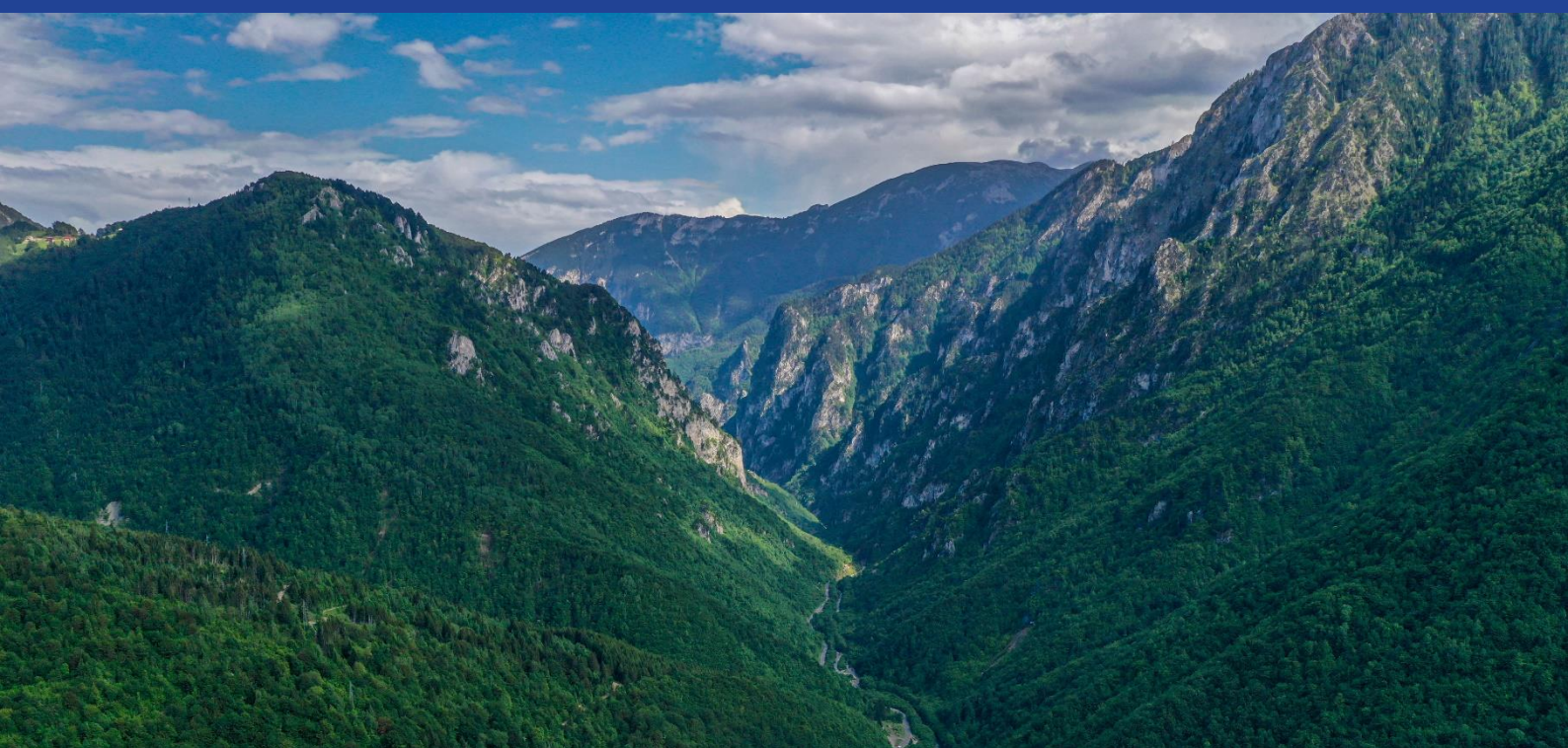


KOSOVO*

IMPLEMENTATION OF THE PRINCIPLES OF THE EUROPEAN CHARTER OF LOCAL SELF-GOVERNMENT



Report | 8 October 2026

THE CONGRESS



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KOSOVO*

Implementation of the principles of the European Charter of Local Self-Government

8 October 2026

Council of Europe

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Congress of Local and Regional Authorities of the Council of Europe
Avenue de l'Europe
F-67075 Strasbourg Cedex
E-mail: congress.adm@coe.int

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The views and recommendations expressed herein do not necessarily reflect the official position of the Congress of Local and Regional Authorities of the Council of Europe.

