict-causing factors as well as the opinion of Kosovo people on the status process.

The EWR Number 17 has four main topics: political and institutional stability, the socio-economic situation, interethnic relations and personal and public security. The analysis of these issues is primarily based on data from a public opinion survey carried out by "UBO Consulting" during the first half of June 2007. This extensive survey measures the perceptions of citizens on the main issues that preoccupy Kosovo society. Some important highlights of the survey are:

- Satisfaction with key governing institutions has increased visibly in June 2007 compared to the March 2007 reporting period. As of June 2007, approximately 32% of survey respondents are satisfied with the work of UNMIK and Kosovo's Assembly with approval ratings for UNMIK increasing by some five percentage points since March 2007.
- After an increase in economic pessimism to 76% in March 2007, the June 2007 results show a decline in the level of economic pessimism to 71%, which still represents one of the highest levels of economic pessimism since the establishment of the Early Warning System in 2002.
- The number of K-Serbs willing to work with K-Albanians has noticeably declined from 79% in March 2007 to 50% in June 2007. Approximately 38% of K-Albanian respondents in the June 2007 opinion poll stated that they would agree to work with K-Serbs, which represent a slight decrease since the March 2007 poll.

While the report might be of interest to the general reader, its primary intention is to provide monitoring and conflict prevention proposals for action by key actors within the PISG and local leadership as well as development actors, the United Nations Interim Administration Mission in Kosovo (UNMIK) and the International Community. All conclusions and proposed recommendations presented in this report are a result of several rounds of discussions with experts from diverse areas, backgrounds, and institutional settings.

We remain confident that the set of analyses presented in EWR Number 17 will stimulate a lot of thought and discussion among readers and that it will attract appropriate attention from the relevant political and other actors in Kosovo. It gives us great pleasure, therefore, to extend our appreciation and gratitude to the contributing experts that participated in discussions and provided their insights, perspectives, and interpreted the results of opinion poll, and to all those who supported us in the process of completing this edition of EWR.



Frode Mauring
Resident Representative

Executive Summary

- K-Albanians and K-Serbs continue to be deeply divided in their preference for Kosovo's future political status. Independence of Kosovo within present borders remains the preferred option among K-Albanians (95%) while the majority of K-Serb respondents (77%) stated that Kosovo should be an autonomous province within Serbia. Some 6% of K-Serb respondents see the current UN administration of Kosovo as the best solution for the final status whereas less than 1% of K-Serbs favor Kosovo's partitioning.
- Compared to March 2007, satisfaction with the Kosovo Assembly has remained the same, while for the PISG it has increased from 31% to 36%. KPS and KFOR have seen their approval ratings rebound to a satisfaction level of approximately 80%. Satisfaction with the performance of Special Representative of the Secretary General (SRSG) which slipped to 34% in March 2007 saw an increase to 46% in June 2007.
- During the period March 2006 to June 2007, poll results show political pessimism to be 54%, which represents the highest rate of political pessimism since July 2002, when 53% of respondents were not satisfied with the political direction of Kosovo. After an increase in economic pessimism to 76% in March 2007, June 2007 results show a decline in this indicator to 71%, which still represents one of the highest levels of economic pessimism since the establishment of the Early Warning System in 2002.
- Unemployment ties with Kosovo's unresolved political status as the critical problem facing Kosovo. In June 2007, unemployment was seen by 30.8% of respondents as the most important issue facing Kosovo, while some 30.9% of respondents reported that Kosovo's unresolved political status was the most important issue which represents an increase of four percentage points from March 2007 for this indicator. Poverty was cited by 22% of respondents as the most important issue, an increase of some seven percentage points compared to March 2007.
- The number of K-Serbs willing to work with K-Albanians has noticeably declined since March 2007, when 79% of K-Serb respondents were willing to work with K-Albanians. In June 2007 just 50% reported such willingness. Approximately 38% of K-Albanian respondents in the June 2007 poll stated that they would agree to work with K-Serbs, which represents a slight decrease as compared to March 2007 poll.
- As of June 2007 approximately 53% of K-Serbs are satisfied with the performance of KFOR (an increase of some 20 percentage points compared to March 2007), and around 40% with the performance of UNMIK Police (increase of some 14% compared to March 2007). Satisfaction with KPS increased from 11% in March 2007 to 19% in June 2007, whereas only some 4% of K-Serbs are satisfied with the KPC (TMK).
- The Kosovo Police Force has seen an increase in their approval ratings among K-Albanian respondents, from 73% in March 2007 to a current rate of 84%.

Methodology

The Kosovo Early Warning System Project is a component of UNDP's regional early warning framework. The project aims to build the capacity of local analysts to foresee potential crises, and to advise crisis prevention policies. The Reports are intended as strategic planning, response, and policy tools for development and peace-building actors in Kosovo by deriving recommendations for preventive measures from trend analysis and the monitoring of key sector indicators of fundamental conflict-causing factors. The Early Warning System Project is a UNDP regional initiative; at present most SEE UNDP Programmes produce Early Warning Reports (EWS) on a periodic basis. The Kosovo Early Warning Reports are co-funded by USAID and UNDP and are produced quarterly.

The Kosovo Early Warning Report Nr: 17 has been written by the local UNDP team based on the results of Expert Group meetings and on statistical analysis of an opinion poll conducted by UBO Consulting during the first half of June 2007. The survey was based on face-to-face interviews, and included 1,250 respondents: 851 K-Albanians, 206 K-Serbs, and 193 respondents from Other minorities (44 Bosnian, 22 Gorani, 35 Turks, 35 Ashkali, 37 Roma, 18 Egyptian). The sample was selected through a random sampling method and was stratified on the basis of geographic regions that are based on telephone area codes (7) and municipalities (30) and urban rural ratio (4:6). This nationally representative sample is calculated with a confidence level of 95% which yields a confidence interval (CI) of +/- 2.71.

Chapter 1:

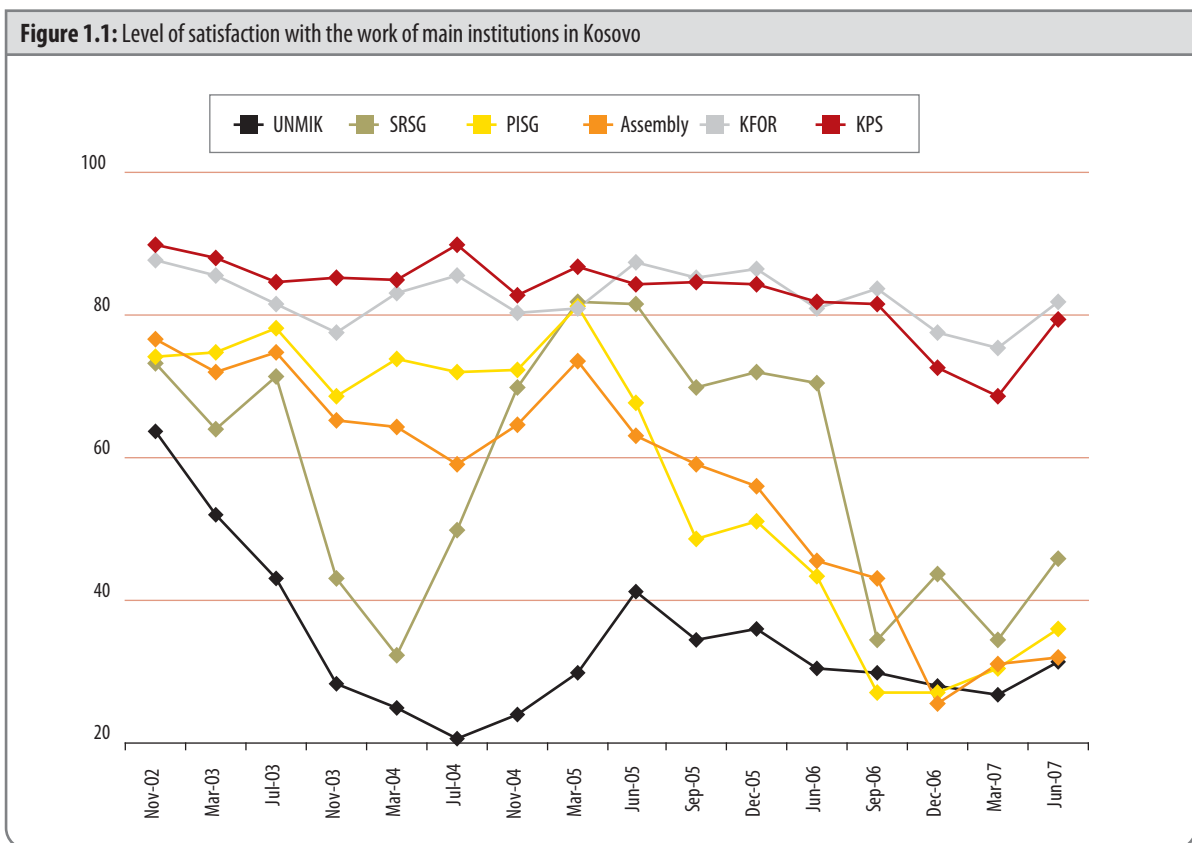
KOSOVO'S INSTITUTIONAL AND POLITICAL STABILITY

I. Satisfaction With Kosovo's Institutions

After months of decline, satisfaction levels with key governing institutions have improved (see Figure 1).

slipped back to 34 % in March 2007, and again improved in June 2007, to a satisfaction level of 46%. It is important to note that KFOR and the Kosovo Police Service (KPS), which saw a temporary decline in their approval ratings in March 2007, have recovered to earlier approval levels, which now stand at 79% for KPS and 82% for KFOR¹.

The approval ratings of Kosovo's President and Prime Minister are in the line with increasing trend of satisfaction with institutions. Approval ratings for Kosovo's President which saw a drop of approxi-



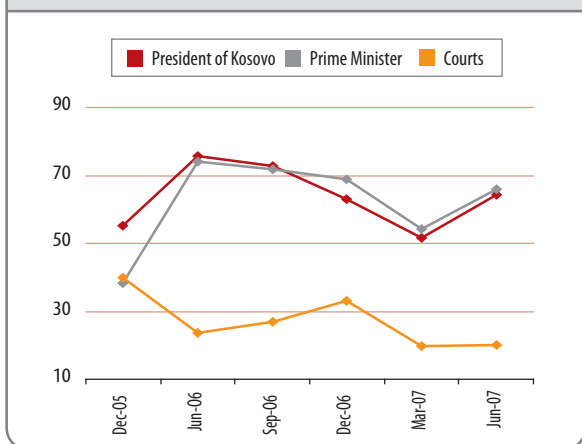
As of June 2007, and despite some improvements, UNMIK, the Provisional Institutions of Self Government (PISG) and the Kosovo Assembly remain amongst the lowest ranked institutions, with satisfaction ratings of 31%, 36% and 32% respectively. UNMIK ties with Kosovo's Assembly for the second lowest approval ratings, after Kosovo's courts.

Satisfaction with the performance of the Special Representative of the Secretary General (SRSJ) which saw an increase from 34% to 43% during the September to December 2006 reporting period,

mately 11 percentage points from December 2006 to 52% in March 2007, have rebounded to 64% in June 2007. As shown in Figure 1.2, the Prime Minister's approval ratings recovered to 65% after a decline to 54% in March 2007. Satisfaction with the work of Kosovo's courts has remained fairly low, with just 20% of respondents being satisfied with this institution.

¹ Satisfaction represents population based data, not disaggregated on ethnicity

Figure 1.2: Satisfaction with the work of President, Prime Minister and Courts in Kosovo



Dissatisfaction with Kosovo’s political direction

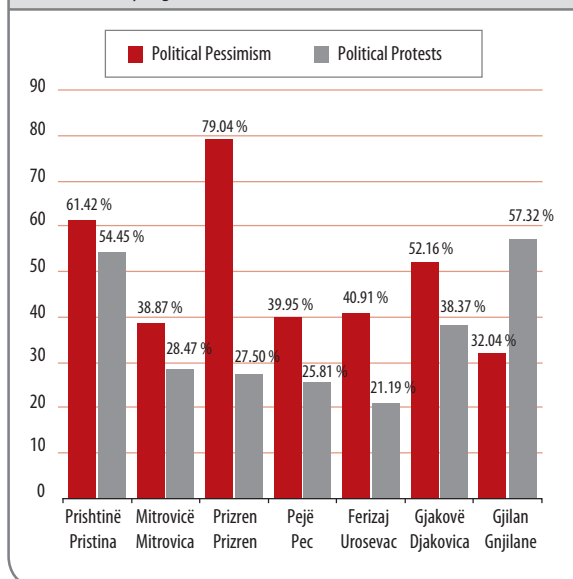
During the period April to June 2007, poll results show political pessimism to be 54%, which represents the highest rate of political pessimism since July 2002 when 53% of respondents were not satisfied with the political direction of Kosovo.

It is important to note that satisfaction with the political situation is related to respondent’s attribution of political responsibility². There is also a clear association between respondents who indicated that they were not satisfied with Kosovo’s political developments and their readiness to protest³.

As seen in Figure 1.3 below, which depicts satisfaction with Kosovo’s political direction by region, Prizren/Prizren and Prishtinë/Pristina have shown the highest levels of political dissatisfaction where 79% and 61% of respondents respectively, stated that they were dissatisfied with Kosovo’s political direction. Rates of political dissatisfaction in these two regions are much higher than the national average of 54%. On the other hand, Gjakovë/Djakovica which was leading with political pessimism in March 2007, has seen a considerable decline in its political pessimism, from 65% in March 2007 to the current 52%, however the readiness of respondents from Gjakovë/Djakovica to protest for political reasons has not changed significantly.

As in December 2006, respondents from Gjilan/Gnjilane are again leading with the readiness to protest

Figure 1.3: Distribution of political pessimism, political protest by region



due to the current political situation, followed closely by respondents from Prishtinë/Pristina and then those from Gjakovë/Djakovica. As in previous reporting periods, respondents from Mitrovicë/Mitrovica⁴ are among the group of respondents exhibiting the least readiness to protest for political reasons, ranking just above Prizren/Prizren, Pejë/Pec and Ferizja/Uroševac which at just over 21% shows the least readiness in this regard.

Trust in the Media

K-Serbs who follow current news in the media every day are more likely to believe all the information on the media than K-Serb respondents who follow the news less often. Approximately 28% of K-Serb respondents that follow news in the media once or twice a week don’t believe any of the information on the media. On the other hand, most K-Albanians believe some of the information on the media regardless of the frequency of news watching.

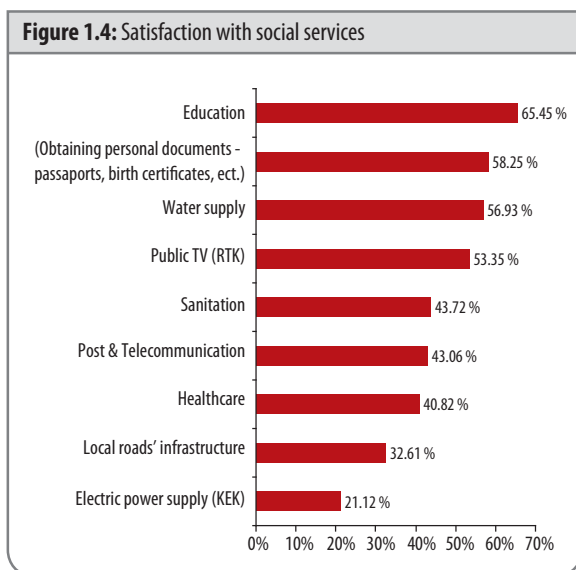
K-Serb respondents from Mitrovicë/Mitrovica follow the current news in the media considerably more than K-Serb respondents from Prishtinë/Pristina. For K-Albanians, it seems that respondents from Prizren/Prizren and Gjilan/Gnjilane are the most regular followers of the news, followed by respondents from Ferizaj/Uroševac and Prishtinë/Pristina. Based on the opinion poll

² Correlation is significant at the 0.05 level (2-tailed) with Pearson Correlation of 0.063
³ Correlation is significant at the 0.01 level (2-tailed) with Pearson Correlation of 0.152
⁴ Respondents from Mitrovicë/Mitrovica include K-Albanian, K-Serb and Other minority respondents

conducted in March 2007, some 80% of K-Serbs, K-Albanians and Other minorities stated that their source of information is television. Some 78% of K-Serbs declared that their information comes from a Belgrade based media source, with another 14% stating that they their get informed from local media sources.

For most K-Albanians (92%) and Other minorities (65%) Prishtinë/Pristina based media is their main source of information.

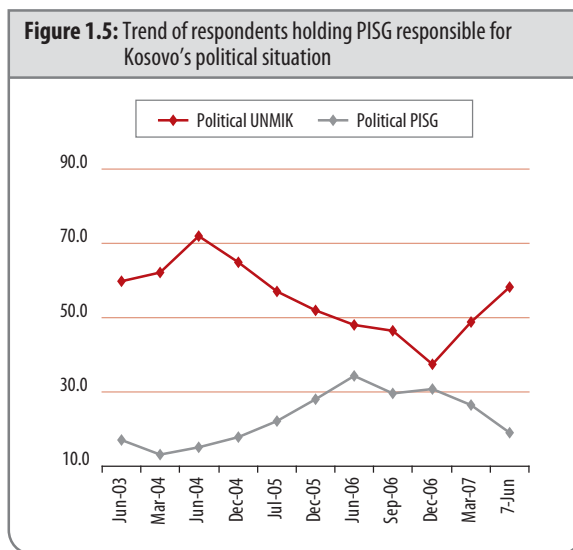
As seen in Figure 1.4, the majority of respondents (over 65%) seem to be satisfied with the education system in Kosovo. Less people (58%) reported satisfaction with the process of obtaining documents such as Identification Cards, Passports or birth certificates from responsible institutions. Only 21% of respondents reported satisfaction with the supply of electric power and just 33% of respondents were satisfied with the infrastructure of local roads. Approximately 41% of survey respondents were satisfied with Kosovo’s healthcare and some 43% with its Post & Telecommunication and Sanitation services. The majority of respondents reported satisfaction with water supply and Kosovo’s public television (RTK).



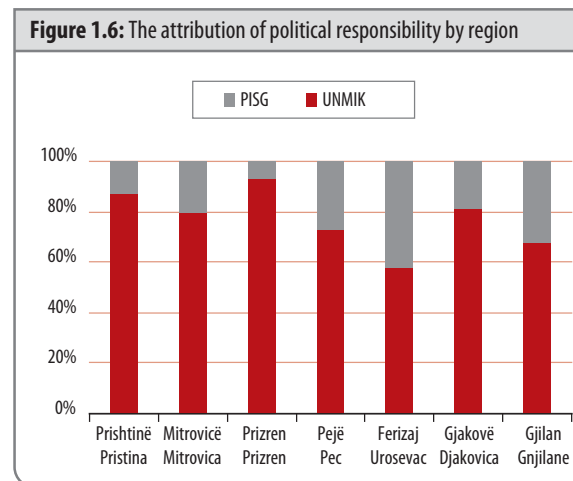
II. Responsibility For Kosovo’s Political Situation

As can be seen in Figure 1.5 below, during the period June 2004 to December 2006 there was a steady decrease in the number of respondents holding UNMIK responsible for the political situation in Kosovo and in December 2006, respondents attributed almost equal responsibility to the PISG and UNMIK in this regard. However, in the first six months of 2007, this trend has been reversed. While the March 2007 poll marked a 10%

increase in the number of respondents attributing responsibility for the political situation to UNMIK, the June 2007 poll reports a further increase of 8% in this regard with some 58% of respondents stating that UNMIK is responsible for Kosovo’s political situation with just 19% attributing this responsibility to the PISG. Although the percentage of respondents holding the PISG responsible has been rising, the latest poll results show a decrease of some seven percentage points in this regard. To a certain extent this current trend resembles the situation in June 2004 when around 72% of respondents believed UNMIK to be responsible for the political situation while only 15% thought the same for the PISG.