* All reference to Kosovo, whether the territory, institutions or population, in this text shall be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo.

Table of Contents

Abbreviations	7
I. Introduction	9
II. Summary and recommendations	10
III. Background and context.....	15
The local self-government system	15
Legal basis and developments since 2021.....	16
Findings and reception of the 2021 Study.....	17
Municipal challenges	17
IV. Implementation of the principles of the Charter.....	20
Legal status of the European Charter of Local Self-Government	20
Constitutional and legal foundation.....	20
Concept of local self-government.....	21
Scope of local self-government	22
Protection of local authority boundaries.....	26
Appropriate administrative structures and resources	27
Conditions of office of local elected representatives.....	29
Administrative supervision.....	31
Financial resources of local authorities	34
Intermunicipal and international co-operation among local authorities.....	43
Legal protection of local self-government	45
V. Other matters related to the functioning of local self-government	50
Public participation and the Additional Protocol.....	50
The northern Kosovo Serb-majority municipalities.....	51
Communities and underrepresented groups.....	53
VI. Conclusions	58
Appendix 1: Supplementary findings on the northern municipalities.....	60
Appendix 2: Collective contracts and local finances in light of the Constitutional Court Case KI25/25.....	69
Appendix 3: Mapping of donor assistance in local government.....	71
Appendix 4: Results of the questionnaire for mayors about strengthening local governance.....	81
Appendix 5: Stakeholders interviewed.....	86
References.....	88

Abbreviations

ADA	Austrian Development Agency
AKM	Association of Kosovo Municipalities
CEMG	Centre of Expertise for Multilevel Governance at the Congress of Local and Regional Authorities of the Council of Europe
Charter	European Charter of Local Self-Government (ETS No. 122)
Congress	Congress of Local and Regional Authorities of the Council of Europe
DEMOS	Decentralisation and Municipal Support Project
ELoGE	European Label of Governance Excellence
EULEX	European Union Rule of Law Mission in Kosovo*
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (German Society for International Cooperation)
Helvetas	HELVETAS Swiss Intercooperation
KIPA	Kosovo Institute for Public Administration
LuxDev	Luxembourg Development Cooperation Agency
MESTI	Ministry of Education, Science, Technology, and Innovation (rebranded as Ministry of Education and Science in September 2026)
MFLT	Ministry of Finance, Labour and Transfers
MLGA	Ministry of Local Government Administration
MOCR	Municipal Office for Communities and Return
MPG	Municipal Performance Grant
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Cooperation Agency
SIGMA	Support for Improvement in Governance and Management Programme
UNDP	United Nations Development Programme
USAID	US Agency for International Development

I. Introduction

1. The first study of this kind was conducted by the Congress of Local and Regional Authorities in 2021,¹ marking the first evaluation of local self-government in Kosovo* against European principles and standards of local democracy set out in the European Charter of Local Self-Government (ETS No. 122). The assessment was based on the legal framework, institutional practices, and stakeholder perceptions. While Kosovo* is not a member of the Council of Europe and therefore not subject to formal monitoring, the 2021 Study offered a general assessment of the legal and institutional framework for local democracy.

2. In the years since, Kosovo* has made steady progress in aligning with Council of Europe standards. In 2022, it applied for membership, and on 16 April 2024, the Parliamentary Assembly of the Council of Europe adopted an opinion² in favour of its accession and the application awaits consideration by the Committee of Ministers. This evolving context provided a timely opportunity to review developments since 2021 and to make a comprehensive analysis of the implementation of the principles of the European Charter of Local Self-Government (hereinafter, the Charter), building upon the original study.

3. The present report updates the findings and recommendations of the 2021 Study, reflecting Kosovo*'s constitutional and legal obligations – enshrined in the Constitution (Article 123.3) and Law No. 03/L-040 on Local Self-Government – to fully respect and implement the Charter to the same extent as a signatory state.

4. This report has been prepared within the framework of the project “Strengthening multilevel governance and participatory democracy”, implemented by the Centre of Expertise for Multilevel Governance (CEMG) at the Congress of Local and Regional Authorities of the Council of Europe. The objectives of the report are to outline legislative and policy changes since 2021 and assist central and local authorities in addressing both recurrent and emerging issues in line with the Charter.