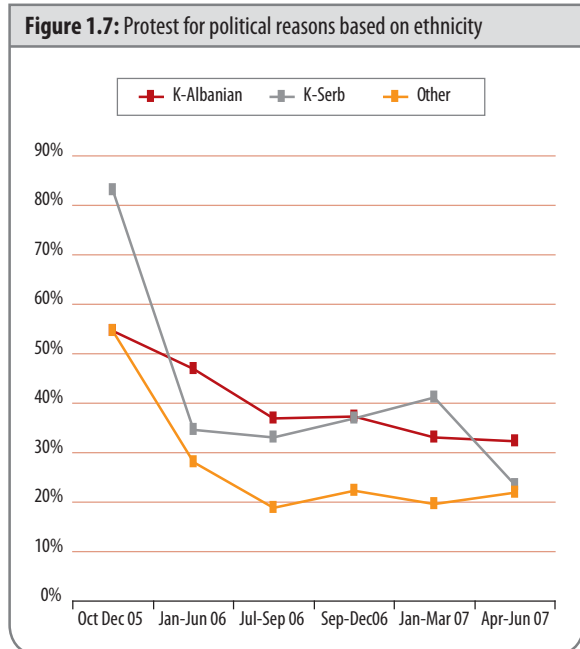


As shown in Figure 1.6 below, respondents in Prizren/ Prizren and Prishtinë/Pristina overwhelmingly regard UNMIK as the institution being responsible for the current political situation. The least attribution of responsibility to UNMIK comes from respondents from Ferizja/Urosevac, where some 59% of respondents hold UNMIK responsible and another 41% consider the PISG accountable for Kosovo’s political developments.

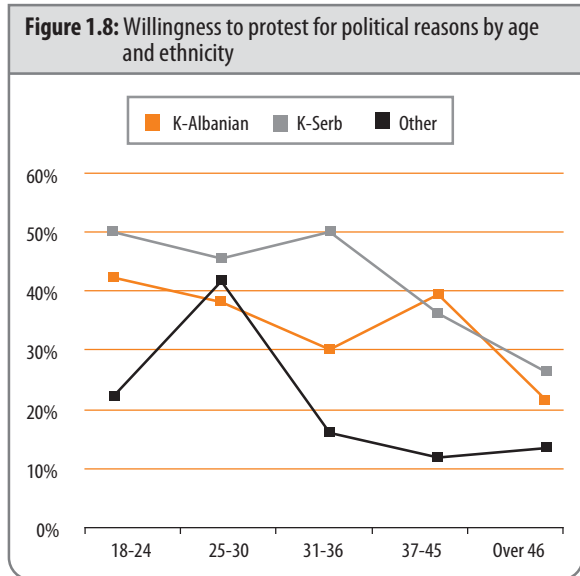


Protesting due to Political Situation

Since December 2005, when opinion poll results showed all time high rates of willingness to protest for political reasons, there has been a continuous decline in that regard. However, current poll results suggest that respondents' readiness to protest for political reasons has increased some three percentage points to 31% compared to March 2007. As of June 2007, for K-Albanians the willingness to protest for political reasons has remained the same as in March 2007 (32%), which represents one of the lowest levels in this regard for K-Albanians since December 2005. However, this level is higher than the percentage of K-Serbs (approximately 22%) and Other minorities (21%) that have stated their readiness to protest for political reasons.



For all ethnicities in Kosovo, the age group 31-36 seems to be most likely to protest (if protests were organized) because of the current political situation in Kosovo. Some 52% of K-Serb respondents belonging to this age group have stated that they would join public protests (if organized), which is considerably higher than the average percentage of K-Serb respondents willing to join public protests.



III. Opinions For The Best Solutions For Future Status And The Ahtisaari Proposal

Preferred option for future status

Regarding the preferred option for Kosovo's future status, there is little change in the attitudes of K-Albanians from responses given in the March 2007 poll however there are some changes in responses given by K-Serbs and Other minorities.

Approximately 89% of total respondents⁵ (Table 1.3) indicated that independence for Kosovo would be the best option for Kosovo's political status. As in March 2007, some 5% of respondents indicated that an autonomous province within Serbia would be the best solution and approximately 3% said that unification with Albania would be the best solution. Looking at the responses by ethnicity, 96% of K-Albanians consider independence as the best choice for Kosovo. Approximately 77% of K-Serbs consider the status of an autonomous province within Serbia to be the best option which is a decrease of some 12 % compared to March 2007. The majority (68%) of Other minorities have indicated that the best option for the future of Kosovo would be its independence within present borders, which also represents a decrease of some 12 percentage points compared to March 2007.

⁵ Aggregated respondent data are weighted using Statistical Office of Kosovo (SOK) data

Table 1.1: Best solutions for Kosovo based on Ethnicity

Which solution do you think is the best for the future political status of Kosovo?	K-Albanian	K-Serb	Other
Independence of Kosovo within present borders	95.3%	1.0%	68.0%
Partition of Kosovo	0.1%	0.5%	0.2%
Same as now (International protectorate)	0.1%	5.9%	11%
Unification with Albania	3.5%		0.6%
Confederate state within Serbia, such as Montenegro	0.2%	0.5%	0.6%
Autonomous province within Serbia		76.8%	1.1%
Don't Know	0.3%	4.4%	14.0%
No Answer	0.3%	9.9%	4.4%
Total (%)	100%	100%	100%

Ahtisaari’s proposal for Kosovo’s final status

Several questions were asked in the poll questionnaire regarding the Ahtisaari proposal including respondent’s level of knowledge on the content of the proposal, respondent’s general attitude towards the proposal, their perceived fairness of the proposal and specific questions on parts of Ahtisaari’s proposal.

Respondents level of knowledge on the content of Ahtisaari’s proposal

Approximately 21% of K-Albanian respondents from Ferizja/Urosevac region, 30% of respondents from Gjakovë/Djakovica and 10% from Gjilan/Gnjilane have stated that they were not informed or not at all informed on the content of Ahtisaari’s proposal.⁶

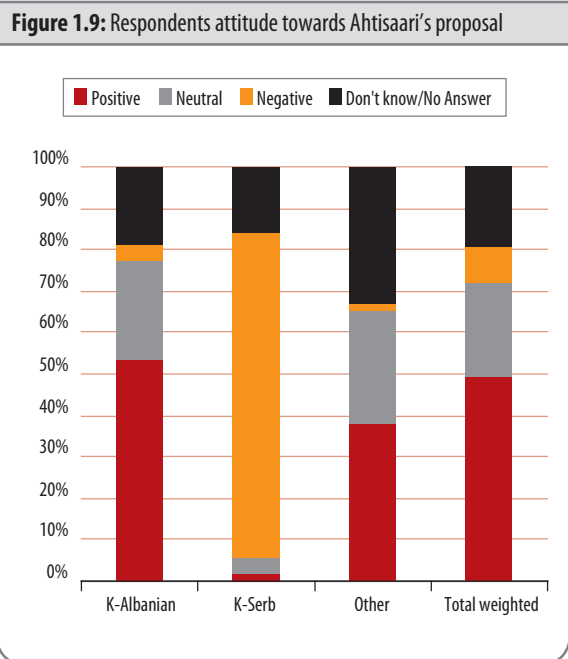
Furthermore, some 16% of K-Serb respondents from Prishtinë/Pristina and 14% of K-Serb respondents from Mitrovicë/Mitrovica are not at all informed on the content of Ahtisaari’s proposal while K-Serb respondents in other areas are very little informed on the content of Ahtisaari’s proposal.

Respondent’s attitude towards Ahtisaari’s proposal

While in March 2007 some 57% of K-Albanian respondents and 47% of respondents from Other minorities

(except K-Serb) respondents stated that they have a positive attitude towards Ahtisaari’s proposal, in the June 2007 just 49% of K-Albanians and 37% other non-Serb respondents reported having a positive attitude towards the proposal. The strongest support for Ahtisaari’s proposal among K-Albanians comes from the Prizren/Prizren region, where 77% of respondents view the proposal positively, whereas the least support for the proposal comes from Mitrovicë/Mitrovica where some 59% of K-Albanians do not support or strongly oppose this movement.

The majority of K-Serb respondent’s (41%) have a “negative” attitude towards Ahtisaari’s proposal, with another 52% stating to have a “very negative” attitude towards the plan, the remainder are unsure of their stance towards the proposal. The attitude of K-Serbs towards the plan has thus become more negative since March 2007, when some 82% of K-Serbs had a negative attitude with respondents from Mitrovicë/Mitrovica having the worst attitude towards the plan. Some 16% of K-Serb respondents stated that they cannot assess the plan, which represents an increase of some seven percentage points compared to March 2007 in this regard (Figure 1.9).



The perceived fairness of Ahtisaari’s proposal

The majority of all ethnicities in Kosovo believe that Ahtisaari’s proposal is in someone’s favor. However depending on ethnicity there are different opinions on whose favor this is. While 97% of K-Serbs consider

⁶ It is important to emphasize that the regions of Gjilan/Gnjilane will be affected most by Ahtisaari’s decentralization plan and by the creation of new municipalities.

Ahtisaari's proposal to be in the favor of K-Albanians, most K-Albanians (65%) and Other minorities (69%) in Kosovo, believe that Ahtisaari's proposal is in Kosovo's favor, while only 20% of K-Albanians and 12% of Other minorities state that it is in K-Albanians favor. Compared to March 2007, a higher number of K-Albanians consider Ahtisaari's proposal to be in Kosovo's favor (from 52% to 65%) and a lower number of K-Albanians believe the plan is in their favor (from 38% to the current 20%). Some 44% of K-Albanians from Pejë/Pec believe that the proposal is in the favor of Kosovo Serbs.

Agreement with parts of the plan

As seen in Figure 1.10, it is important to note that K-Albanians and Other minorities have more positive attitude toward the Ahtisaari's proposal as a whole package than K-Serbs, however they are more negative about certain elements of the proposal than K-Serbs who have a negative overall attitude toward the proposal but are more positive about some of the main elements.

Based on the results of the latest opinion poll, most K-Albanian respondents (37%) agree with the dissolution of the KPC (TMK) and the formation of the Kosovo Security Force (KSF). This represents a slight decrease from March 2007 when some 42% of K-Albanians agreed with this part of the proposal. The least support for the dissolution of the KPC comes from Prishtinë/Pristina respondents, where some 56% disagree with its dissolution.

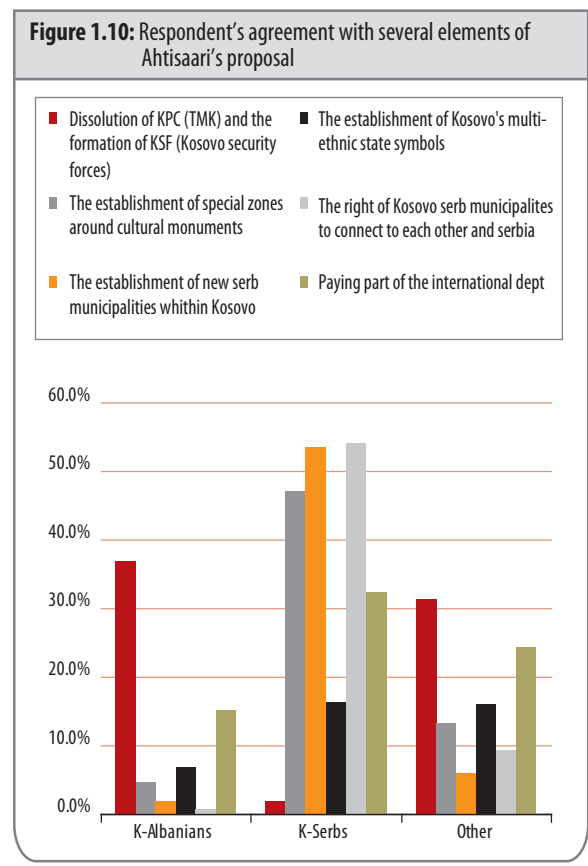
Most K-Serb respondents disagree with the dissolution of the KPS (TMK) and the formation of the Kosovo Security Force, whereas most members of Other ethnicities (53%) are neutral on this point and another 32% agree with this option.

Most K-Albanians (65%) disagree with the establishment of special zones around cultural monuments, with the strongest disagreement with this point coming from respondents from the regions of Prizren/Prizren (84%), Ferizaj/Urosevac (83%) and Gjilan/Gnjilane (70%). Compared to March 2007, the level of K-Albanians who disagree has decreased by some 23 percentage points, from 88% in March 2007 to the current level of 65%.

Most K-Serbs (71%) agree or strongly agree with the establishment of special zones around their cultural monuments, whereas most respondents from Other ethnicities (51%) are neutral on this point of Ahtisaari's package, with another 31% disagreeing with the establishment of such special zones.

Most K-Albanian respondents (62%) disagree with the establishment of Kosovo's multi-ethnic symbols as suggested by Ahtisaari's proposal, with the strongest opposition to this point coming from respondents from Ferizaj/Urosevac, where 88% disagree with this suggestion. Since March 2007 there is some reduction (from 78% to 62% in June 2007) in the level of disagreement on this among K-Albanians. Most K-Serbs (40%) are neutral with 20% disagreeing with the establishment of such symbols, and another 16% agreeing. Other minorities (56%) are also neutral, with 23% disagreeing with this point of Ahtisaari's proposal.

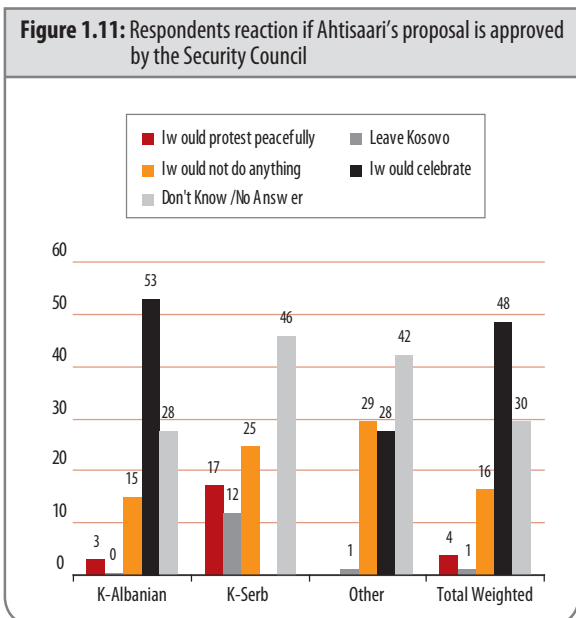
K-Albanian respondents (67%) overwhelmingly disagree (67%) and strongly disagree (26%) with the right of Kosovo Serb municipalities for special relations with each other and with Serbia, as proposed in the Ahtisaari plan. The strongest opposition to this point comes from K-Albanian respondents in Gjilan/Gnjilane, Gjakovë/Djakovica and Mitrovicë/Mitrovica. The current level of disagreement of K-Albanians with this point is 93%. The majority of K-Serbs (54%) agree with this point of Ahtisaari's proposal, and another 31% strongly agree. The majority of Other minorities in Kosovo (62%) stated that they are neutral on this point, while 27% disagree with it.



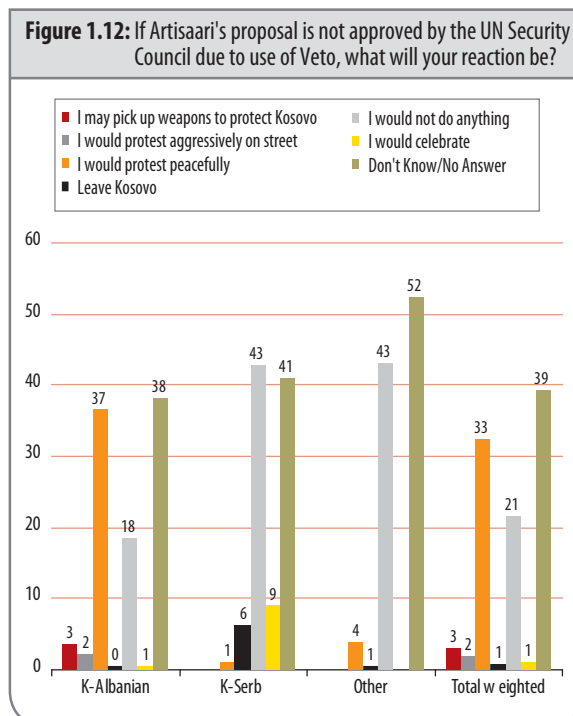
Reaction scenarios to decisions on Ahtisaari's proposal

For the majority of survey respondents, the eventual approval of Ahtisaari's proposal by the United Nations Security Council (UNSC) would be considered a positive event, worth celebrating. Some 53% of K-Albanians said they would celebrate the approval of Ahtisaari's proposal, and the rest stated that they would not do anything, or didn't know how they would react. Most K-Serbs stated that they are unsure of their reaction or they would not do anything, whereas some 17% declared that they would protest peacefully and another 12% said they would leave Kosovo if Ahtisaari's proposal is approved by the UNSC.

When analyzing the characteristics of the K-Serbs respondents who stated they would leave Kosovo if Ahtisaari's proposal is approved, the majority of them (63%) are from Mitrovicë/Mitrovica region. It is also interesting to note that most K-Serb respondents that would leave Kosovo if Ahtisaari's proposal is approved by the UNSC are categorized as employed, whereas the majority of K-Serb respondents that are unemployed would not do anything or don't know how they would react if the proposal is approved by the UNSC⁷. It is also important to note that some 15% of K-Serb respondents with High School education stated that they would leave if Ahtisaari's proposal is approved, whereas only 9% of those with college education states the same (Figure 1.11).



If Ahtisaari's proposal is not approved by the UNSC, some 37% of K-Albanians and 33% of Other minorities (except K-Serbs) stated that they would protest peacefully on the street, 3% of K-Albanians would protest aggressively and another 3% may pick up weapons to protect Kosovo. Some 43% of K-Serbs would not do anything if Ahtisaari's proposal is not approved and another 41% don't know how they would react, with an additional 9% stating that they would celebrate (Figure 1.12)



From a regional analysis (Table 1.2), some 13% of K-Albanian respondents from Gjilan/Gnjilane region, and 5% of respondents from Mitrovicë/Mitrovica and Pejë/Pec regions stated that they would pick up weapons to protect Kosovo if the proposal is not approved, while 66% of K-Albanian respondents from Prizren/Prizren region said they would protest peacefully on the street.

⁷ This may be since some 49% of K-Serb respondents from Mitrovicë/Mitrovica have declared to be employed, whereas most the majority of K-Serbs from other regions are unemployed.

Table 1.2: Reactions to the rejection of Ahtisaari’s proposal by region (K-Albanian respondents)

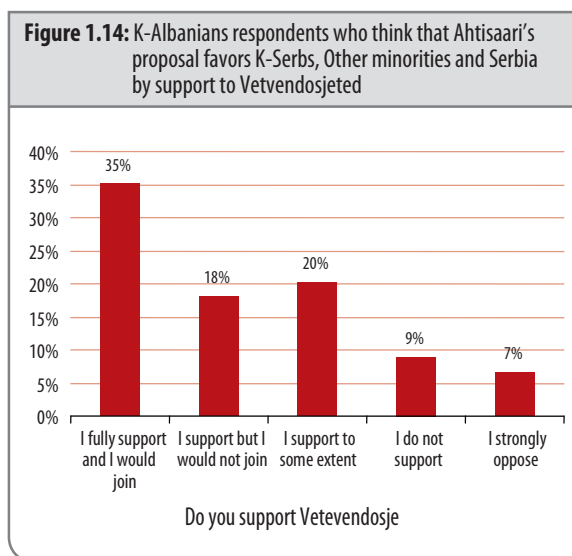
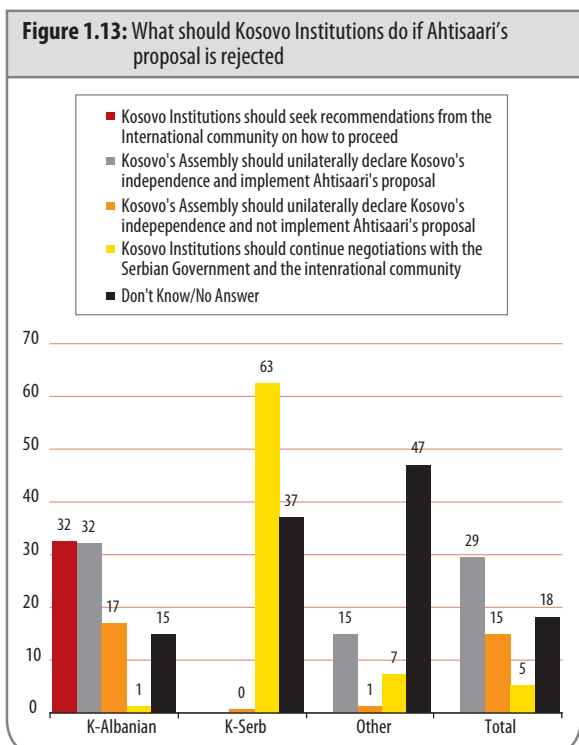
K-Albanian	Prishtinë/ Pristina	Mitrovicë / Mitrovica	Prizren / Prizren	Pejë / Pec	Ferizaj / Urosevac	Gjakovë / Djakovica	Gjilan / Gnjilane	Total %
I may pick up weapons to protect Kosovo	2.27	5.36	0.71	4.59	3.45	0.00	12.86	3.46
I would protest aggressively on street	0.91	0.89	0.71	10.09	1.72	0.00	2.86	2.19
I would protest peacefully	36.36	39.29	65.71	26.61	31.03	23.23	18.57	36.61
Leave Kosovo	0.00	0.00	0.00	2.75	0.00	0.00	1.43	0.46
I would not do anything	4.09	1.79	22.14	32.11	41.38	21.21	20.00	18.48
I would celebrate	0.45	0.89	0.00	0.92	0.00	0.00	2.86	0.58
Don't know	42.73	44.64	10.00	17.43	19.83	43.43	40.00	31.29
Does not answer	13.18	7.14	0.71	5.50	2.59	12.12	1.43	6.93
Total %	100	100	100	100	100	100	100	100

When asked what Kosovo institutions should do if the UNSC rejects the Ahtisaari proposal, some 32% of K-Albanians think that Kosovo institutions should seek recommendations from the international community on how to proceed, while another 32% believe that Kosovo’s Assembly should declare Kosovo’s independence and implement Ahtisaari’s proposal. Another 17% of K-Albanians believe that in such a case, Kosovo’s Assembly should declare Kosovo’s independence and not implement Ahtisaari’s pro-

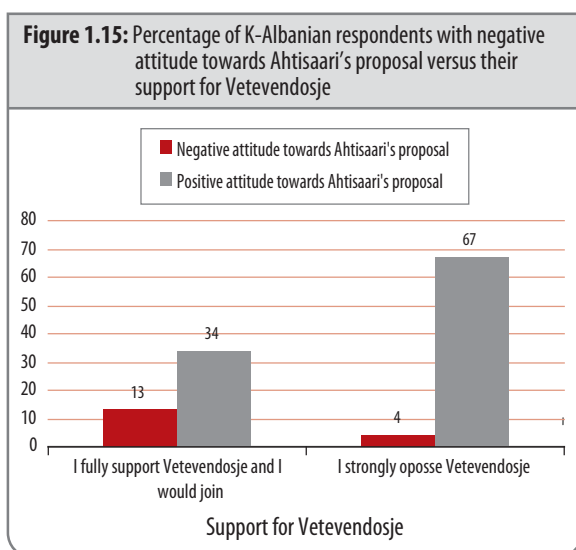
posal. As shown in Figure 1.13, the majority of K-Serb respondents (63%) stated that if the UNSC rejects Ahtisaari’s proposal, Kosovo’s Institutions should continue negotiations with the Serbian Government and the international community. The majority of Other minorities stated that they don’t know what Kosovo’s institutions should do in such a case.

Perceptions on Ahtisaari’s proposal and support to movement “Vetëvendosje” (Selfdetermination)

Respondents that support Vetvendosje and would join their activities, are more likely than those who oppose Vetvendosje, to think that Ahtisaari’s proposal favors K-Serbs, Serbia, and Other minorities.



In contrast to the majority of K-Albanian respondents, who support Ahtisaari’s proposal, K-Albanian respondents that support Vetvendosje are more likely to have a more negative attitude toward this proposal.



Some 78% of K-Albanian respondents that fully support and would join Vetevendosje disagree with the establishment of special zones, and some 87% of those that fully support Vetevendosje disagree with the establishment of new Serb municipalities. On the other side, 67% of K-Albanian respondents that strongly oppose Vetevendosja, disagree with the establishment of new Serb municipalities.

Contrary to expectations there is no link between support to Vetvendosje and disagreements with the establishment of special zones and the right of Kosovo Serb municipalities to connect to each other and to Serbia. There is a slight trend with regard to creation of multi-ethnic symbols for Kosovo and establishment of new Serb municipalities whereby supporters of Vetvendosje are more likely to disagree with these element of Ahtisaari’s plan than respondents who do not support Vetvendosje.

According to the data, those who support Vetvendosje to some extent are the most opposed to main elements of Ahtissari’s plan.

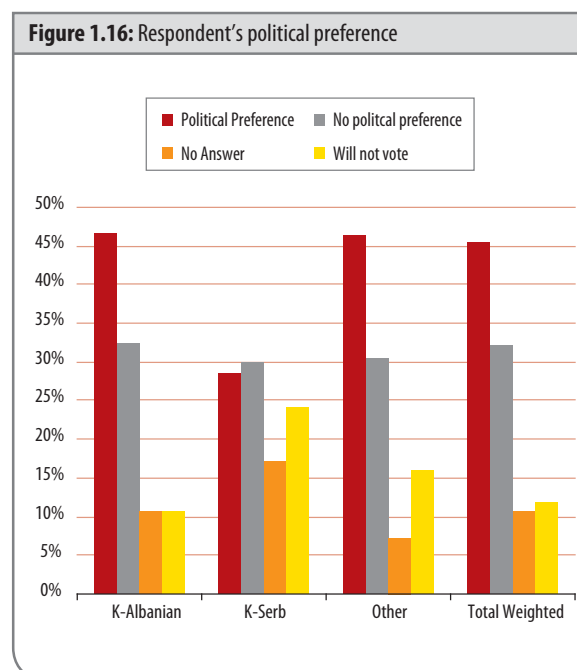
Table 1.3: Supporters and opposers of “Vetevendosja” movement and their “disagreement” with specific parts of Ahtisaari’s plan (K-Albanian responses only).

	I disagree or strongly disagree with			
K-Albanian respondents that have answered the following:	The establishment of special zones	The establishment new Serb municipalities	The establishment of Kosovo’s multi-ethnic state symbols	The right of Kosovo Serb municipalities to connect to each other and Serbia
I fully support and I would join Vetvendosje	78%/100%	87%/100%	68%/100%	83%/100%
I strongly oppose Vetevendosje	75%/100%	67%/100%	63%/100%	83%/100%

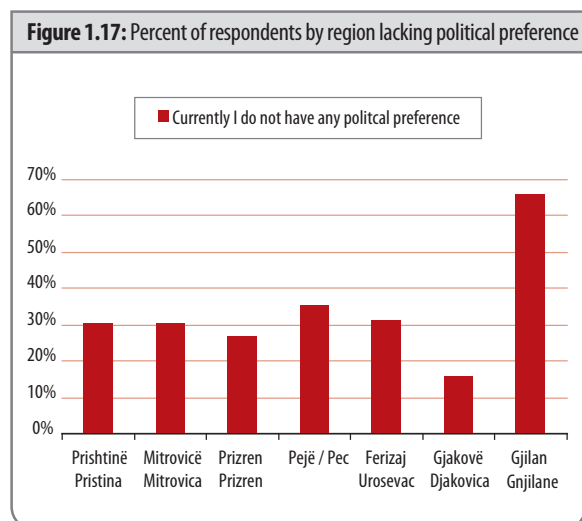
IV. Political Pessimism And The Decline Of Satisfaction With Insitutions

Decrease in Citizen Participation

When asked about their potential voting and party preferences, the majority of K-Albanian and Other minority respondents stated that they had political preference, whereas some (32%) of K-Albanian respondents and (30%) of Other minority (except K-Serb) respondents stated that they had no political preference. As in March 2007, some 10% of K-Albanians stated that they will not vote in the upcoming elections, whereas a lower number of respondents from Other minorities (except K-Serb) stated that they will not vote (7% in June 2007 versus 11% in March 2007). Some 24% of K-Serb respondents declared that they would not vote in the upcoming elections, an increase of some 5% compared to March 2007, and another 30% had no political preference. Approximately 27% of K-Serbs respondents stated political preference, which represents an increase of some 20 percentage points compared to the previous reporting period (Fig 1.16).



As seen in Figure 1.17, the majority of respondents from Gjilan/Gnjilane seem to be undecided about their voting preference; whereas respondents from Gjakova/Djakovica, as in March 2007, represent the region with the highest number of respondents who know who they will vote for.



V. Conclusions of the Expert Group on Institutional and Political Stability Issues

According to the Expert Group convened to discuss the results of this EWS Opinion Poll, the following are worrying trends that require special attention:

- The overwhelming percentage of K-Serbs that do not approve of Ahtisaari's proposal and the large number of K-Serb respondents that report their readiness to leave Kosovo if the plan is approved.
- Continued stark differences between K-Albanians and K-Serbs on Kosovo's final status.
- Increase in the readiness to protest due to the current political situation.
- Differences in political pessimism by region especially in Gjilan/Gnjilane and Prishtinë/Pristina, regions that both show very high levels of pessimism.
- Although there are notable improvements, the majority of respondents remain dissatisfied with the work of the main institutions in Kosovo both local and international. There is especially very low satisfaction with UNMIK and the Judiciary.

- The high percentage of K-Albanians who would protest peacefully or aggressively if Ahtisaari's proposal is rejected by the UNSC.
- Decrease in the number of people with political preference as compared to March 2007.
- Increase in dissatisfaction with current political developments.

The following factors have been identified by the Expert Group as elements contributing to institutional and political instability:

- According to the Expert Group, relations between members of political parties in some municipalities are very tense.
- High expectations that the status issue will be resolved in the first half of 2007 and the possible postponement of a decision on final status or the opening of new negotiation talks.
- The repercussions of high political pessimism especially amongst people in zones impacted by the Decentralization plan.
- The decline in the authority of the PISG over Kosovo's political status and the respective loss of trust in the PISG for their inability to solve political issues.
- Possible further delay of a solution to Kosovo's final status and the ambiguity associated with this process.
- The backlog of unresolved property cases as a result of the 1999 conflict in Kosovo.
- The continued presence of Serbian parallel structures in Kosovo, hindering the inclusion and participation of K-Serbs into Kosovo's society.
- Given the lack of trust between governing institutions and some parts of the society, demonstrations held by various organizations and movements may further deepen institutional instability.
- Given that Kosovo's final status is being handled at the international level, Kosovo institutions are perceived as lacking any authority in this process.
- Postponement of local and central elections.

Possible alarming scenarios identified by the Expert Groups

- The increase in the perception that UNMIK is responsible for the political situation as a result of internationally lead negotiations as well as the realization that the final decision will be made

by the international community. This might well increase the number of respondents who hold UNMIK as responsible for Kosovo's political developments. At the same time perceptions that Kosovans lack ownership of the process might lead to the support of more radical groups working outside of the PISG institutions.

- Different reactions to eventual approval or disapproval of Ahtisaari's proposal by K-Albanians and Other minorities on the one side and K-Serbs on the other, which may lead to increased tension and even violence.
- The high expectations that Kosovo's political status will be solved during the first half of 2007, and the corresponding failure of G8⁸ countries to reach an agreement on this issue, could strengthen the support for radical groups in Kosovo, this might put pressure on the government for unilateral actions regarding status.
- The possible postponement of a decision on the status of Kosovo might lead to the postponement of both central and local level elections leading to the loss of the legitimacy of elected officials. This coupled with the ambiguity and uncertainty of new negotiations may result in an increase in tension and an escalation in violence. Further loss of legitimacy may also result in the non-functioning of institutions at the local and central level as well as increasing the possibility of protests organized by opposition parties. During this time, if Kosovo's status solution is postponed, the lack of a proper public debate or any public information campaign may create ground for the emergence of new radical forces as well as strengthening the older movements.
- With the further extension of negotiations over the status of Kosovo, a new period of uncertainty might begin. According to experts this may aggravate interethnic relations and negatively affect stability in Mitrovicë/Mitrovica region and other areas of Kosovo that are affected by the Ahtisaari proposal and have been identified as possible hot-spots.

In order to address the issues affecting institutional and political stability the following actions are recommended by the Expert Group:

- A clear plan developed by the PISG or the Unity Team for the period until Kosovo's final status is solved. This plan should describe the activities necessary for the achievement of a final status solution as well as detailing methods to reach a consensus on governance matters, such as elections, economic development and investments etc.
- Concrete steps should be taken by the Unity Team to cooperate with other government officials and provide clarity and transparency to the public regarding developments with Kosovo's final status. Specific actions for increasing the visibility of decision-making and making information on the negotiations public are essential in order to increase the cooperation of the media and to promote public support.
- Local institutions should develop means to put constructive pressure on international institutions for the facilitation of Kosovo's status discussion. If Kosovo's status continues to be postponed, attention must be directed towards Kosovo's stagnated economy to ensure support of international partners in this regard.
- In the event of further delays in the status decision, local and international institutions in Kosovo, should take steps to assure and preserve Kosovo's institutional stability and to guarantee the rule of democratic values.

⁸ G8- Stands for Group of Eight, an international forum for the governments of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States.

Chapter 2:

KOSOVO'S ECONOMIC AND SOCIAL STABILITY

I. Attitudes Towards Kosovo's Economy

Economic pessimism has decreased some 8% to 70% compared to the last reporting periods (March 2007) when it was at the highest levels since the establishment of the Early Warning System in 2002.

As shown in Figure 2.1, it is evident that all regions are very dissatisfied with current employment opportunities. However as in March 2007, Prizren/Prizren and Gjakovë/Djakovica, remain the most dissatisfied regions, where 95% and 92% of respondents respectively, declared dissatisfaction with the current employment situation. It is important to note that there has been an increase in the levels of dissatisfaction by some 10% in Prizren/Prizren compared to the last reporting period. The region that has shown the least dissatisfaction with the employment situation is Pejë/Pec and with 55%. Employment pessimism has increased dramatically in Prishtinë/Prishtina from 64% dissatisfaction to the current 82%.

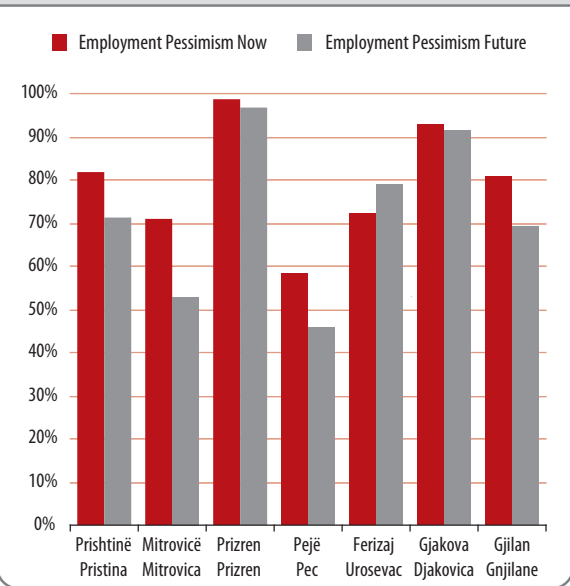
Similar to current employment pessimism levels, respondents are also pessimistic about future employment possibilities in their respective area. It is important to point out that pessimism levels for future employment opportunities is somewhat lower for all regions, apart from Ferizja/Urosevac where respondents believe that employment opportunities will worsen even more in the future.

In June 2007 several regions showed marked optimism on their assessment of employment opportunities for the second half of 2007. For example, respondents from Peja/Pec region have again declared optimism for future employment opportunities. Similarly, respondents in the Gjilan/Gnjilane region are some 16% less pessimistic than in March 2007 when assessing future employment conditions.

Assessment of economic conditions

Adding to the low satisfaction with the household situation, unemployment is seen as the second most important issue facing Kosovo by some 30.8% of respondents, second only to the uncertainty over Kosovo's final status, which is considered the most important issue by 30.9% of respondents. Poverty is the third most important problem facing Kosovo and it is important to note that the percentage of respondents considering poverty to

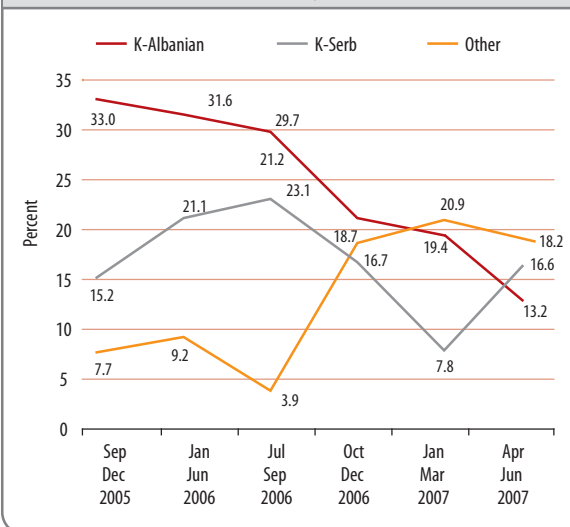
Figure 2.1: Assessments of "Current" and "Future" employment possibilities



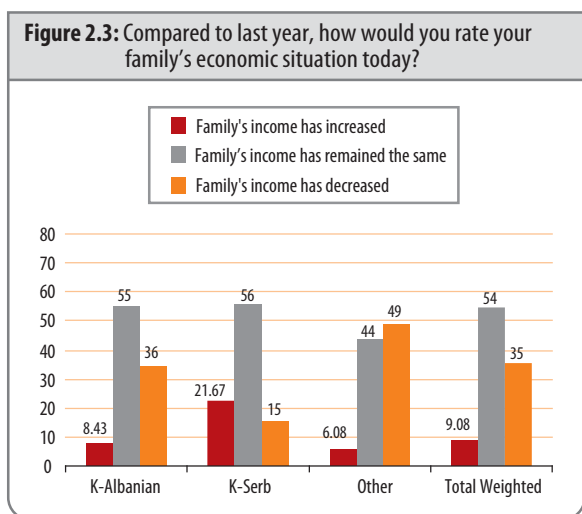
be the most important issue has increased by some 15% from March 2007 to 22% in June 2007.

The level of satisfaction of K-Albanians with their family's economic condition has continued its declining trends, with a 32% decline since the March 2007 survey (Figure 2.2). Currently K-Albanian respondents represent the group least satisfied with their household's economic situation. K-Serbs again remain the ethnicity in Kosovo most satisfied with their economic situation. Some 17% of respondents from Other minorities were satisfied with the economic situation in their household which is an improvement compared to March 2007, when only 8% of respondents were satisfied with their household's economic situation.