5. The work began with desk research to establish the analytical foundation, followed by a four-day field mission in 2025 and a complementary visit to the northern municipalities in 2026^a (see Annex 4 for the list of interviewed stakeholders) during which the experts, accompanied by Council of Europe staff, met with central and local authorities and representatives of the Association of Kosovo Municipalities (AKM) to verify initial findings and gather additional insights. Although the substance of the report was largely finalised in 2025, its release was rescheduled in light of the evolving political context and consecutive electoral cycles.

^a The 2026 complementary interviews distinguish between two periods: the northern municipalities governed by administrations elected in April 2023 and the period following the return of Kosovo Serb representatives after the October 2025 elections.

II. Summary and recommendations

6. While Kosovo* is not a signatory to the Charter due to its international status, it has proactively embraced the Charter's principles through domestic legislation, being effectively bound by **Article 1** and signalling its commitment to European standards of local self-government.

7. Kosovo* fully meets the requirements of **Article 2** of the Charter by explicitly recognising local self-government in constitutional and legislative texts and by safeguarding local autonomy through strong legal protections. While the normative framework is robust, practical implementation – especially in relation to language use, the northernmost municipalities, local finances and the empowerment of the Capital City – remains an area for further progress. Arrangements for the Capital City are generally adequate but may not be commensurate with the challenges.

8. In line with **Article 3**, the legal framework grants municipalities broad competences and empowers locally elected bodies with genuine responsibilities. While implementation challenges persist – particularly concerning the quality of municipal assembly oversight – the system's foundations provide a solid basis for effective and democratic local governance in line with European standards. Oversight by municipal assemblies has seen some improvements, such as better remuneration and increased opposition engagement, and reduced avoidance by mayors. However, these developments remain insufficient to ensure robust accountability. The northern Kosovo Serb-majority municipalities^b present a distinct challenge within the broader political settlement. Although interventions by the central authorities are generally justified as necessary to ensure legality and the consistent application of the domestic institutional framework, their cumulative effect is increasingly perceived as excessive. Close legal scrutiny, restrictive administrative oversight, and narrow interpretations of municipal authority risk constraining the effective exercise of the extended competences expressly guaranteed to these municipalities by the Constitution and the Law on Local Self-Government (see Chapter V and Appendix 1 for a comprehensive analysis).

9. Strengthening the oversight role of municipal assemblies is essential to enhancing checks and balances. This may entail a revision of their competences and/or of their size.

10. Local government responsibilities meet the Charter's requirement of substantial autonomy under **Article 4**. Local authorities are empowered to develop and implement community-based policies and exercise discretion in areas not explicitly excluded by law, though limited financial resources constrain the full use of their competencies.

11. A trend toward centralisation is increasingly evident. Some measures may be driven by EU directives or efficiency needs, such as environmental management or regional waste systems, and are not strongly opposed by municipalities, although in turn they reduce the scope of self-government. More concerningly, several measures have been adopted without consultation or clear justification, resulting in overlapping competences, funding mismatches, and unclear lines of accountability.

^b Leposavić/Leposaviq, Mitrovica/Mitrovicë North, Zvečan/Zveçan, and Zubin Potok.

12. Consultation mechanisms between central and local levels remain weak. The absence of a mandatory and well-defined process, combined with irregular information flow, political polarisation, and limited consideration of municipal input and feedback, undermines meaningful participation in the planning and decision-making processes and falls short of the Charter's standards under Article 4.6.

13. To strengthen compliance with Article 4, it is essential to establish clear limits on the centralisation of competences, avoiding the use of ordinary legislation to override provisions adopted through double-majority procedures, and to introduce mandatory consultation mechanisms with municipalities. Central authorities should refrain from applying disproportionate legalistic scrutiny and restrictive administrative controls on Kosovo Serb-majority municipalities, which diminish or compromise the extended competences explicitly granted to them by law. This should be accompanied by full financial matching for delegated responsibilities, timely and consistent information sharing, and enhanced transparency in areas of shared competence. Additionally, the role of the AKM should be reinforced through formalised involvement in policymaking and broader participation from municipalities.