Figure 2.2: "Satisfaction" of respondents with the economic situation of their family



In an attempt to assess changes in income over the past year, respondents were asked to compare their family’s current income with that of the past year. The majority of K-Albanian and K-Serb respondents stated that their family’s income has remained the same, whereas the majority of Other minorities stated that their family’s income has decreased compared to last year. Some 34% of K-Albanians and 15% of K-Serbs respondents declared that their household’s income had decreased. With regard to positive developments, approximately 22% of K-Serb respondents stated that compared to last year, their family’s income had increased (Figure 2.3).



The majority of survey respondents from all ethnicities in Kosovo, stated that compared to last year their family’s income has remained the same; however approximately 31% of respondents from Other minorities in Kosovo (except K-Serb) stated that their family income has decreased “considerably” in comparison to last year. According to this most recent poll, some 21% K-Serb respondents report that their family’s income has increased a little compared to last year, in contrast to 8% of K-Albanians and 6% of Other minorities who reported little increases in their family’s income compared to last year. Some 10% of K-Albanian respondents report considerable decreases in their family income, and another 26% report little decreases in income.

Table 2.1: Changes in family income, compared to last year

	K-Albanian	K-Serb	Other	Weighted total
It has increased considerably	0.8%	0.5%	0.6%	0.77%
It has increased a little	7.6%	21.2%	5.5%	8.31%
It has remained the same	54.7%	55.7%	43.6%	54.12%
It has decreased a little	25.8%	10.8%	17.7%	24.37%
It has decreased considerably	10.2%	4.4%	30.9%	11.06%
Don't know/No Answer	0.9%	7.4%	1.7%	1.45%
Total	100.0%	100.0%	100.0%	100.0%

In an attempt to gather indicative information about Kosovo’s labour market, specifically about employment trends several measures were used. Approximately 4% of K-Albanians, 5% of K-Serbs and only approximately 2% of other minorities in Kosovo reported that someone in their family got employed during the past 6 months, and another 6% of K-Albanians, 8% of K-Serbs and 6% of Other minorities reported that someone in their family lost their place of employment during the past 6 months. Most respondents stated that their family members neither got a job nor lost it during the period of January to June 2007. Some 84% of K-Albanian respondents, 64% of K-Serb and 91% of Other minority respondents reported no changes in their family member’s employment during this period.

Table 2.2: Changes in employment during the past six months (January – June 2007)

	K-Albanian	K-Serb	Other	Total
Got a Job	4.4%	4.9%	1.7%	4.26%
Lost a Job	6.2%	8.4%	6.1%	6.35%
Got and lost a job	3.0%	7.4%	0.6%	3.12%
Neither	83.9%	63.5%	90.6%	83.12%
Don't know/No Answer	2.4%	15.7%	1.2%	3.14%
Total	100.0%	100.0%	100.0%	100.0%

Most respondents reported that members of their family were not part of any business opening or closure during the past 6 months. Only 2.2% of K-Albanians, 1.5% of K-Serbs and 0.6% of other minority respondents stated that members of their family started a business during the period of January to June 2007.

Table 2.3: Changes in business activities during the past six months (January-June 2007)

	K-Albanian	K-Serb	Other	Total
Start a business [shop, factory, etc.]	2.2%	1.5%	0.6%	2.05%
Close a business	1.7%	0.5%	1.1%	1.62%
Started and closed a business	0.9%	3.4%	0.0%	1.02%
Neither	91.8%	75.9%	95.0%	91.04%
Other	0.5%	2.5%	0.6%	0.59%
Don't know/No Answer	2.9%	16.3%	2.8%	3.69%
Total	100.0%	100.0%	100.0%	100.0%

Assessment of business conditions

The majority of survey respondents assessed that Kosovo's current business conditions are unfavourable (Table 2.2). Just 3% of K-Albanian, 5% of K-Serbs and 6% of Other minorities stated that they consider conditions to be favourable for business.

Table 2.5: Assessment of business conditions

Respondent's assessment of current business conditions?	K-Albanian	K-Serb	Other
Unfavourable	61.8%	36.9%	75.1%
Neither favourable nor unfavourable	13.2%	38.4%	12.7%
Favourable	3.0%	4.9%	6.1%
Don't Know	20.1%	14.3%	5.0%
No Answer	2.0%	5.4%	1.1%
Total	100.0%	100.0%	100.0%

Kosovo's Consolidated Budget

There is little difference among ethnicities in their assessment of key issues regarding the spending manner of Kosovo's Consolidated Budget (see Table 2.6).

The majority of K-Albanians (approximately 59%) are dissatisfied or very dissatisfied with the spending manner of Kosovo's Consolidated Budget, the same attitude exists with the K-Serb population and within Other ethnicities, where approximately 60% are dissatisfied or very dissatisfied with how Kosovo's consolidated budget is spent. Only some 6% of K-Albanian respondents, 3% of K-Serb and 4% of Other minority respondents, were satisfied or very satisfied with KCB spending.

Table 2.6: Respondent's satisfaction with the management of Kosovo's Consolidated Budget

	K-Albanian	K-Serb	Other	Total
Very Satisfied	2.1%	2.0%		1.8%
Satisfied	4.0%	0.5%	3.9%	3.4%
Neutral	18.2%	9.9%	8.8%	15.5%
Dissatisfied	48.2%	40.4%	37.6%	45.4%
Very Dissatisfied	15.0%	18.2%	19.3%	16.2%
Don't know/No Answer	12.5%	29.0%	30.4%	17.7%
Total	100.0%	100.0%	100.0%	100.0%

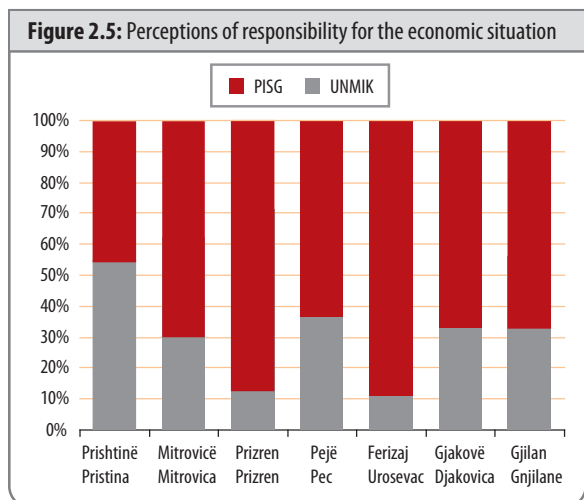
II. Responsibility For Economic Situation, Economic Protests And Voting Patterns

Responsibility for the Economic Situation

The Provisional Institutions of Self Government (PISG) continue to be held most responsible for Kosovo's economic situation. While, some 54% of respondents indicated that they hold the PISG responsible for Kosovo's economy just 33% attributed this responsibility to UNMIK⁹.

Regarding this perception, there is wide variability among the regions. As in March 2007, respondents from Ferizaj/Urosevac and Prizren/Prizren continue to overwhelmingly hold the PISG responsible for Kosovo's current economic situation. It is interesting to note that while all regions in Kosovo hold the PISG most responsible for Kosovo's economic situation, the majority of respondents from Prishtinë/Prishtina (64%) continue to consider UNMIK responsible for Kosovo's economic developments (Figure 2.5).

⁹ These data represent total weighted data

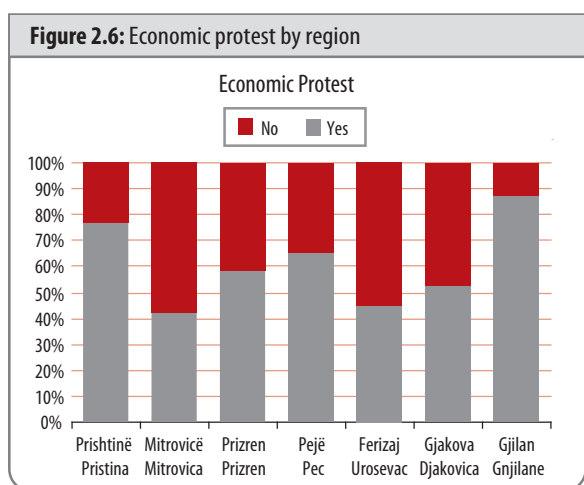


Protest due to Current Economic Situation

In December 2005, opinion poll results showed all time high rates of respondent’s willingness to protest for political and economic reasons. Whereas the willingness to protest for political reasons has continuously declined, the willingness to protest for economic reasons has increased from 46% in March 2007 to some 54% in June 2007.

When responses on readiness to protest due to economic reasons are analyzed by region, it is respondents from Gjilan/Gnjilane that are the most inclined to protest for economic reasons. The readiness of some 86% of Gjilan/Gnjilane respondents which has increased by some 35% from March 2007, is followed by 78% of respondents from Prishtinë/Pristina.

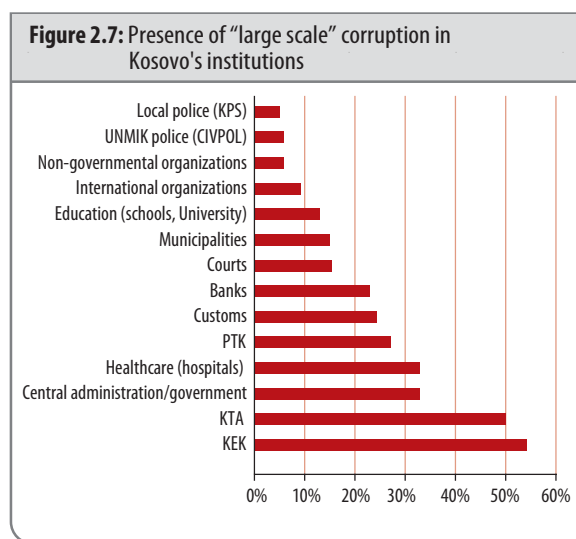
Mitrovicë/Mitrovia again remains the least inclined region to protest for economic reasons, followed by Ferizaj/Urosevac and other regions being split between the readiness to protest and not to protest.



It is important to point out the correlation between the readiness to protest for economic reasons and the readiness to protest for political reasons¹⁰. From those who would protest for political reasons 92% would also protest for economic reasons, while from those who would not protest for political reasons, 35% would protest for economic reasons, pointing out the fact that number of people who would protest for economic reasons is far higher than for political reasons.

Corruption and Kosovo’s Judiciary

Regarding the perceptions on the existence of “large scale” corruption as can be seen in Figure 2.7, June 2007 results indicate that KEK, KTA and Kosovo’s Central Administration are the three institutions with the highest presence of “large scale” corruption, according to survey respondents. Each of these institutions has seen a dramatic increase in respondent’s perception on the presence of “large scale” corruption. Some 54% of survey respondents believe that large scale corruption is present in KEK, 50% believe such corruption is present in KTA and some 33% believe that large scale corruption is present in Kosovo’s Central Administration (Figure 2.7).

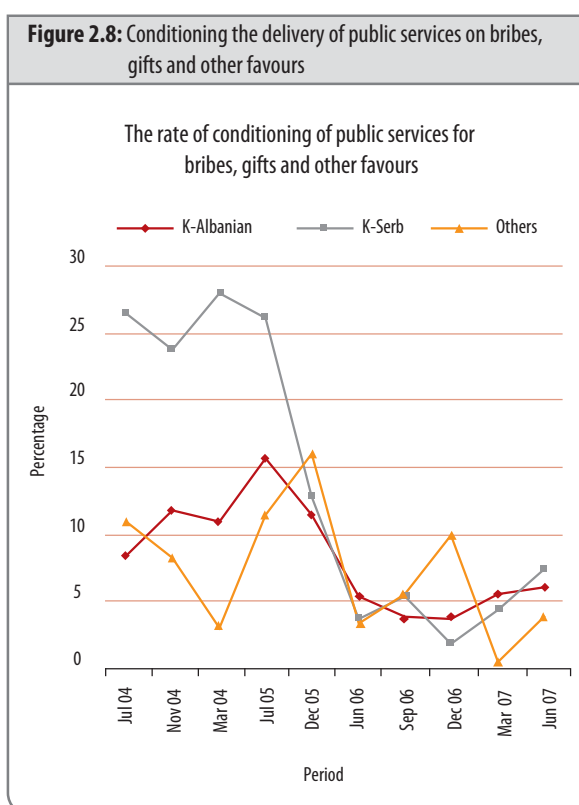


The majority of opinion poll respondents consider that the Kosovo Judicial System is biased and doesn’t treat all persons equally. Only 24% of K-Albanian respondents, 6% of K-Serb respondents and 22% of respondents from Other minorities believe that Kosovo’s judicial system is unbiased and fair.

Regarding actual experiences of “corruption” and bribery, approximately 7% of K-Serbs indicated that

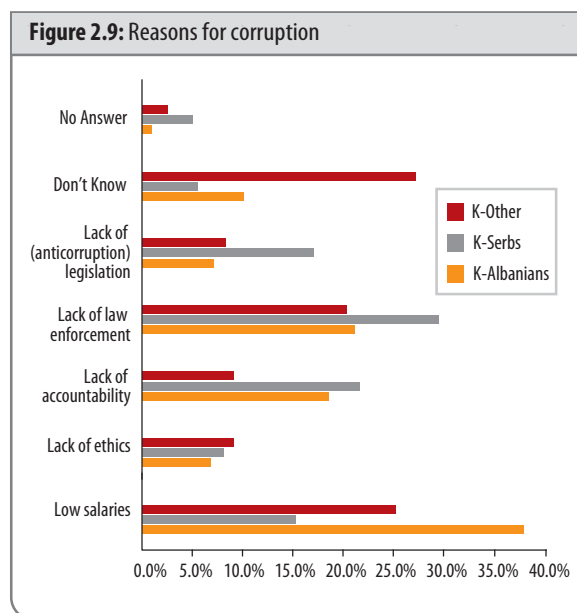
¹⁰ Correlation is significant at the 0.01 level (2-tailed) with Pearson Correlation of 0.585

bribes, gifts and other favours were demanded in order for them to access public services. This shows a continuation of the rate reported for December 2006 and a marked decrease since March 2005 when a peak of 23% reported this experience. The percentage of K-Albanians who stated that bribes were demanded of them in exchange for public services has remained relatively constant at 6% since July 2006. Approximately 4% of respondents from ethnicities other than K-Albanian and K-Serb have stated that bribes, gifts and other favours were a condition for them to access public services (Figure 2.8).



Perceptions of Reasons for Existence of Corruption

As can be seen in Figure 2.9, “low salaries” was the top reason given by K-Albanians for the existence of corruption. Lack of enforcement remains the main reason for the presence of corruption according to K-Serb respondents, whereas most Other minority respondents don’t know the reason for the existence of corruption. Among K-Serbs and K-Albanians other key reasons for the existence of corruption included “lack of accountability” and the “lack of anticorruption legislation”.



Emigration characteristics and other trends

Regarding the issue of migration out of Kosovo, the majority of survey respondents or some 60%, stated that they do not intend to migrate, however some 34% said that they do plan to emigrate. When respondents were asked if they had made specific plans of emigrating from Kosovo, some 17% of K-Albanian respondents, approximately 21% of K-Serb and 31% of Other minority respondents stated that they intend to emigrate and have made specific plans to do so.

Age

It is important to analyze willingness to emigrate by ethnicity and age in order to better understand migration trends in Kosovo. As shown in Table 2.7, it is clear that respondent’s aged 18-24 are the most willing to move to other countries, with the highest percentage seen among respondents from other minorities in Kosovo. Some 53% of K-Serb respondents stated that they plan to leave Kosovo. Some 47% of K-Albanian respondents and 67% of respondents from other minorities (except K-Serb) aged 18 -24 stated that they also plan to leave Kosovo.

Table 2.7: Willingness to migrate by age group

Yes I plan to emigrate from Kosovo!	Age Group					Total
	18-24	25-30	31-36	37-45	Over 46	
K-Albanian	46.6%	39.6%	38.3%	30.8%	17.2%	32.9%
K-Serb	53.3%	48.6%	31.8%	31.3%	18.5%	37.4%
Other Minorities	66.7%	68.8%	56.5%	50.0%	32.7%	53.0%

Gender

A closer examination of emigration based on the data from Early Warning System Opinion Polls shows that more male K-Albanian respondents than female respondents have declared plans to emigrate, a characteristic that is shared with survey respondents from Other (non-Serb) minorities, but it is the opposite of what is observed with K-Serb respondents, where more K-Serb female respondents have stated that they plan to emigrate from Kosovo.

In contrast to the gender characteristics of K-Albanians and K-Serbs regarding emigration from Kosovo, for other minorities it seems that the same number of men and women have reported having made specific plans to emigrate from Kosovo.

Economic situation, employment and migration

Employment seems to be among the important factors associated with the readiness to emigrate for K-Serbs. While some 44% of unemployed K-Serbs stated that they plan to leave Kosovo, just some 35% of employed K-Serbs who stated the same.

Ethnicities in Kosovo share economic situation and employment as a factor in their plans for emigration. As with K-Serbs, K-Albanians and Other minorities that are unemployed are more likely to leave Kosovo than respondents from these ethnicities that are employed. Close to twice as many unemployed rather than employed K-Albanians have stated that they plan to emigrate.

As with K-Albanians and K-Serb, the willingness of other minorities in Kosovo to emigrate from Kosovo seems to be influenced and characterized by the same factors. Respondents from other minorities in Kosovo that have reported being unemployed are more likely to have indicated that they have made specific plans to emigrate from Kosovo than respondents who are employed, are unemployed but not looking for work and other categories.

Looking at K-Serbs who want to emigrate, by region, it can be seen that most K-Serbs from Mitrovicë/Mitrovica and Prizren/Prizren regions have declared that they plan to emigrate from Kosovo. The majority of K-Serbs from Prishtinë/Pristina region¹¹ have stated that they do not plan to leave Kosovo.

Regarding K-Albanian's willingness to emigrate, a

higher percentage of respondents from Prizren/Prizren and Gjilan/Gnjilane regions, than from other regions, have stated that they plan to leave Kosovo. The readiness to emigrate away from Kosovo for K-Serbs seems not to be related to their housing situation, as most respondents that have stated they plan to emigrate have the same housing situation as those that stated no desire to leave.

K-Serb respondents that are not married are considerably more likely to leave Kosovo than K-Serb respondents who are married. Some 54% of K-Serb respondents who are not married declared that they plan to emigrate from Kosovo, versus some 26% of married respondents that declared the same. For K-Albanians as well as for K-Serbs being married and other factors associated with being married, seem to be a factor in their readiness to emigrate or not. Similar to K-Albanian and K-Serbs, respondents from other minorities that reported not being married, are twice as likely to have reported having made specific plans to emigrate from Kosovo.

III. Conclusions of the Expert Group on Social and Economic issues.

According to the Expert Group convened to discuss the results of this EWS Opinion Poll, the following are worrying trends that require special attention:

- The high level of respondents stating that unemployment and poverty represent the most important issue faced by Kosovo; these two responses combined represent more than 50% of responses.
- The increase in respondents declaring their readiness to join public protests about the current economic situation in Kosovo.
- The overall negative trend in economic indicators, including the reported decreases in family income and family wellbeing, especially for Other (non-Serb) minorities.
- High expectations for improved employment opportunities for the second half of 2007.
- The low number of people who have found new jobs, most notably for Other (non-Serb) minorities.
- Strong dissatisfaction with business conditions in Kosovo, that conditions are assessed as not being conducive to businesses.

¹¹ All names of municipalities mentioned from now on in the text refer to regions of those respective municipalities.