14. The legal framework and practice align with **Article 5**, providing constitutional and statutory protection for municipal boundaries. Legislation requires the consent of the assemblies of both municipalities for any boundary changes, but the political climate is tense and not conducive to constructive dialogue. A dispute over the boundary between two municipalities remains unresolved and should be addressed in the future to lower the conflict potential and support more stable intermunicipal relations.

15. While Kosovo* meets the formal requirements of **Article 6**, significant institutional and resource constraints prevent municipalities from fully exercising their organisational autonomy in practice. Reforms in staffing flexibility, fiscal independence, and procurement processes are necessary to translate formal autonomy into effective local self-government. Compliance with Article 6 could increase with greater flexibility in staffing rules to enable competitive hiring for technical roles, increased fiscal independence to support tailored administrative structures, and simplified regulatory oversight from central authorities to reduce administrative burden.

16. Kosovo* generally complies with **Article 7** by ensuring free and fair election of local representatives, improved conditions of office, and progress in gender representation. However, effective implementation is undermined by weak oversight, limited media scrutiny, and low public accountability of local councillors. Persistent challenges include political pressures on candidacy in the northern municipalities, inconsistent municipal assembly oversight, low visibility of local councillors, and reliance on uneven, donor-driven training and support. Achieving full compliance in practice requires strengthening the independence, capacity, and public accountability of local councillors, while ensuring free and fair participation across all municipalities.

17. Overall, the legal framework is broadly compliant with **Article 8** of the Charter, formally limiting supervision to legality – and to expediency only in the case of delegated tasks. The law provides for defined procedures and access to judicial remedies. However, implementation weaknesses – including political interference, financial dependence, and inconsistent supervisory

practice – limit the full realisation of the Charter’s intent. Bridging the gap between law and practice will require greater legal clarity, depoliticisation of oversight, and strengthening of local capacities to support effective self-governance.

18. To strengthen compliance with Article 8, authorities could consider to (a) clarify supervisory mandates and timelines in secondary legislation to ensure consistency and predictability in oversight, (b) institutionalise capacity-building programmes for municipalities, including municipal assemblies, to enhance their administrative and legal competencies, (c) reinforce judicial recourse and encourage municipalities to challenge unlawful interventions, (d) ensure proportionality in supervision of delegated competences, avoiding excessive interference in local affairs, and (e) promote independent oversight by funding municipal assemblies separately from mayoral offices and promoting effective and responsive preliminary consultation.

19. Kosovo* has a sound legal framework aligned with **Article 9**, but fiscal decentralisation remains underdeveloped. Municipalities depend heavily on central transfers lacking genuine financial autonomy and facing the burden of unfunded mandates. Own-source revenues account for only 15% of local budgets, while more than two-thirds comes from conditional and general transfers. Property tax collection remains below 40% of its potential, discouraged by weak enforcement, low rates, and a grant formula that disincentivises local collection efforts.

20. Equalisation mechanisms and transparent grant formulas exist, but they fall short of addressing socio-economic disparities, leaving poorer municipalities unable to bridge the gap. Performance-based grants are available but are administratively burdensome and tend to benefit only stronger municipalities with greater capacity. Weak consultation, limited citizen engagement, and politically influenced allocations further undermine effective local financial autonomy and accountability. Depopulation, central treasury controls, and limited administrative capacity further weaken fiscal adequacy.

21. Municipalities face structural fiscal dependency on central government, weak own-revenue collection, politically influenced project funding, and limited citizen participation. Internal financial controls remain underdeveloped, and municipalities lack the flexibility needed to manage budgets effectively.

22. To strengthen local autonomy, improve service delivery, and align Kosovo* more closely with Article 9 of the Charter, reforms could consider to: (a) enhance municipal own-source revenues by improving property tax collection, (b) treat performance grants as unearmarked grants, or allow conditional flexibility based on sound financial management and administrative maturity, (c) introduce an equalisation criterion based on poverty-sensitive factors, (d) reduce political discretion by channelling municipal project funding through formula-based grants rather than central ministries, (e) address the issue of collective contracts in a manner compliant with the Charter, (f) grant municipalities greater flexibility in staffing and budget allocation, (g) ensure meaningful municipal input in developing central policies, (h) enhance transparency and citizen participation in budget planning and execution, and (i) strengthen financial management and enable responsible municipal borrowing for long-term investments.