- The high number of people dissatisfied with the management of Kosovo's Consolidated Budget.
- The very high number of young respondents that report having plans to leave Kosovo, especially among members of minorities in Kosovo.
- The continuous high dissatisfaction with the work of main public services such as KEK, Healthcare, PTK and Transportation, including road infrastructure.

The following factors have been identified by Expert Group discussions as elements contributing to Economic and Social instability:

"The PISG should transform their current roles as governors into public servants"

- The increase in opinion and media reporting on the lack of accountability from government officials towards the public, uncontrollable spending on luxury goods among public servants as well as the lack of measures to curb crime and institutionalized fraud.
- The selective and incomplete implementation of many laws endorsed by the Kosovo Assembly.
- The lack of determination on the part of the PISG to emphasize the importance of a judicial framework and physical infrastructure as necessary prerequisites for economic development.
- Lack of development in the financial sector especially the lack of credits for new start-ups for young entrepreneurs as well as high interest rates and the short return period.
- The lack of development policies and concrete plans for addressing urgent development issues such as youth unemployment.

Possible alarming scenarios identified by Expert Groups:

- During the period of uncertainty over Kosovo's final status, and with a frozen economy increases in emigration from Kosovo can be expected, including increases in illegal emigration.
- It is emphasized that the current relations between governing institutions (central and local) and Kosovo's residents are tense. Resident's strong dissatisfaction with the allocation of funds from the Kosovo Consolidated Budget (KCB), and its overall management are perhaps a reflection of this stressed relationship which could pose a problem for the implementation of laws, policies

and mechanisms that require the cooperation of residents.

- The current attribution of responsibility for Kosovo's economic situation to local institutions, could lead to the loss of trust in local institutions due to a stagnating economy, corruption and lack of accountability that in turn could be a pretext for a growth in the lack of respect for the rule of law and a decrease in citizens meeting their obligations such as paying for public services.
- If Kosovo's status is resolved, respondent's dissatisfaction and concerns about employment and poverty will be more pronounced. Circumstances for social tension may arise and tensions may be exhibited in various forms including violence.
- With regard to the economic situation, since the PISG is seen as responsible for the current state of Kosovo's economy, issues such as lack of accountability from government officials towards the public, uncontrollable spending on luxury goods among public servants and the lack of measures to curb crime and institutionalized fraud all serve to decrease trust toward these institutions and whilst also hindering Foreign Direct Investment.

In order to address Economic and Social issues the following actions are recommended by the Expert Group:

- Since many issues related to the economy are not directly linked with the status of Kosovo, the government should create a list of priorities with regard to capital investments and start the implementation of these priorities.
- Measures to curb the level of unemployment especially that of the young, should be drafted and implemented as soon as possible (see Section "Promoting Employment Opportunities" below)
- Improve the level of transparency at the local and central level of government on spending especially in relation to the purchase of luxury goods by the government and its officials.
- Measures for internal controls within institutions should be introduced. Apart from auditing the culture of policy evaluation, projects and programmes should be introduced in order to ensure that institutions are responsible and accountable to the public.

Analysis on Employment

“Promoting Employment Opportunities”

By: Levent Korro

According to many Early Warning opinion polls unemployment is seen as the most important issue facing Kosovo. Although different institutions have provided diverse data on the labour market and unemployment, the Labour Force Survey conducted by the Statistical Office of Kosovo (SOK) provides the most reliable data on labour market indicators. According to this survey, the unemployment rate in Kosovo in 2005 stood at 41.4 percent¹², the highest rate in the region.

unemployed in the labour force. In this respect, as a rule, the unemployment rate would be lower to the extent that those in the working age population do not participate in the labour force¹⁴. Similarly to this, the labour force participation rate (49%) in Kosovo is very low (or share of ‘not in labour force’ is relatively high) compared to other countries¹⁵. Thus, it is very natural to expect that Kosovos’ labour force participation will approach the levels similar to countries in the region in the near future. A higher labour force participation rate will mean a greater number of people in the labour market (and greater pressure on the labour market).

Differences in participation rates are very distinctive for women. For men the participation rate is 69%, but for women it is only 29%. The employment rate

Table 1: Key labour market indicators in percentage (2002-2005)

	2002		2003		2004		2005	
	All	Women	All	Women	All	Women	All	Women
Participation rates	52.8	34.5	50.3	29.5	46.2	25.3	49.2	29.9
Inactivity rates	47.2	65.5	49.7	70.5	53.8	74.7	51.3	70.3
Employment rates	23.8	8.8	25.3	8.3	27.9	9.9	28.5	11.7
Unemployment rates	55.0	74.5	49.7	71.9	39.7	60.7	41.4	60.5

Source: Adapted from Labour Force Surveys (2002- 2005)

Other than having a high unemployment rate, there are additional factors that make labour market development a serious challenge for Kosovo. One of them is low labour force participation rates. Usually, the calculation of the unemployment rate is very much affected by how many in the working age population (15-64 age group) are active and participating in the labour force (i.e. are actually employed or not employed but actively looking for a job –unemployed). Those in the working age population who are neither employed nor actively looking for work are considered as ‘Not in the Labour Force’¹³ and are not part of unemployment calculations. The total number of unemployed people is then calculated by deducting employed people from the labour force and the unemployment rate is calculated as a proportion of

which is the number of employed people divided by the working age population is also at a low level in Kosovo. According to 2005 data (Table 2), the employment rate in OECD countries was 65.5%, in 15 EU countries it was 65.2%, in Bulgaria 58%, in Croatia 55%, while in Kosovo it was just 28.5%¹⁶.

The second important factor that is putting further pressure on the labour market is Kosovo’s relatively “young” population. As the population of Kosovo is dominated by younger age groups¹⁷, there is high entrance from the youth cohort to the labour market per year¹⁸. The greater the number of young people in the labour market, the more jobs will be required to accommodate them.

¹² Statistical office of Kosovo (SOK): Labour Market Statistics 2005 (August 2006)

¹³ Retired individuals and “stay-at-home” moms and dads may be examples of those not in the labour force.

¹⁴ and same the opposite.

¹⁵ See table Number 2

¹⁶ In addition to low employment and participation rates, relative extensive informal employment (in some sectors underemployment) are other forms of labour market challenges.

¹⁷ One-third of the population is under 15, about half of it under 24, and only about 6% of the population is older than 65.

¹⁸ Working age population will continue to increase as more young people will enter the labour market than those who leave.

Table 2: Participation, employment and unemployment rates in selected countries (%).

Country	Participation rate		Employment rate		Unemployment rate	
	All	Woman	All	Woman	All	Woman
EU 25	70.4	62.6	64.1	56.5	8.9	9.8
EU 15	71.2	63.2	65.5	57.6	8.0	8.9
Bulgaria	63.8	58.9	57.9	53.5	9.3	9.2
Croatia	63.3	57.1	54.8	49.0	13.4	14.3
Romania	61.8	54.9	57.8	51.8	6.5	7.1
Kosovo	49.2	29.2	28.5	11.7	41.4	60.5

Source: EUROSTAT, Labour market trends (Quarter III 2005) and SOK, LFS 2004 & 2005

Two more factors that will keep the labour market under pressure are the restructuring and reallocation process¹⁹ and the high employment share in the agriculture sector. As the transformation to a market economy will continue in Kosovo, the restructuring and reallocation process will contribute towards an increasing pace of job destruction. The employment share in the agriculture sector will also decline during this process. Therefore, in the medium term it is expected that job losses from these sectors will contribute to overall job destruction levels.

Taking all these factors together, there are strong indications that the unemployment issue will remain on the agenda in Kosovo for quite some time. The critical issue is to have a high enough level of job creation to absorb new entrants, unemployed, job losses and potentially those who decide to actively look for work (i.e., to move to the labour force).

Employment promotion

In order to promote employment opportunities, there is a need to increase labour demand; on the other hand and at the same there is a need to equip the labour force with qualities in order to respond adequately to this demand. This could be achieved only through preserving macroeconomic stability, creating better investment opportunities, promoting small and medium size enterprise (SME), development and provision of better education and training.

Ensuring macroeconomic stability:

The maintenance of fiscal balance, relatively low and stable prices and manageable general government debt are crucial for securing overall macroeconomic stability in any country²⁰. Fiscal stability could come under threat if a large fiscal deficit develops as inter-

national assistance declines, and also if Kosovo starts servicing attributed international debt as a part of succession and expenditure increases due to the implementation of possible new status arrangements. Preserving fiscal balance in the medium to long term is crucial to keep the overall tax burden at acceptable levels and general government indebtedness at a low level. In this way, the private sector will not be overburdened with high tax levels and financial resources will be channelled to households and enterprises rather than to government, which will lead to higher investment and consumption levels. Higher consumption levels will further raise the desire of enterprises to invest. Macroeconomic stability could be preserved through fiscal discipline, raising public savings, further rationalization of public spending, more efficient public administration and further mobilization of revenues. Tax burdens, especially labour taxes are currently considered to be acceptable by the private sector. The authorities must be especially cautious in introducing and/or expanding payroll taxes as they negatively affect labour demand by raising labour costs and contributing to the growth of the informal economy.

Creation of better investment opportunities:

The creation of an attractive business environment is a prerequisite for higher investment and stronger growth. Some of the main weaknesses for the creation of better investment opportunities are:

- *Final status resolution.* Political stability plays an important role in shaping the economic outlook. The security situation and the uncertainties related to the final resolution of Kosovo's status hamper investment and growth and add an additional risk to investment decisions by private sector firms.

¹⁹ Economic reallocation is the process through which resources reallocate to more productive areas while restructuring is the process where existing enterprise forms change their production lines, close old plants, and build new ones.

²⁰ EU reference (Maastricht criteria) on inflation rate is 2% + 1.5%; on budget deficits is 3% of GDP; and on general government debt is maximum 60% of GDP.

- Improving deficient infrastructure. Power supply, even though improving, is still inadequate for private sector development. SME surveys indicate that reliable power supply remains a key barrier to their operations. The quantity of transport options is considered to be sufficient, however quality remains an issue.
- **Accelerating structural reforms.** The continuation of structural reforms is a prerequisite for stronger growth, not only because this will eliminate inefficiencies²¹ but also because this will attract most needed foreign savings and investments. Kosovo is close to completing the initial phases of reform, which include small scale privatisation, price, foreign trade and currency liberalization. However, there is still a lot to be done in the second phase reform which contains large scale privatization, enterprise restructuring, and improving governance and building effective public institutions²². Structural weaknesses still exist in the governance of public enterprises and a large amount of resources are still trapped in overstuffed and inefficient public enterprises. Inefficient enforcement of contracts and property rights are one of the main structural weaknesses of Kosovo and need to be a key priority for reform. Building effective state institutions and implementing comprehensive legal and judicial reforms are essential to increase FDI and ensure sustainable growth. Most of the legislative framework for the creation of a market economy is in place. However, implementation and enforcement of legislation is severely hampered by weak institutions.

Small and Medium Size Enterprise (SME) Development:

Creating more jobs will largely depend on the ability of firms to enter markets and expand, as well as to restructure and improve competitiveness. Today, Kosovo possesses solid foundations for private sector development. The legal and regulatory framework is introduced based on best practices and is conducive for private sector development. Competitive forces in the markets for goods and services have been introduced. Administrative costs of setting-up a new business and labour regulations are not posing obstacles

for business creation, operation and growth. The tax burden is relatively low especially in relation to taxes introduced on labour which are at an acceptable level for the private sector.

Yet, currently the private sector relies on a few, low productivity activities which in turn are heavily dependent on declining donor assistance that cannot sustain high economic activity in the long-run²³. The sectors in which Kosovo is considered to have a comparative advantage and growth potential include agriculture, food processing, light consumer goods, mining and energy. Development of the energy and mining sector will be an important source of economic growth, providing stable energy supply, inflows of FDI and export opportunities. However, this will not be sufficient to reverse the previously discussed employment and labour market trends since the growth elasticity of the energy and mining sector in relation to employment potential is relatively weak and its potential in terms of expanding employment opportunities will not be significant. Therefore considerable progress is needed to establish an appropriate framework that is conducive to small and medium-sized enterprise (SME) development. Experiences in other transition countries highlight the importance of a proactive approach by forming and boosting instruments to improve access to business advisory services, finance and business infrastructure that will support firm start-up, expansion, restructuring and competitiveness.

- *Access to Business Advisory Services (BAS).* Start-up or early stage businesses in Kosovo, as in other transition countries, typically lack access to basic knowledge, skills and information that are vital for starting and successfully operating a business. For that reason a high level of donor assistance has been invested in the provision of business advisory services through subsidized business centers. Although highly important, the market for business advisory services still does not exist in Kosovo, as start up and early stage businesses are not able to buy BAS at market rates. Following the withdrawal of donor support these centers either collapsed or sought more profitable work in relation to larger enterprises. Experiences in other transition countries highlight the importance of continuing to provide support to private business advisory service providers for SMEs for a considerable amount of time with public money.

²¹ The elimination of misallocated resources or productive redeployment of resources that had been trapped in inefficient uses (improvement in resource allocation) will raise efficiency and output

²² Several studies suggest that quality of governance is important for investment and growth.

²³ According to the Business Registration Office of Kosovo, the enterprise sector in Kosovo comprises about 49,000 formal businesses and is dominated (94%) by very small firms (micro enterprise). Most firms are organized as sole proprietorships, employing less than four people (half having only one employee), and are typically engaged in low barriers to entry, low value added activities such as wholesale or retail trade or service activities (more than 62% of all firms).

- *Improving access to finance.* The volume of the banking sector has increased remarkably. Since 1999 the volume of loans and deposits from commercial banks compared to GDP has increased from 0% to 29% and 41% respectively. Whereas the loan to GDP rate in Croatia is 56%, the average in 25 EU countries is 126%. Thus, there is still a long way to go. Restricted access to credit is most common for newly established firms and the categories which account for a large portion of total job creation. Rural enterprises, farms and non-farms alike, consider inadequate access to financial services to be the major constraint to addressing major structural challenges²⁴. Therefore, boosting the access to finance for the start-up and agriculture sectors through credit lines would lead to significant improvements in the labour market. Structural weaknesses still exist in financial sector development, in particular in the protection of creditors' rights. So far, the market for the banking sector has been very concentrated; 70% of banking assets, deposits, and loans are owned by only two foreign banks. But of late three new foreign banks are preparing to enter the market which will increase competition considerably, bringing foreign savings into the system and leading to the expansion of financial instruments and easing access to affordable capital.
- *Access to business infrastructure.* In general, one of the critical impediments to the growth of larger size enterprises is access to utilities, infrastructure facilities, land and one-window-services to investors in the establishment of their investment projects. Detailed feasibility studies have confirmed that the development of industrial zones and business incubators²⁵ could actively be promoted in order to promote investments and technology transfer, boost production and employment, and promote investments.

Increasing Human Capital:

Improvements in investment opportunities and SME development need to be complemented with measures relating to the supply of labour. These include vocational educational training (addressing, *inter alia*, entrepreneurship and business skills) and establishing a supportive educational system (both secondary and tertiary), which generates the skills and qualifications required in the labour market.

- *Establish a supportive educational system* (both secondary and tertiary). The need to reform and improve the educational system to better equip young people with useful skills once they leave school and enter the labour market is urgent and well recognised.
- *Improve the quantity and relevance of training systems:* It is vital to emphasize the need to certify skills obtained and the need to establish a unified qualification and certification system²⁶ and the need to improve institutional coordination of vocational education and training systems, and expand training capacities with inclusion of in-company trainings to cover new entrants that need to develop their skills. Furthermore, attention needs to be paid to make vocational education and training (VET) systems more responsive to the labour market.
- *Facilitate transition from school to work:* Support easy transition for the youth from school to work by providing qualitative information about i) labour market trends and opportunities, ii) career guidance, iii) job search assistance, iv) start-up enterprise creation. In addition, it is necessary to introduce a set of active employment measures to target the integration of the most disadvantaged young people, those leaving school with no or poor qualifications, ethnic minorities and the disabled. Specific attention also needs to be paid to addressing the imbalance in opportunities faced by young women.

²⁴ Only 3% of total loans are channeled to the agriculture sector.

²⁵ **Industrial Zones and Business Incubators** are the manufacturing zones established at specific locations having marketing linkage, available land and infrastructure in order to promote investments and technology transfer, boost production and employment, promote investments and increase the flow of foreign capital.

²⁶ It is envisaged that the new VET law and the work on the qualification framework will overcome this problem.

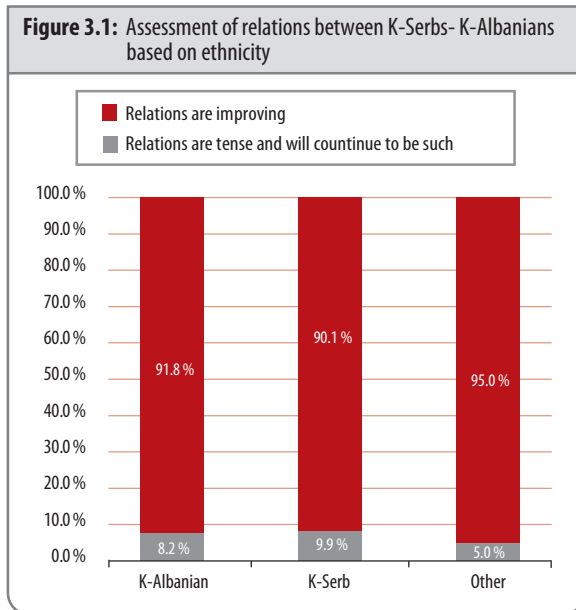
Chapter 3:

INTERETHNIC RELATIONS

I. Main Trends

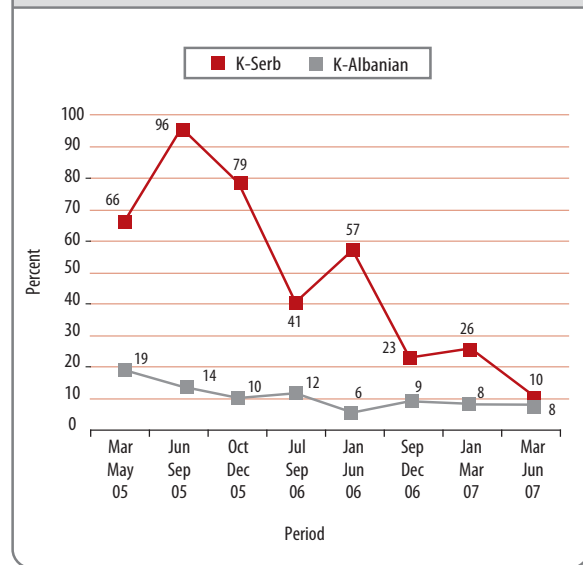
Perceptions of interethnic relations

Asked about the interethnic relations between K-Serbs and K-Albanians at community level, there is an overall positive trend for all ethnicities. Only 10% of K-Serbs, 8 % of K-Albanians and 5 % of Other minorities think that “relations are tense and will continue to be such in future” while others think that there has been some improvements, considerable improvements or that relations are not tense. As compared to 2005 the percentage of K-Serbs who believe that relations are tense has dropped significantly and at present it is at the lowest level ever (10 percent) while the percentage of K-Albanians who believe relations are tense has stabilized and since December 2005 tends to fluctuate between 6% and 12% (see figure 3.1). On the other hand, Other communities have the most positive view of Serb-Albanian relations and at present only five percent think that these relations are tense.



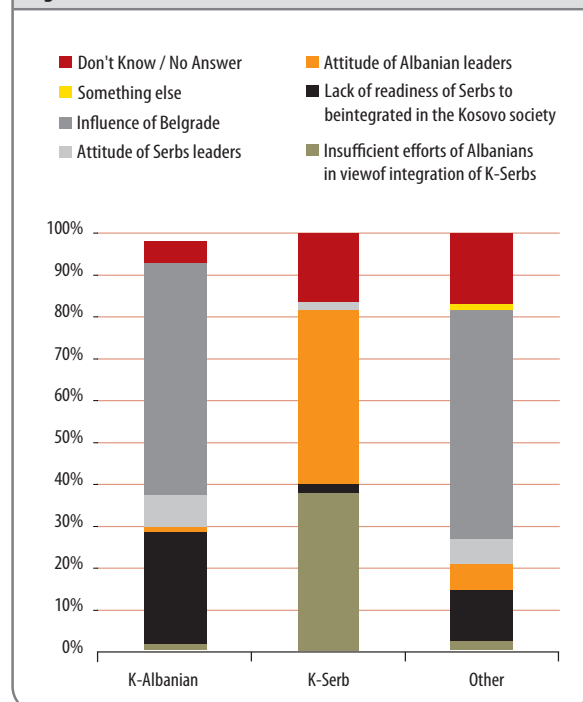
As can be seen in Figure 3.2, the trend of improvement (since September 2005) in the assessment of interethnic relations among K-Serbs continues after a short stagnation. In June 2007 some 9% of K-Serbs considered their relations with K-Albanians to be tense with no hope for improvement which represents a considerable decline of 17 percentage points compared to March 2007 (Figure 3.2). The vast majority of K-Albanians consider interethnic relations to be improving with only 8% of respondents stating that interethnic relations are tense without hope for improvements in the future.

Figure 3.2: Trend of respondents considering that relations between K-Serbs and K-Albanians to be tense and not improving

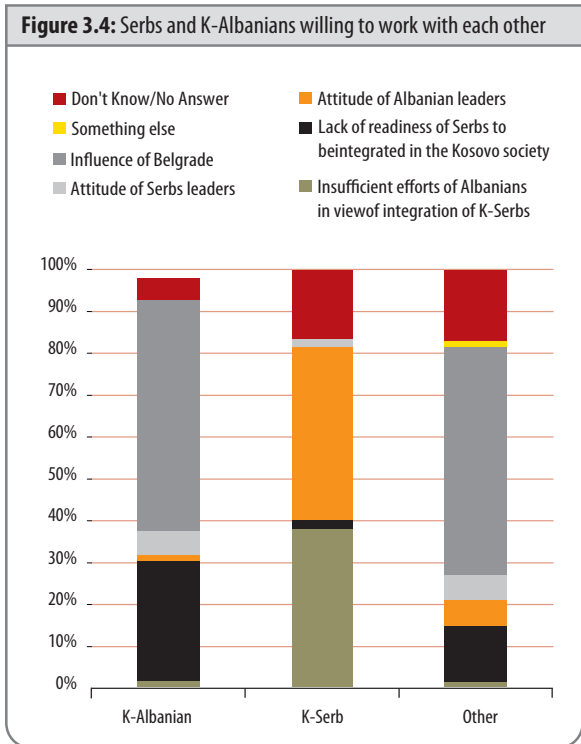


When asked about the responsibility for tense interethnic relations, K-Serb respondents cite the attitude of K-Albanian leaders and the insufficient efforts of K-Albanians for the integration of K-Serbs as reasons for tense relations. The opposite opinion is held by K-Albanian and Other minorities on this question. Some 55% of K-Albanians and Other minorities hold Belgrade responsible for tense interethnic relations in Kosovo, and some 30% of K-Albanian and 15% of Other minority respondents believe that the lack of readiness of K-Serbs to be integrated into Kosovo society is the responsible factor for tense interethnic relations (see Figure 3.3).

Figure 3.3: Factors for “tense” K-Serb-K-Albanian relations



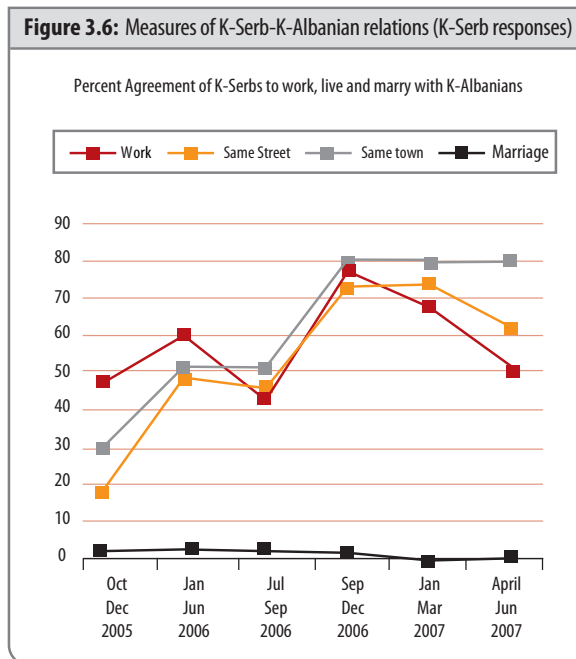
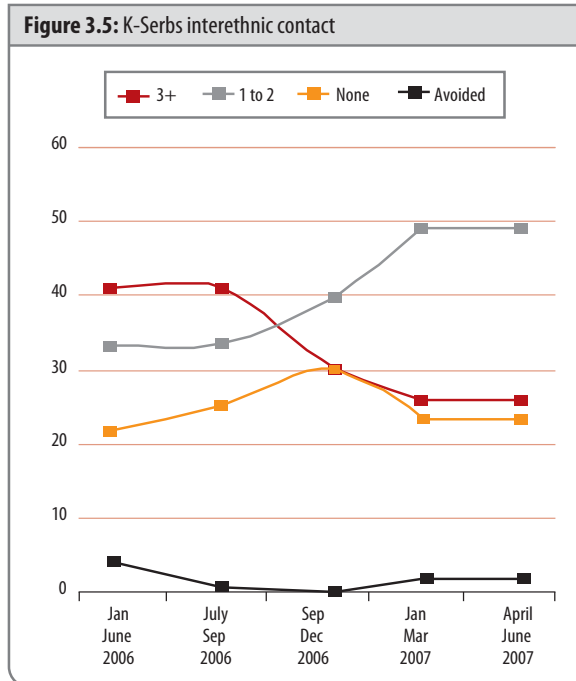
The latest poll shows that the number of K-Serbs willing to work with K-Albanians has dropped to 50%, some 16 percentage points lower than in March 2007. Approximately 37% of K-Albanian respondents agree to work with K-Serbs which represents a slight decrease in this willingness compared to March 2007 poll.



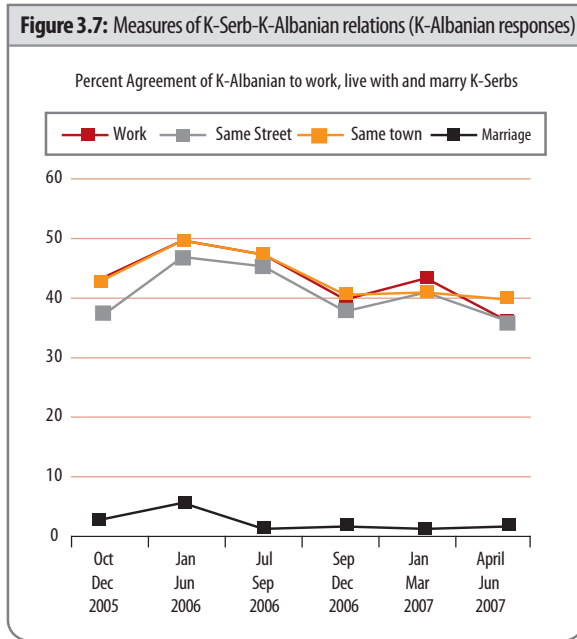
II. Interethnic Contact

Results of the June 2007 poll show that the number of K-Serb respondents that have had three or more contacts with other ethnicities has remained the same as in March 2007, and so has the number of K-Serb respondents that have had contacts with one to two people from other ethnicities. As in March 2007, some 23% of K-Serb respondents stated that they have had no contact with any persons from other ethnicities in Kosovo (Figure 3.5).

From a set of measures of interethnic relations, only the agreement of K-Serbs to live in the same town with K-Albanians has remained unchanged compared to March 2007. The agreement of K-Serbs to live in the same street, to work and to marry K-Albanians has declined compared to March 2007 poll results (Figure 3.6). Currently approximately 60% of K-Serb respondents agree to live on the same street with K-Albanians, and some 50% agree to work with K-Albanians.



Compared to March 2007, most measures of interethnic relations show a decreasing agreement of K-Albanian respondents to work, live in the same street and have marriage relationships with K-Serbs. The only interethnic indicator that remains unchanged is the agreement of K-Albanian respondents to live in the same town with K-Serbs. As seen in Figure 3.7, approximately 41% of K-Albanians agree to live in the same town with K-Serbs, while some 38% agree to live in the same street and work with K-Serbs.



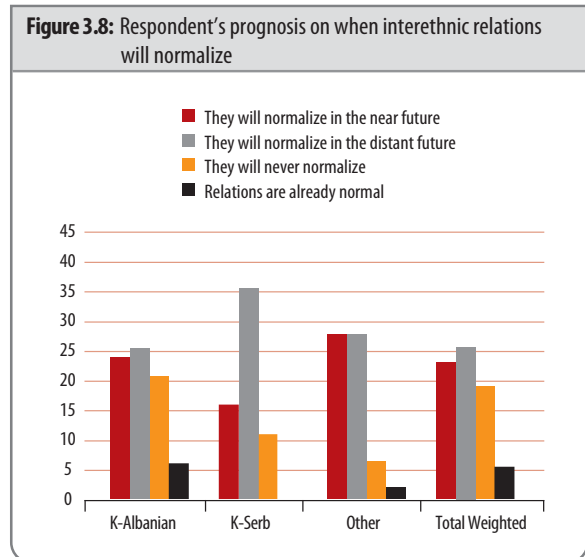
A high percentage of K-Serbs and Other minorities have had contact with other ethnicities in Kosovo during the three months prior to the survey. Some 81% of K-Serb respondents have had contacts with other ethnicities in Kosovo, which represents an increase of some six percentage points compared to March 2007. Some 74% of respondents from Other minorities also stated that they have had contact with members of other ethnicities in Kosovo. Some 28% of K-Albanians stated that they have had contact with other ethnicities in the past three months (Table 3.1).

Table 3.1: Contact with other ethnicities in the past three months

	K-Albanian (%)	K-Serb (%)	Other (%)
Yes I have had contact	27.8%	81.2%	74.1%
No contact	72.1%	18.7%	25.9%
Total	100%	100%	100%

All ethnicities in Kosovo believe that the different ethnicities, their leaders and the international community should work towards improving interethnic relations. Some 30% of K-Albanian respondents consider that K-Serbs and their leaders should work on improving interethnic relations, whereas some 30% of K-Serb respondents stated that K-Albanians specifically should work on improving interethnic relations while another 11% stated that K-Albanian leaders should work on this.

K-Albanians seem to be more optimistic with regard to future improvements in their relations with K-Serbs. Some 29% of K-Albanian respondents stated that K-Albanian-K-Serb relations will normalize in the near future, whereas only some 16% of K-Serbs stated the same. The majority of K-Serbs believe that relations with K-Albanians will improve in the distant future.



Some 26% of K-Albanians and 12% of K-Serbs stated that they believe that relations between these two ethnicities will never normalize.

III. Who Is Pessimistic About Interethnic Relations?

Which K-Serbs are pessimistic?

As in March 2007, K-Serb respondents from Mitrovicë/Mitrovica have the worst opinion of K-Serb-K-Albanian relations compared to K-Serb respondents from Prishtinë/Pristina²⁷. This trend becomes even more evident in the June 2007 poll, when the majority of K-Serb respondents from Mitrovicë/Mitrovica consider their relations with K-Albanians to be tense and to continue to be such, a 27% increase from December 2006.

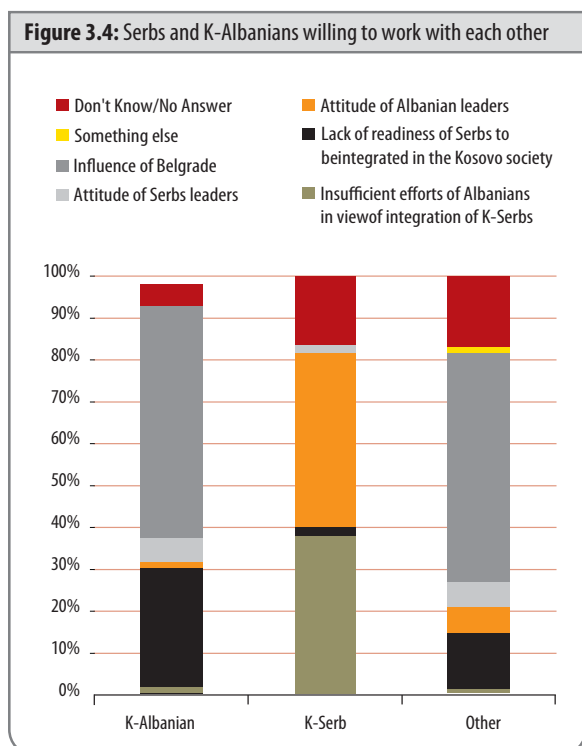
Which K-Albanians are pessimistic?

Although the regional distribution in the assessment of interethnic relations as tense and without improvement remains the same as in December 2006, the percentage of K-Albanian respondents from the respective regions that assess relations as such has decreased. For example, in March 2007 some 21% of

²⁷ Further detailing of K-Serb responses to other regions (besides Prishtinë/Pristina and Mitrovicë / Mitrovica) could not be done due to the low number of K-Serb respondents from individual regions.

K-Albanian respondents from Gjakovë/Djakovica consider relations with K-Serbs to be tense and without future improvements, which represents a 20% decrease compared to June 2007.

On the other hand, the most positive attitude about K-Serb-K-Albanian relations came from respondents in Prishtinë/Priština and Gjilan/Gnjilane, where the vast majority of respondents declared that interethnic relations are improving.



Although the majority of K-Albanians believe that interethnic relations are improving, there are slight differences among age groups, education and employment status. K-Albanians aged 31-36 have the worst perception of interethnic relations with some 12% considering interethnic relations as tense and not improving. Some 37% of K-Albanian respondents aged over 46 stated that they cannot assess current interethnic relations with K-Serbs, whereas the age group 37-45 had the highest percent of respondents that consider K-Serb-K-Albanian relations to be improving.

K-Albanian respondents with elementary school education are the least able to assess current K-Serb-K-Albanian relations in Kosovo; some 45% of this group were unable to describe current K-Serb-K-Albanian relations. In comparison, just 11% of respondents with college or university education stated that current K-Serb-K-Albanian relations are tense and will continue to be such.

K-Albanian respondents that declared to be a farmer by profession had the worst perception of K-Serb-K-Albanian relations in Kosovo among both employed and unemployed respondents. Some 20% of all K-Albanian farmers stated that they considered interethnic relations to be tense without improvements in the future. Other comparisons showed no major distinction in the assessment of interethnic relations based on employment status.

III. Conclusions of Expert Group on Interethnic issues

According to the Expert Group convened to discuss the results of this EWS Opinion Poll, the following are worrying trends that require special attention:

- The percentage of K-Serbs stating that they would leave Kosovo if Ahtisaari’s proposal is approved by the UNSC.
- The continuous distrust of K-Albanians in regard to the K-Serb community in Kosovo.
- The fact that K-Albanians continue to regard Belgrade as responsible for tense interethnic relations that are not improving and that K-Serbs continue to hold Prishtinë/Priština responsible for interethnic relations as well as the persisting trend of mutual blame for tense interethnic relations between K-Serbs and K-Albanians.
- The decrease in the number of K-Serbs willing to cooperate with K-Albanians as a measure of current interethnic relations.
- K-Serb respondents from Mitrovicë/Mitrovica region assessing interethnic relations with K-Albanians worse than K-Serb respondents from other regions in Kosovo.
- The continuous high percentage of K-Albanian respondents from Pejë/Pec and Gjakovë/Djakovica assessing interethnic relations as “tense and without improvements”.

The following factors have been identified by Expert Group discussions as elements contributing to the current interethnic situation:

- The radicalization of both K-Albanians and K-Serbs with regard to status which has resulted from the further postponement of a decision on status and the polarization of the international community over the Ahtisari’s proposal, especially among members of the UNSC.
- The lack of trust among K-Serbs in the PISG during this phase.

- The unwillingness of K-Serbs to cooperate with the KPS given the assumption that the KPS is not actively involved in improving relations with the community.
- The lack of incentives for K-Serbs to participate in Kosovo's institutions and the continued resistance of K-Serbs to become part of Kosovo society.
- The constant failure of K-Albanian leaders to set in motion meaningful efforts to reach out to K-Serbs in an attempt to integrate them into Kosovo's society.

Possible alarming scenarios identified by Expert Groups:

- Trends show that the attitude of K-Albanians towards K-Serbs has not changed over the past years, and because of constant stagnations in Kosovo's political and economic development, this attitude could worsen and result in the radicalization of K-Albanians towards international and local institutions in Kosovo and towards the K-Serb minority.
- Expert group participants have identified the potential massive migration of the K-Serb population after Kosovo's final status has been determined as an alarming scenario. Although opinion poll results show that only some 10% have declared that they may leave Kosovo if it becomes independent, Experts consider that mass migration among K-Serbs may occur as a sign of protest, most probably orchestrated by extreme opponents of the status resolution based in Belgrade.

In order to address the current interethnic situation the following actions are recommended by the Expert Group:

- Unity team members and officials from governing institutions should spend more time reaching out to community members, K-Albanian and K-Serb included. This should involve the more active engagement of all counterparts in the promotion of interethnic dialogue and trust building.
- During this period of uncertainty regarding Kosovo's final status, strong attempts should be made by the local government towards the reconciliation of ethnicities in Kosovo.
- Educational opportunities could be used as a tool for interethnic reconciliation. Seminars, workshops, training and discussions can be organized with the participation of different ethnicities as a means of building trust and cooperation, regardless of the decision on the final status of Kosovo.

Chapter IV.

PUBLIC AND PERSONAL SECURITY

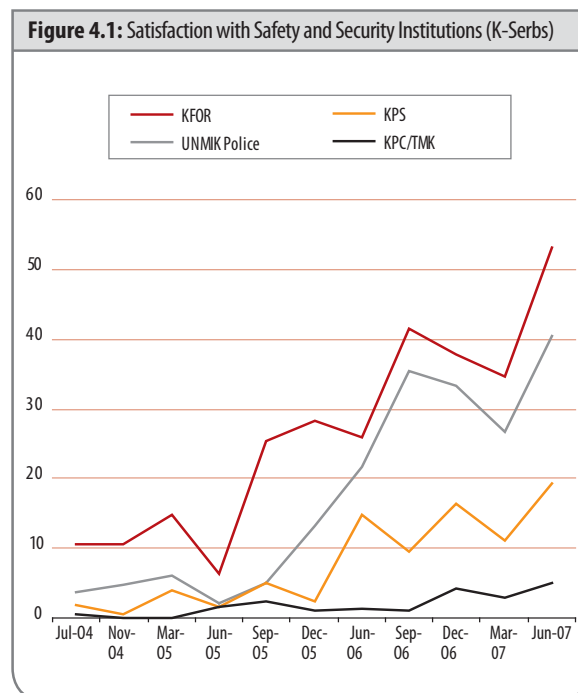
Satisfaction with Security Institutions

Although satisfaction with the work of security institutions has remained consistently high over the past years, slight decreases in satisfaction were seen in March 2007; however in June 2007, this trend has been reversed.