23. The legislation on intermunicipal and international co-operation meets, and in some aspects even exceeds, the standards of **Article 10**. However, formal co-operation is rare and cumbersome, as municipalities face bureaucratic and financial barriers that discourage them from using the legal framework effectively. Co-operation is therefore taking place informally, on a low-scale and for a limited duration. International municipal co-operation is limited in its effects, and constrained by Kosovo*'s lack of membership in key organisations.

24. To progress in the area of intermunicipal co-operation, Kosovo* could consider to: (a) simplify procedures and introduce incentives for formal intermunicipal agreements and provide clear guidance on forming joint bodies and managing shared finances, (b) encourage co-operation across ethnic lines in ways that make municipalities interdependable and strengthen mutual trust, and (c) leverage bilateral partnerships and advocate for project-based inclusion of Kosovo municipalities in European associations.

25. Kosovo* fully complies with the formal requirements of **Article 11**, offering municipalities constitutional guarantees and access to judicial remedies, including the Constitutional Court. Recent case law has strengthened protections of local autonomy, with several landmark rulings affirming municipal competences against central government interference. However, practical compliance remains uneven. Municipalities are still often reluctant to litigate due to financial dependency on the central government, limited legal capacity, lack of awareness of procedural rules, and persistent distrust in the efficiency of the judiciary. This cultural and structural reluctance means that while robust protections exist on paper, they are not consistently exercised in practice.

26. To translate constitutional guarantees into effective practice, Kosovo* should strengthen municipal litigation capacity, including by creating a legal support mechanism for municipalities and a stronger role for the AKM. Legal education and professional training on local government law should be expanded for judges, lawyers, and municipal officials. Finally, procedural barriers should be eased by extending deadlines or simplifying constitutional petition processes, encouraging municipalities to defend more actively their autonomy in court.

27. Kosovo* has established a solid legal framework for citizen participation through hearings, consultations, and sub-municipal structures, which is formally in line with the **Additional Protocol** to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207). However, practical implementation is limited and inconsistent: turnout at public hearings is low, citizen input is rarely acted upon, and participation is often driven by donor-funded projects rather than municipal initiative. Sub-municipal units and village councils exist but lack clear mandates, funding, and motivation, resulting in uneven performance across municipalities. Participatory budgeting pilots have shown strong potential to enhance trust and citizen engagement, but their sustainability is undermined by fiscal instability and frequent central government interventions. Overall, while residents have formal rights and channels to participate, these mechanisms are inconsistently applied and not yet fully effective.

28. To strengthen citizen participation, authorities should (a) institutionalise participatory budgeting through legal safeguards, to ensure continuity and legitimacy beyond donor-driven initiatives, and stimulate other participatory and deliberative democracy mechanisms, such as

citizens' assemblies and participatory budgeting, (b) support citizen monitoring mechanisms, and (c) strengthen village councils by providing clear mandates and sustainable funding. Municipalities need to improve outreach to underrepresented groups and create feedback loops so that citizen input visibly influences decisions. Further decentralisation of small-scale decisions and budgets to local councils, schools, and associations would make participation more meaningful and inclusive.

29. Kosovo* has developed one of the most advanced legal frameworks in the region for protecting the rights of **communities and underrepresented groups**. Constitutional guarantees, proportional representation, bilingualism, quotas in public employment, and enhanced competences for Kosovo Serb-majority municipalities all provide a strong basis for interethnic participation in local governance. In practice, however, implementation is uneven. While municipalities such as Štrpce/Shtërpçë and Pejë/Peć show functional power sharing, political tensions between Belgrade and Prishtinë/Priština have eroded Kosovo Serb participation in the north, leading to withdrawals from institutions and low electoral turnout. Other communities – including Kosovo Bosniaks, Kosovo Turks, Kosovo Gorani, Kosovo Roma, Kosovo Ashkali and Kosovo Egyptians – benefit from quotas and linguistic rights, but face persistent obstacles in funding, employment, documentation, and access to services. Municipal mechanisms such as the Committees on Communities and Municipal Offices for Communities and Return (MOCRs) often lack visibility, resources, or political weight, limiting their effectiveness as safeguards.^c Belgrade-run parallel structures in health and education and the unresolved status of the Association/Community of Serb-Majority Municipalities further fragment governance and weaken confidence in institutions. Overall, Kosovo* is in line with the provisions of the Additional Protocol regarding non-majority communities, but substantive alignment is constrained by political tensions, weak municipal mechanisms, decreasing interest and structural inequalities.

30. Kosovo* should strengthen and adequately fund municipal-level mechanisms for community participation, including Committees on Communities and MOCRs, ensuring they have a real policy impact. Bilingual administration and recruitment of multilingual staff must be expanded, with sustained resources for education and cultural promotion of non-majority communities. Municipalities should adopt and meaningfully implement targeted strategies for Kosovo Roma, Kosovo Ashkali and Kosovo Egyptian communities, and ensure equal access to social rights and documentation.

^c Or even the Deputy Mayor for Communities in municipalities where more than 10% of residents belong to non-majority communities.

III. Background and context

31. This study was conducted against a backdrop of **prolonged institutional deadlock** in constituting the Assembly of Kosovo* and forming a new government after the parliamentary elections in February and December 2025 and June 2026, won by the Self-Determination Movement (*Vetëvendosje!*, VV) with 42.30%, 51.10% and 47.13% of the vote, respectively. This political impasse has directly affected local governments which had not approved their budgets within the previous calendar year and had to rely on provisional arrangements based on the previous year's allocations.

32. The territory of Kosovo* is divided into **38 municipalities**, varying widely in both size (from 12 to 630 km²) and population (from 3 000 to 230 000 inhabitants). Until the local elections in autumn 2025, only four municipalities had mayors belonging to VV, the party which won the majority in the 2021 parliamentary elections; after such local elections, the number increased to seven. The excessive electoral competition has polarised governance, making co-ordination across levels difficult, impacting the implementation of coherent local government policies.

The local self-government system

33. Kosovo* has a **two-tier governance system** consisting of the central government and municipalities. The municipal level is the only elected local authority, with **no intermediate regional tier**. While certain functions – such as healthcare co-ordination or education oversight – are organised at a regional level, these regional structures are informal, have no elected bodies, and operate as deconcentrated arms of the central government rather than as autonomous authorities.

34. From the outset, the local government system was designed with a strong commitment to decentralisation and local autonomy, in line with the principles enshrined in the European Charter on Local Self-Government. Significant power-sharing mechanisms were introduced by former Finnish President Martti Ahtisaari in the “Comprehensive Proposal for the Kosovo Status Settlement” (commonly known as the Ahtisaari Plan).³ As part of this proposed status settlement, municipalities were granted extensive competences, including enhanced powers in community rights.

35. Following a strong civil society movement in 2004-2006, Kosovo* introduced **directly elected mayors** for the 2007 local elections while still under the United Nations Interim Administration Mission in Kosovo* (UNMIK) trusteeship. Mayors serve as both the political heads and chief executive officers of their municipalities. Being directly elected has empowered elected mayors with strong local leadership.

36. Below the municipal tier, villages or urban neighbourhoods have no elected councils or statutory competences. While municipalities often **consult with village representatives** or local community leaders, these roles are informal and advisory in nature.

37. In November 2022, a significant political crisis unfolded when Kosovo Serb representatives withdrew *en masse* from municipal institutions in the four northern municipalities

(Mitrovica/Mitrovicë North, Leposavić/Leposaviq, Zubin Potok, and Zvečan/Zveçan). The resignations of mayors necessitated new elections in April 2023, which were also boycotted by the local Kosovo Serb majority. Albeit with an extremely low percentage, Kosovo Albanian mayors were elected and took up duty.

38. Over the past four years, Kosovo* has undertaken a gradual process to strengthen the integration of Kosovo Serb-majority municipalities into its legal and administrative framework, alongside with the closing of Belgrade-run parallel structures. Elements of this process have triggered resistance from segments of the Kosovo Serb community, including protests and the erection of barricades. In one particularly serious incident in 2023, a heavily armed paramilitary group attacked the police in the village of Banjska/Banjskë (Zvečan/Zveçan), killing one police officer, and barricaded in a monastery complex. The Kosovo Police repelled the assault, killing three gunmen and capturing a large cache of weaponry, marking the most serious security escalation in the region in years.

Legal basis and developments since 2021

39. The legal framework for local self-government in Kosovo* is rooted in the Constitution and further detailed in a set of primary laws, which originate from the **Ahtisaari Plan** adopted in 2008. These laws can only be amended with a double majority, i.e. they require a majority vote of all present Assembly of Kosovo* members, as well as a majority vote of present members of the parliament who belong to non-majority community parties.