As seen in Table 4.1, the satisfaction of K-Albanians with the performance of the KPS has increased considerably, from approximately 73% in March 2007 to the current rate of 84%. K-Albanians assessment of UNMIK police has also improved despite almost record low assessments in March 2007 with 55% in June 2007 reporting satisfaction with the work of this institution. Some 89% of K-Albanians are satisfied with the work of the KPC, which currently represents the institution with the highest approval ratings among Kosovo’s K-Albanian population. Approximately 84% of K-Albanians approve of the work of KFOR.

A continuous increasing trend in satisfaction with security institutions among K-Serbs is clearly present, and although the March 2007 poll showed a decrease in satisfaction, the June 2007 poll results show all time high levels of satisfaction among K-Serbs with the security institutions.

has been noticed. The current satisfaction level of K-Serb respondents with the KPS is approximately 19%, which represents the highest satisfaction level since data on this was first reported in 2004. The current satisfaction level with the KPS is some 42% which is eight percentage points higher than in March 2007. On the other hand, only some 5% of K-Serb respondents are



satisfied with the work of Kosovo’s Protection Corps. Similar to the March 2007 results, the June 2007 opin-

Table 4.1: Satisfaction with Safety and Security Institutions (K-Albanians)

K-Albanians	Jul-04	Nov-04	Mar-05	Jun-05	Sep-05	Dec-05	Jun-06	Sep-06	Dec-06	March-07	June-07
KFOR (%)	85.6	85.7	84.9	92.9	89	90.3	85.1	86.7	80.9	78.6	84.4
UNMIK Police (%)	44.2	41.6	54.7	63.7	61.1	56.9	51.1	59.9	52.6	46.8	55.2
KPS (%)	89.9	88.2	92.7	90.3	90.3	89.4	86.6	86.4	76.5	72.7	83.9
KPC/TMK (%)	96.4	95.9	96.9	90.3	95.2	96.2	93.4	91	83.4	78.4	88.9

Currently, approximately 53% of K-Serbs are satisfied with the performance of KFOR, which represents an increase in satisfaction by some 20 percentage points from March 2007, and some 15 percentage points compared to December 2006. Around 40% of K-Serbs are satisfied with the performance of UNMIK Police, which signifies an increase of some 13 percentage points compared to March 2007, or seven percentage points compared to the satisfaction level of December 2006. Satisfaction among K-Serbs with local security institutions is considerably lower than that of international security institutions, however marked increases in the approval ratings of local security institutions

ion poll shows that the majority of K-Albanian and Other minority (except K-Serb) respondents consider that community-police relations are good, whereas K-Serbs respondents are split between a positive and negative assessment of community and police relations. A significant amount of K-Serb respondents (some 22%) could not assess community – police relations (See Table 4.2).

Table 4.2: Assessment of Community – Police relations

	K-Albanian (%)	K-Serb (%)	Other (%)
Very good	20.2%	0.0%	9.4%
Good	50.1%	22.7%	51.4%
Neither good nor bad	16.6%	21.7%	18.8%
Bad	2.9%	24.6%	3.3%
Very bad	2.3%	7.4%	2.2%
Don't Know	7.5%	10.3%	13.8%
No Answer	0.3%	13.3%	1.1%
Total (%)	100.0%	100.0%	100.0%

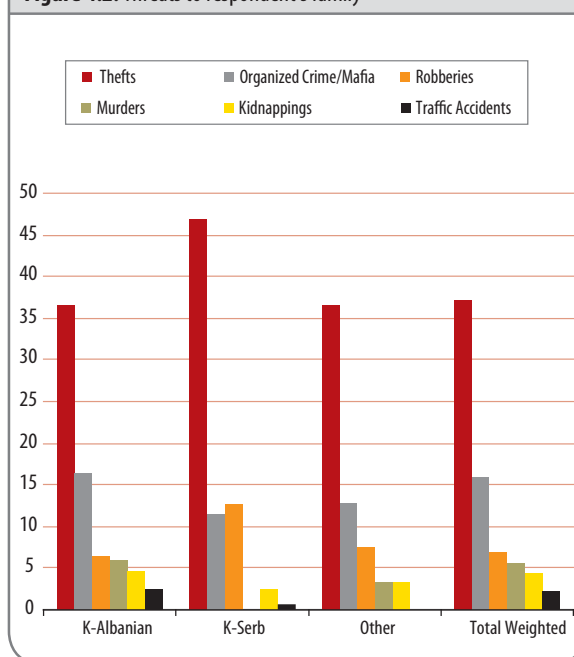
Respondents that assessed community relations with police as negative were asked why they felt that way. Most K-Albanian respondents were divided on the reasons for bad relations including “people feel the Police are weak and incompetent” and “people don’t want to cooperate with the police” (Table 4.3). Some 29% of K-Albanians believe that the main reasons for bad community-police relations is the general perception that the police are weak and incompetent. Just over 47% of Other minorities believe the same. In comparison and as in December 2006, K-Serb respondents overwhelmingly stated that “lack of trust in police bodies” and “people’s disinterest for cooperation” are the main reasons for their negative opinions about current community-police relations. The majority of K-Serbs (some 62%) consider that people not wanting to cooperate with the police is the main reason for dire community-police relations.

Table 4.3: Reason for bad community police relations

	K-Albanian	K-Serb	Other	Total
People don’t trust the police	17.6%	6.4%	6.8%	12.6%
People don’t want to cooperate with the police	22.9%	62.4%	13.6%	34.3%
People feel the Police is weak and incompetent	29.3%	9.2%	47.7%	25.2%
The Police doesn’t try to improve relations with the community	7.4%	13.8%	11.4%	10.0%
People feel the Police is corrupt and easy to bribe	6.4%			3.5%
Don’t Know	14.9%	4.6%	20.5%	12.3%
No Answer	1.6%	3.7%		2.1%
Total	100.0%	100.0%	100.0%	100.0%

Most survey respondents consider thefts to be the biggest security threat to their family. Organized crime is considered the second most threatening issue to their family and robberies are the third main threat.

Figure 4.2: Threats to respondent’s family



Feelings of Safety

As of June 2007, some 33% of K-Serbs feel unsafe or very unsafe from crime and violence when they are at home. As shown in Table 4.4, some 34% of Other minorities in Kosovo reported feeling somewhat unsafe or very unsafe when they are at home, and some 17% of K-Albanian respondents reported the same. The majority of K-Serb respondents stated that they feel somewhat safe when they are at home (53%), and some 83% of K-Albanian respondents reported feeling very safe or somewhat safe when at home. The majority of respondents from Other minorities (64%) reported feeling somewhat safe or very safe when they are at home.

Table 4.4: How safe do you feel from crime and violence when you are at home?

	K-Albanian	K-Serb	Other	Total
Very safe	40.8%	3.4%	24.3%	37.54%
Somewhat safe	42.4%	53.2%	39.8%	42.87%
Somewhat unsafe	12.8%	29.1%	26.5%	14.61%
Very unsafe	3.9%	2.5%	8.3%	4.10%
No Answer	0.1%	11.8%	1.1%	0.88%
Total	100.0%	100.0%	100.0%	100.0%

Based on new measures of feelings of security on the street, some 65% of K-Serbs reported feeling very safe or somewhat safe when they are on the street, and some 77% of K-Albanians and Other minorities in Kosovo reported the same. It is interesting to note that K-Serbs and Other minorities in Kosovo report a

higher feeling of safety when on the street than when they are at home.

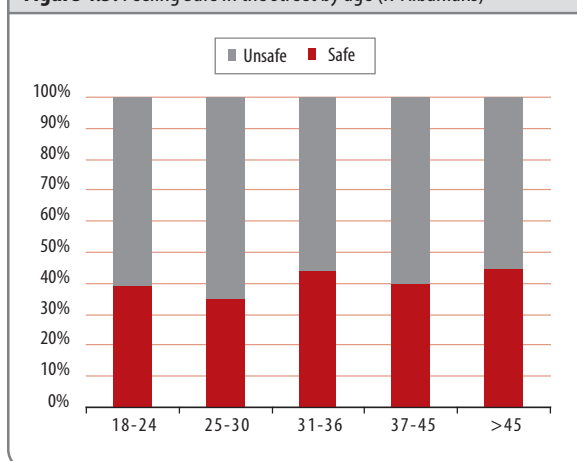
Table 4.5: How safe do you feel from crime and violence when you are on the street?²⁸

	K-Albanian	K-Serb	Other	Total
Very safe	38.7%	32.0%	29.3%	37.72%
Somewhat safe	38.3%	33.0%	48.6%	38.63%
Somewhat unsafe	17.4%	22.2%	20.4%	17.90%
Very unsafe	5.3%	0.0%	0.6%	4.71%
No Answer	0.2%	12.8%	1.1%	1.04%
Total	100.0%	100.0%	100.0%	100.0%

Factors Influencing feelings of Safety

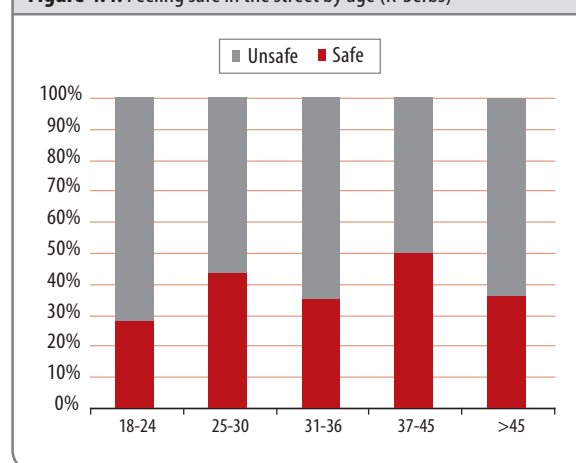
As in March 2007, within K-Albanian respondents, those aged over 46 seem to feel safest on the street. As in December 2007, respondents aged 25-30 seem to be the group of respondents that feel most unsafe in the street (Figure 4.3).

Figure 4.3: Feeling Safe in the street by age (K-Albanians)



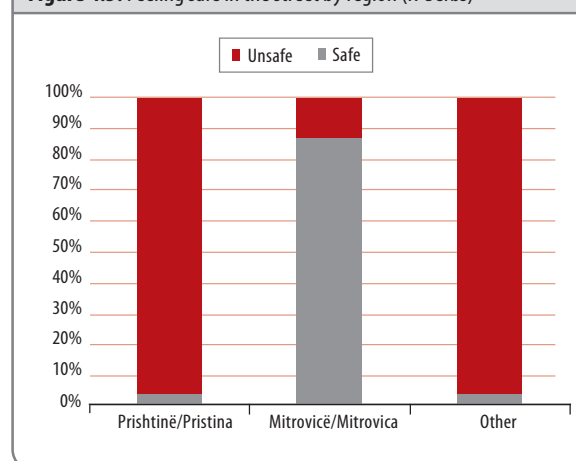
Based on March 2007 survey results, the K-Serbs that feel most unsafe in the street are those aged 18-24, with around 72% of this age group stating that they feel this way. As in the March 2007 opinion poll, K-Serb respondents aged 37-45 seem to feel the safest on the street (Figure 4.4).

Figure 4.4: Feeling safe in the street by age (K-Serbs)



The majority of K-Serb respondents (87%) from Mitrovicë/Mitrovica region²⁹ feel safe on the street while only approximately 14% of respondents from Prishtinë/Pristina stated the same. As can be seen in Figure 4.5, the percentage of K-Serb respondents from other regions that feel safe is considerably lower at 4%.

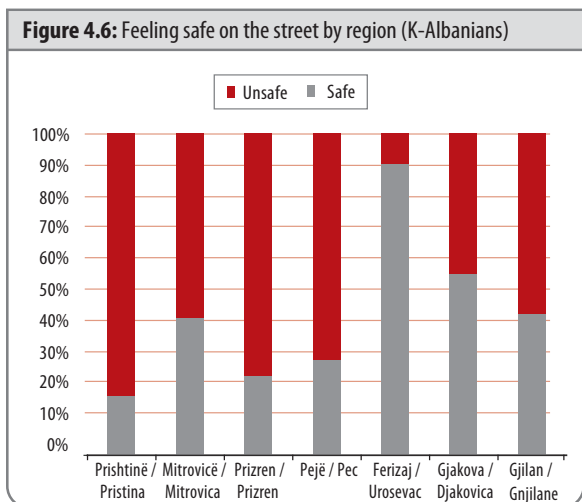
Figure 4.5: Feeling safe in the street by region (K-Serbs)



Although most K-Albanians feel safe in the street, this feeling is not shared in all regions in Kosovo. As in the March 2007 Early Warning Report, respondents in Prishtinë/Pristina region feel least safe, with the overwhelming majority (81%) declaring that they feel unsafe in the street. On the other hand and as depicted in Figure 4.6, respondents from Ferizja/Urosevac and Pejë/Pec feel the safest, closely followed by residents of the Prizren/Prizren, Gjakovë/Djakovica and Mitrovicë/Mitrovica regions.

²⁸ Data from this question are not comparable to previous "security on the street" data due to changes in question formulation in order to increase the accuracy of results

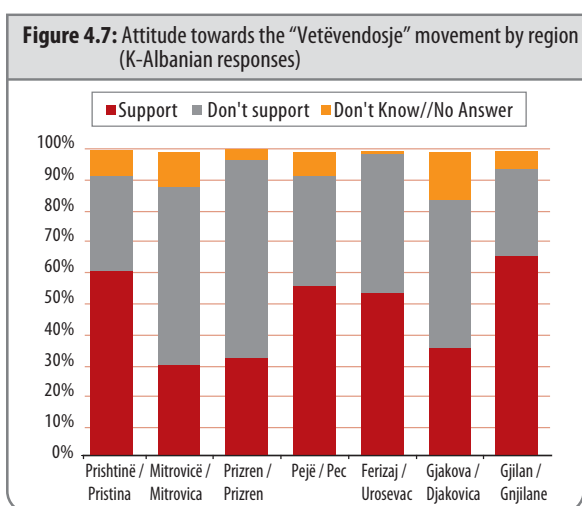
²⁹ K-Serb respondents from Mitrovicë/Mitrovica consist of respondents from the Northern part of Mitrovicë/Mitrovica



Vetëvendosje

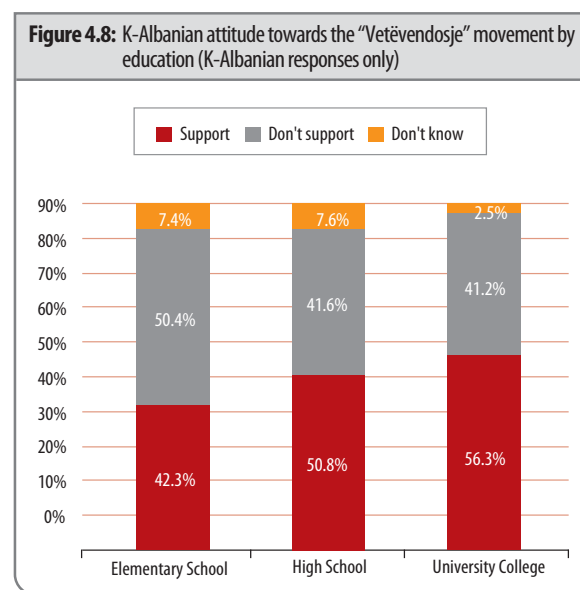
In a marked change from the March 2007 opinion poll results when Prishtinë/Pristina was the region most supporting the “Vetëvendosje” movement, Gjilan/Gnjilane showed the most support for “Vetëvendosje” in the June 2007 poll. Whereas some 66% of K-Albanian respondents from Gjilan/Gnjilane declared support for “Vetëvendosje”, some 61% of K-Albanian respondents from Prishtinë/Pristina and 56% from Pejë/Pec indicated support for “Vetëvendosje” (Figure 4.7).

Contrary to March 2007, when respondents from Mitrovicë/Mitrovica showed the least support for “Vetëvendosje”, with some 59% of respondents declaring that they do not support or declaring that they oppose this movement, in June 2007 it is respondents from Prizren/Prizren that showed the least support with 65% stating opposition to this movement.



It is important to note that the attitude towards “Vetëvendosje” varies when the education level of

respondents is examined. This most recent poll reaffirms the March 2007 poll results, where respondents supporting “Vetëvendosje” the most are those with high school or university education. As seen in Figure 4.8, 56% of respondents with college education said that they support “Vetëvendosje”, which represents an increase of some four percentage points compared to March 2007. The least support for “Vetëvendosje” came from respondents with elementary school education, where only 42% stated support for “Vetëvendosje”³⁰.



Kosovo residents experience high levels of personal anxiety

The majority of respondents are pessimistic on any improvements to their family’s income during the next six months with some 40% of K-Albanian and 31% of K-Serb respondents and some 68% of Other minority respondents reporting such pessimism.

A large number of respondents reported high levels of anxiety. According to survey results, approximately 51% of K-Albanians, 12% of K-Serbs and the majority of Other minorities (48%) feel almost always worried or anxious during the day. The percentage of K-Albanians feeling this way has increased by some 26% compared to March 2007, when some 38% of K-Albanian respondents stated that they felt almost always anxious. The majority of K-Albanians, K-Serbs and Other minorities in Kosovo, feel anxious or worried due to economic reasons. This marks a difference for K-Serbs the majority of whom in March 2007 (40%) stated that safety concerns were their main reasons for feeling worried (Table 4.6).

³⁰ The following are grouped under “Support”: “Fully support and would join if invited”; “Support but would not join” and “I support up to some extent”.

Table 4.6: Why respondents feel worried or anxious:

	K-Albanian	K-Serb	Other
Economic reasons	72.6%	35.5%	68.0%
Political reasons	11.4%	14.8%	7.7%
Safety concerns	3.7%	27.6%	12.7%
Family problems	2.7%	16.3%	6.1%
Don't know	4.8%	2.0%	2.8%
Does not answer	4.7%	3.9%	2.8%
Don't know/No Answer	9.6%	5.9%	5.5%
Total	100.0%	100.0%	100.0%

IV. Conclusions of Expert Group on Security Issues

According to the Expert Group convened to discuss the results of this EWS Opinion Poll, the following are worrying trends that require special attention:

- The current perception that there are low levels of safety in Kosovo especially among respondents in Prishtinë/Pristina region.
- The reported assessment of relations between the K-Serb community and the KPS as being “bad”.
- The consideration that thefts represent the biggest threats to the security of families in Kosovo, regardless of ethnicity.
- The assessment that organized crime and mafia represent the second highest threat to families in Kosovo.
- The large number of respondents that reported high levels of anxiety.
- The very low number of people that are satisfied with the work of the courts.

The following issues have been identified as potential problems contributing to public and personal security issues:

- Reported increases in high school violence, especially in the Prishtinë/Pristina region.
- Public concerns with the local and the central administration, regarding public services such as electricity, running water, road infrastructure and access to health care.
- The dire economic situation in households and the lack of improvement in this regard which is a precondition for crime and violence.

- The inefficiency of the courts and the backlog of cases that continues to strain the courts’ relationship with the KPS and with Kosovans.
- The surfacing of armed groups as a response to Kosovo’s delayed political status.
- The slow pace of resolutions regarding disputes on property.
- The lack of unified software systems for the exchange of information and statistics between KPS stations as well as between the KPS and other security sector institutions.
- Opinions and media reporting that the KPS, UNMIK Police and other agencies lack the resolve to fight crime and corruption, may in future decrease the trust in these institutions and result in further disobedience.