40. The **Law No. 03/L-040 on Local Self-Government** serves as core legislation enshrining the principles of autonomy, self-governance, and subsidiarity, setting out municipal competences, the structure of local authorities, and their rights and obligations. Since its adoption, the law has **remained unchanged**, reflecting its foundational status and the political consensus around its provisions. Attempts to change it never reached deliberation.

41. Other laws that regulate local government are Law No. 03/L-041 on Administrative Municipal Boundaries (2008), defining the territory and limits of the 38 municipalities; Law No. 03/L-049 on Local Government Finance (2008, amended in 2016) which regulates the revenue sources, fiscal autonomy, and financial equalisation mechanisms of municipalities; Law No. 04/L-010 on Intermunicipal Co-operation (2011) which enables municipalities to co-operate with one another in providing services and implementing joint projects, and establish cross-border or international partnerships, especially important in municipalities where non-majority communities are in numerical majority, as it allows them to use decentralisation arrangements to maintain links and co-operate outside Kosovo*. The Law No. 08/L-103 on the Municipal Performance Management System and the Performance-Based Grant Scheme was enacted in 2022, formalising a grant system that links municipal funding to performance metrics, aiming to incentivise improved local governance and service delivery. Since the first study in 2021, several legislative and policy changes – both directly and indirectly affecting local self-government – have been introduced.

Findings and reception of the 2021 Study

42. The 2021 Study marked the **first assessment of the local self-government system** in Kosovo* in relation to the European Charter of Local Self-Government and European standards. The authorities welcomed this increased engagement by the Congress of Local and Regional Authorities of the Council of Europe.

43. The findings indicated that the **legislation and institutional framework were generally satisfactory** and that **local democracy is functioning relatively well**. The report concluded that municipalities in Kosovo* generally enjoyed a degree of devolution of power and strong governance performance, and they exercised a broad set of own competences with the capacity to manage their own affairs.

44. The 2021 Study was seen as the beginning of a deeper partnership with the Congress, with hopes for even greater support in the future. Its findings were fully endorsed by the Ministry of Local Government Administration (MLGA) and the AKM. The Prime Minister addressed the launch event, reaffirming Kosovo*'s commitment to **further approximate and embed European standards**.

45. Public officials emphasised the importance of using the study as a basis for further improvement and invited the Council of Europe to work closely with the institutions in the coming years to implement the findings, aligned with the priorities of the MLGA. They stressed that **improving democracy at the local level and strengthening interaction between central and local authorities are vital to the consolidation of democracy**. Learning from European experiences and fostering multi-party dialogue were highlighted as essential steps.

Municipal challenges

46. Key challenges reported by municipalities during the Council of Europe field visit on 21–24 July 2025 include:

- a) **Inadequate water supply** even in areas rich with rivers, and difficulties in reaching agreements with neighbouring municipalities for shared use.
- b) **Unreliable electricity supply**, particularly during bad weather, with some municipalities experiencing daily outages.
- c) **High youth unemployment** and migration to major urban centres or abroad.
- d) **Delays in projects**, with lengthy works left incomplete across a long span of time.
- e) **Lack of shelters** for women survivors of domestic violence.
- f) **Staffing limitations** due to low salaries, especially in recruiting architects, civil engineers, inspectors and other profiles also sought out by the private sector.
- g) **Inadequate public transport** between rural and urban areas, as well as from outlying communities to major centres, with services left entirely to the private sector.
- h) **Complex challenges in relations with the central government** including land and property issues (e.g., natural parks within municipal territory), budget and staffing allocations, and difficulties meeting legal obligations.

- i) **Capital city traffic congestion**, with the planned inner ring road seen as a key solution and reporting difficult relations between the local and central government.

47. Three particularly critical challenges are described in greater detail below.

48. **Critical Challenge #1: Collective contracts and their financial impact on municipalities.**

During the electoral campaign of the 2019 parliamentary elections, the central government signed collective labour contracts for teachers and health workers. The amount was never budgeted and the lack of central funding has triggered a cascade of judicial rulings in favour of workers, compelling municipalities to pay not only salaries but also enforcement fees to private bailiffs and legal representatives. Since the contracts were signed, municipalities have paid over €170 million, including approximately €70 million in enforcement-related costs. These payments have drained nearly one third of municipal capital investment budgets, caused the block of bank accounts of some municipalities, and eroded financial stability.