Possible scenarios identified by the Expert Group:

- According to the Expert Group, the postponement of a new Security Council resolution on Kosovo by Russia will result in less tension than if a new resolution supporting Ahtisaari’s proposal is not passed by the UNSC.
- More active show of dissatisfaction with central and local government, including protests and boycotts.
- Destabilization of Kosovo through the appearance of armed groups, perpetuating events such as those in March 2004.
- An increase in criminal activity such as thefts and robberies, as well as organized crime and increases in crime related deaths.
- The high number of people experiencing anxiety may lead to an increase in domestic violence.

The Expert Group recommends the following actions as necessary to address difficult interethnic issues and negative perceptions:

- A plan should be developed by UNMIK, KFOR and the local institutions to develop comprehensive security policies, which among other things, should outline the timeline for the handover of competencies in the security sector to local institutions. This could improve the legitimacy of local authorities and their efficiency.
- In specific sectoral terms local security institutions in cooperation with UNMIK should develop security policies and emergency plans for water shortages, health epidemics and other emergency plans.

- The KPS should be trained to maintain order during demonstrations and if needed how to intervene according to international conventions on human rights, as well as to conduct preventive actions on its own.
- Better coordination between all the security sector institutions and the creation of better mechanisms for sharing of information and statistics might prevent some risks and threats for Kosovo's security sector
- In order to increase feelings of security and ensure better cooperation between policing institutions and people, KFOR, UNMIK Police and the KPS should be more active in reaching out to local populations by implementing more non-security-related activities aimed at raising trust and confidence among local communities.

Main events during the period April – June 2007³¹

April

1	On Saturday the Vetëvendosja Movement held a peaceful demonstration in Prishtinë/Pristina demanding the release of their leader Albin Kurti. Monastery of Deçan attacked with a rocket that damaged several tiles on the Monastery wall.
5	Ylber Hysa visits North Mitrovicë/Mitrovica; Government asks for the regulation of annual energy tariffs. Kosovo's interior ministers Kuci offers €10,000 for information about the blast in Deçan monastery
6	Kosovo's Assembly declares support for Ahtissari's plan on Kosovo; Washington pronounces support for Kosovo's independence;
7	USA's Fried declares that Kosovo is not a precedent, given its unique case due to the NATO intervention and that Kosovo was subsequently put under the administration of the UN.
8	Kosovo government officials to prepare a comprehensive report on standards, ahead of the visit of a UN SC delegation.
9	Strpce/Shterpce adopts 'Kosovo and Metohija' Dailies carry an article commenting on the meeting of the Strpce/Shterpce Municipal Assembly Officers, where K-Serb representatives of the municipality, prepared all the details for their Municipal session meeting, which will take place on Thursday, where they plan to change the name of Kosovo into 'Kosovo and Metohija', in their Municipal statute; 10 Kilograms of heroin seized; A Ministry of Economy and Finance (MEF) advisor receives a salary of a minister; UNMIK asks for 211 million USD for its last year in Kosovo; Tërnavë criticizes the Unity Team
14	Seven suspects arrested for attack on Telecommunication Regulation Authority (TRA) chief Anton Berisha; Police arrest 19 Vetëvendosja activists; Ramë Maraj released from detention; Bus with K-Serbs stoned in the village of Rudnik, near Skenderaj/Srbica; Romanian peacekeepers, some of them under investigation for the killing of 2 Vetevednosja protesters, leave Kosovo
15	Newspapers reports that there were around 4000 people present at the First Convention of Lidhja Demokratike e Dardanise (LDD Youth Forum; Swedish KFOR troops have arrested two K-Serbs in the village of Ugljare on suspicions of illegal possession of weapons.
18	Announcement that the second mobile phone operator is to start offering services by the end of 2007. Vetëvendosje writes the slogan "murderer" on UNMIK vehicles in Prizren/Prizren
20	UNMIK's compensation has offended Balaj family - Nebi Balaj, uncle of Mon Balaj, who died during the 10 February protest of Vetëvendosja, told the paper that UNMIK had provided a directive for compensation three weeks ago "but that it feels like a humiliation for us"; Serbian forces located at the border with Kosovo; Schook asks for a way to solve the problem between Ferronikel and the Municipality
23	Obiliq/Obilic says no to the construction of "Kosova C"
24	Patient dies in emergency room, family members accuse the doctor; 30 activists of Vetëvendosja movement have been arrested
27	UNSC Fact Finding Mission travels to Kosovo. Visits Prishtinë/Pristina, Mitrovicë/Mitrovica and other places.

³¹ Media Monitoring is based on UNMIK Media monitoring database

1 UNSG states that Ahtisaari's plan contains all the necessary elements for building the future of Kosovo and that "any delay in this direction would not contribute to the improvement of the situation precisely because of the diametrically opposing views between K-Albanians and K-Serbs"; Greece's Papoulas states that Greece wants a solution agreed by K-Serbs and K-Albanians on Kosovo's status. Ora's leader Veton Surroi declares that Kosovo is a model for the good treatment of minorities. Russia supports Serbia's initiative for a new stage of talks.

2 Kosovo's Prime Minister Agim Ceku states Kosovo's independence will be declared by the end of May 2007. Ora's Ylber Hysa travels to Qatar to ask for support in Kosovo's bid for independence. AAK senior official, Naim Maloku accuses the Minister of Trade and Industry, Bujar Dugolli, for violation of the law regarding oil use. The accusation comes after the Ministry of Trade and Industry (MTI) allows 83 tanks with supposed cancerous oil components into Kosovo. Verbete reports on UNSC's fact finding mission in Kosovo.

3 German Deputy Foreign Minister Gernot Erler informs Belgrade that EU 27 support Ahtisaari's proposal for Kosovo, and considers it to represent the best solution with no other alternative. German Defense Minister Jung visits Prizren/Prizren.

4 In a meeting between Russian President Vladimir Putin and Slovakia's Prime Minister Robert Fico, Slovakia and Russia stated their objections to the Ahtisaari plan. Joe Truscheler, former manager of the Kosovo Power Korporation (KEK) is on the list of 11 international officials suspected of stealing €7 million dedicated to the water supply system. Russia's Lavrov discusses Kosovo with U.S. Secretary of State Rice in Egypt. Kosovo Police Service (KPS) identifies the suspect for the Deqan/Decan Monastery attack. Report that Serbs from Serbia will volunteer and are ready to fight for Kosovo.

6 Volunteers from the "Holy Tsar Lazar Guart" Serb group, said they will fight in Kosovo if Kosovo becomes independent.

8 Security Council starts consultation on new Kosovo resolution. Kosovo PM Agim Çeku meets UNMIK chief Ruecker. Kosovo's Prime Minister Çeku and Kosovo's Returns Minister hold a debate with K-Serb youth in Kosovo. Solana and Rehn report to the European Parliament on Kosovo.

10 US Ambassador to the UNSC, Zalmay Khalilzad to chair the formal discussion on the report of the fact-finding mission of the UNSC in Kosovo; Kosovo government and Interior Ministry are said to be preparing for Kosovo's new passports.

11 PDK leader Hashim Thaçi declares against any unilateral declaration of independence. Vetevendosja's leader Albin Kurti, is placed under house arrest, after spending 90 days in pre-trial detention. Kosovo Police Service (KPS) lieutenant Senad Demirovic, is arrested on charges of human trafficking. UNSC review the fact-finding mission's report on Kosovo.

12 During his visit to Zagreb, US Undersecretary of State Nicholas Burs reiterated that Kosovo will become independent from Serbia by the end of this May. Kosovo's PDSRSG Steven Schook states that there are positive movements in the Security Council regarding Kosovo. Unity team member and Ora's leader Surroi states that Malaysia will support Kosovo's independence. Albin Kurti arrested again, after being released from house arrest. A new draft resolution developed by U.S. experts is distributed to SC members. KPS arrests several Kosovo Albanians for the possession of ammunition.

13 New draft-resolution on Kosovo's status does not contain the word 'independence'. The International Crisis Group declares that Ahtisaari's plan has no alternative. Churkin says that Russia's veto is increasingly probable.

14	Kosovo president Fatmir Sejdiu and ORA's leader Veton Surroi disagree regarding Unity Team's visit to Islamabad to lobby for Kosovo's independence.
15	The Serbian government creates the "Ministry for Kosovo"; Swedish KFOR officer is said to have spied on KFOR's plans for her Serbian boyfriend.
16	Rücker and Kather meet Çeku; Islamic Conference convening in Islamabad has expressed support for independence of Kosovo through a resolution that received the pro vote of 57 countries which also included Indonesia; KFOR begins to be supplied with energy by KEK
17	Russia-EU Summit in Samara is held, no progress on Kosovo's issue.
23	Costa Rica's Foreign Minister discusses Kosovo in Belgrade
25	The process of resolving the status of Kosovo is one of the main topics of the summit of heads of state of 16 central and eastern European countries held in Brno.
26	The Holy Synod of Bishops of the Serbian Orthodox Church appealed to the UN and all influential countries to help find a just solution acceptable to all sides for the status of Kosovo. Serbs in Osojane refused to meet with Ruecker and Ceku
28	Serbian Government asks Ban Ki-moon for a Continuation of the Kosovo Status Talks; FYROM to unilaterally recognize an independent Kosovo if the US and EU do so;
29	Unity Team and Assembly Presidency meet on symbols; It is reported that the Memorandum of Understanding that is to be signed for the reappointment of 400 Kosovo judges and prosecutors has been postponed for an indefinite period.
30	Ki-moon received Belgrade's initiative for continuation of the Kosovo Status Talks; KFOR Commander denies existence of Serb paramilitaries in Kosovo

June

1	<p>Koha Ditore on its front page, writes that the draft resolution for Kosovo at the UN Security Council has suffered some changes to please Russia's demands but does not touch on Article 6 which speaks about the abrogation of Resolution 1244. The Express carries an article saying that the Russians rejected the edited draft resolution sponsored by the West. Koha Ditore reports that the veterans of the former Kosovo Liberation Army (KLA) threaten to take up arms and become soldiers again, if, for the sake of Russia and Serbia, Kosovo will be forced to give up on its future army.</p> <p>Meeting on missing persons fails because of "Czar Lazar" battalion that would fight for Kosovo. Dailies report that eight persons were arrested on charges of organized crime and of signing damaging contracts for the Private Bank of Business (BPB), and the misuse of €10 million. According to the papers, four of the arrested persons were the founders of the BPB, while the rest of them were officers who worked in the bank. Thierry Reinhardt: Slight modifications have been made in the new resolution.</p>
2	<p>President Bush given an interview with Albanian's Vision Plus stating that "America is working to convince the Security Council to solve Kosovo's status through a resolution and according to Marti Ahtisaari's plan." Belgium takes over the Security Council Presidency; EC Approves Resumption of SAA Talks with Serbia; Government appointed at its last session Vuko Antonijevic as the new President of the Coordination Centre for Kosovo; Bush and Putin agree to keep on discussing Kosovo.</p>

5 Officials of main political parties in Kosovo believe that Kosovo's Assembly should declare independence of Kosovo, in coordination with its allies; Police start investigations on Wasserstrom over contract suspicions, prompted after the resignation of PTK General Director Mr. Rustemaj, who it is presumed resigned as a result of pressures he faced to sign a contract hiring Mr. Wasserstrom. Serbian PM Kostunica declares that USA's announcement that a resolution enabling Kosovo's independence will be put for a vote by the week's end is harmful and wrong".

6 G8 Summit (6-8 June) of Developed Countries and Russia begins in Germany. Kosovo among the main issues to be discussed. Russia wants another year of negotiations between Prishtinë/Pristina and Belgrade and Putin states that Kosovo as a case is not unique. UNMIK Department of Justice announced the indictment against Vetevendosja's leader Albin Kurti; The chairman of the Council for the Defense of Human Rights and Freedoms, Mr. Shala declares that proceedings against Kurti are politically motivated. Working group on symbols meets and promises that criteria for symbols will be ready by weeks end.

7 G8 summit continues its second day of meetings. The US and EU agree to postpone the vote for the resolution on Kosovo after the end of discussions on Kosovo at the G8 summit. Russia stands by its opposition to Kosovo's independence. The leader of the Movement for Democratic Progress from Preshevo valley, Jonus Musliuhas called Albanians from the valley to ask for the unification with Kosovo, he also suggested the establishment of an Albanian National Council. Albin Kurti is released from detention and placed under house arrest.

8 French President Nicolas Sarkozy proposes a delay of Kosovo's status solution by six months. Surroi meets US President Bush in Prague. Albanian two headed eagle will be abandoned from Kosovo's future flag according to the working group; The head of KTA board Paul Acda announces that heads of PTK and Pristina International Airport will review the signing of the contracts between James Wasserstrom and PTK, Airport; KTA Board announced the 27th wave of privatizations, with 34 enterprises to be privatized. BSPK to publish other lists with the names of workers entitled to received 20% of sale. LLAMKOS started production, and is producing some 8.000 tons of steel per month; Tobacco "Just for Kosova" started producing cigarettes. FERRONIKEL signs a contract with Kosovo Railways, to transport minerals through railways. UNMIK forgives over €1 million in unpaid fines owed by political parties due to violations of election criteria; Social housing apartments are provided to 23 families at Plemetin. Digging of sites in southern Serbia (Raska) assumed to hold the bodies of hundreds of murdered Albanians, continues. Authorities report that no mass graves have been found at this site.

9 G8 Summit concludes without agreement on Kosovo. The French president's proposal for a six-month delay is turned down by Russia's Putin. Unity Team holds emergency meeting after the proposal for delay and call countries supporting Kosovo's new resolution to present it before the UNSC regardless of Russian veto threats. Head's of liaison office of main Western countries in Kosovo addressed Kosovo's people explaining that there was no decision to postpone the resolution of Kosovo's status at the G8. French liaison head in Prishtinë/Pristina stated that Sarkozy's proposal was in response to Russia's clear threat of the use of its veto against Kosovo's resolution. Deputy PM Haziri states that unilateral declaration of independence is a still a possibility. War Associations of Former KLA members declared to be against delays in Kosovo's status and threatened to publicly express their dissatisfaction. Vetevendosja's leader Albin Kurti, won't respect house arrest. Kurti states that Kosovo's issue will be postponed until it becomes an emergency. No bodies found in Raska sites, suspected as being mass graves of Kosovo Albanians. Bush visits Rome, supports Kosovo's bid for independence.

10 Bush visits Tirana, meets with Albanian Prime Minister Sali Berisha. Bush supports Kosovo's independence according to Ahtisaari's plan and says "We will work with Russian and EU diplomats to find a solution. If this doesn't happen, we will say: enough, Kosovo will be independent"; Croatia's Senader and Macedonia's Gruevski support Ahtisaari's plan without any reserve; Croatia, Macedonia and Albania say they have been assured by USA that they will be invited to join NATO.

11	Vetevendosje announces a demonstration for the 30th of June; Ahtisaari visits Rome and Berlin.
12	Kosovo's Unity Team and the head of US office in Prishtinë/Pristina and the representative of Javier Solana in Kosovo, participate in the meeting which decided the criteria for Kosovo's symbols. UN Secretary-General Ban Ki-moon once again reiterates that it is necessary for the UNSC to pass a resolution and approve Ahtisaari's plan on supervised independence for Kosovo". Krisztina Nagy, the spokesperson of the European Enlargement Commissioner Olli Rehn, stated that the EC supports Martti Ahtisaari's proposal, which should be the basis of a new UNSC resolution on Kosovo; Political directors of Contact Group member countries meet in Paris to discuss Kosovo, Russia is not invited to attend.
13	As a result of the Quint meeting in Paris, the five western countries of the Contact Group agreed that the issue of Kosovo should be resolved through UN's Security Council. During a phone call, newly appointed French Foreign Minister Bernard Kouchner reassures Kosovo's Prime Minister that the only solution for Kosovo is independence. PDK leader meets COMKFOR Roland Kather, and KFOR states that KFOR will continue to secure Kosovo and its people with or without a resolution. Surroi meets with the head of the Chinese office in Prishtinë/Pristina.
14	Albin Kurti is returned to the detention center after days under house arrest; Kosovo's deputy PM Lutfi Haziri states that decentralization remains an obligation even in the case of Kosovo's unilateral declaration of independence
15	Newspapers report that there is more confusion regarding the Kosovo status process; Augustin Palokaj reports that the EU is keen to add another 120 days of negotiation between Prishtinë/Pristina and Belgrade. A new draft resolution incorporating the points of French President Nicolas Sarkozy is being developed and Ahtisaari's plan will come into force at a later stage if negotiating sides don't agree on Kosovo's final status." Italian Foreign Minister Massimo D'Alema visits Kosovo and states support for Kosovo's bid for independence through their support for Ahtisaari's proposal.
16	US Status Envoy Frank Wisner visits Kosovo, and reiterates that Kosovo will be independent, although no date has been set. Kosovo PM Agim Ceku meets UNMIK chief Joachim Rucker to discuss Kosovo's status process. AKR leader Behgjet Pacolli asked the Unity Team to stop improvising and be sincere to the people of Kosovo. Families of missing K-Serbs stage protests in front of US Embassy in Serbia.
17	Albanian Prime Minister Sali Berisha meets with UN Secretary General Ban Ki-moon, and discusses Kosovo's status process.
18	Association of War Invalids gives an ultimatum to Kosovo's government that if the Law on War Categories does not enter in force by July 1st, and if the Economy and Finance Minister Haki Shatri does not resign, they will act in such a way that March 2004 riots will be small in comparison.
19	Kosovo's Prime Minister Agim Ceku states that there will be no more talks with Belgrade, however Kosovo's status does require more time

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- 20 A new resolution is drafted, however its content remains essentially the same, Kosovo's Unity team declares that there will be no delays; Media report that ICTY - Chief-Prosecutor Carla Del Ponte, declares that it would be better if Kosovo's status is not decided at this point since it may have a negative impact on Serbia's cooperation with the Tribunal (On June 27 Del Ponte states that she was misquoted). Kosovo War Veterans state that they are ready to take weapons if needed. Ahtisaari states that Kosovo will be independent by the end of the year, despite the certainty of a Russian veto. Representatives of the Association of Serb Municipalities and Settlements in Kosovo and the Serb National Council (SNC) for northern Kosovo adopt a declaration on the preservation of Kosovo within Serbia.
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- 21 Latest resolution prepared by EU, delaying Kosovo's status for 120 days in order for both sides to negotiate, is rejected by Russia. Kosovo Prime Minister Agim Çeku meets with EU status envoy Stefan Lehne.
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- 22 European Union Foreign Ministers meet in Brussels, Kosovo's status the only topic of discussion, agree to delay Kosovo's status for four to six months. EU warns Kosovans to remain on a course of cooperation with the West. War Veterans in Kosovo gather in Decan after the decision to postpone Kosovo's status. They blame the international community and local government for "servile politics". Sabit Rahmani, a Kosovo Parliament deputy, is arrested. AAK against elections, denounces Unity Team. German KFOR will stay for one more year in Kosovo.
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- 23 Association of Serb Municipalities hold meeting in Northern Mitrovicë/Mitrovica and state that they won't recognize an independent Kosovo. Representatives of NGOs, political parties and local institutions file a request with UNMIK chief Joachim Rucker calling for local and parliamentary elections to be held on 20 October 2007.
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- 25 Serbs want Ahtisaari's package without independence; Serbian President Boris Tadic meets with Russian President Vladimir Putin during the Energy Summit in Zagreb. US Secretary of State Condoleezza Rice declares that the US supports additional Belgrade -Pristina talks, however at the end Kosovo will be independent".
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- 26 Blair reiterates his support for Kosovo's independence. Reports that Ahtisaari may not be the new envoy for additional talks between Prishtinë/Pristina and Belgrade surface. EU will not deploy its mission in Kosovo without the approval of a new resolution on Kosovo by the UNSC. Albanian Prime Minister Sali Berisha and Serbian President Boris Tadic argue on Kosovo during a regional summit in Istanbul.