49. The absence of a dedicated budget code for these expenditures further hampers transparent planning and accountability. Misclassification of these payments in financial reports has led to negative audit opinions for 31 municipalities, disqualifying them from receiving merit-based Municipal Performance Grants from the MLGA.

50. Municipal officials and the AKM stress that these contracts were signed without consultation or budgetary provision, constituting an unfunded mandate in violation of Article 9 of the European Charter of Local Self-Government.

51. This fiscal burden has been compounded by additional central government measures – such as legislation during the COVID-19 pandemic requiring municipalities to pay contractors an extra 20% –, which further strained already fragile local finances.

52. **Critical Challenge #2: Small municipalities.** Small municipalities in Kosovo* grapple with a host of infrastructural, financial, and capacity challenges that undermine their ability to deliver essential services. These challenges are particularly pronounced when it comes to maintaining public services, addressing judicial liabilities, ensuring inclusive governance, and responding to demographic decline. In smaller municipalities, political proximity between local councillors and the executive can limit critical scrutiny. The combination of human resource shortages, low-tax base compounded with rigid budget structures, and cumbersome procurement processes, ultimately restricts the capacity of small municipalities to meet the needs of their residents and to fulfil their mandates under the European Charter of Local Self-Government.

53. **Critical Challenge #3: Depopulation and its impact on municipal services.** Many municipalities face serious demographic challenges, marked by population decline and aging communities, particularly in rural areas and municipalities with large territories but low population density. The 2024 population census marked a loss of up to 10% of residents in some municipalities, resulting in reduced allocations from the MLGA-led Municipal Performance Grant.

54. Depopulation creates a vicious cycle: shrinking budgets make it harder to sustain public services, while the deterioration of services can further accelerate outmigration. Large but sparsely populated municipalities struggle to maintain essential services such as education, healthcare, and transport across dispersed settlements with limited financial and human resources and servicing every smaller number of residents.

55. The municipality of Kamenicë/Kamenica illustrates these challenges. Declining student numbers in rural villages threaten the viability of school classes and, in some cases, entire schools. While measures such as merging parallel classes or consolidating schools could improve efficiency, local authorities have been reluctant to implement closures due to social and political sensitivities, including fears of teacher unemployment and community opposition. As a result, no substantial restructuring of underpopulated classes has occurred.

56. Access to early childhood education and care (ages 0–3) is also limited in remote areas. Geographic dispersion and inadequate transport infrastructure hinder children’s attendance, reinforcing gaps in early learning opportunities.

57. Although the Municipal Performance Grant formula considers geographic size, this adjustment is insufficient to keep small schools or remote health facilities operational, due to the high pupil–teacher ratio. Primary healthcare services in sparsely populated areas often face staffing shortages and underfunding, making it difficult to sustain adequate care.

58. Addressing the combined pressures of depopulation, reduced funding, and geographic constraints requires municipalities to reorganise service delivery. However, this demands politically sensitive decisions and innovative solutions to maintain equitable access while avoiding social disruption. In Kamenicë/Kamenica, an education restructuring initiative led to a prolonged legal dispute. After several years of litigation, the ruling affirmed the municipality’s authority to determine education policy at the local level, reinforcing the principle of local self-government.

IV. Implementation of the principles of the Charter

Legal status of the European Charter of Local Self-Government

59. Despite Kosovo*'s non-member status in the Council of Europe, the principles of the Charter have been fully incorporated into its domestic legal framework, through explicit provisions in the Constitution (Article 123.3) and the legislation, especially in the Law on Local Self-Government. Kosovo* has thus voluntarily enshrined the Charter's language and principles, demonstrating a firm commitment to align its local governance structures with the Charter's standards and to comply with the Charter's requirements and implement its provisions in practice.

60. The incorporation of the Charter's provisions into the domestic legislation is thus in line with best practices recommended by the Congress, ensuring that the Charter is not just referenced but is a living part of the legal system and judicial considerations concerning local self-government.

Constitutional and legal foundation

61. Article 2 of the Charter provides that the principle of local self-government should be enshrined in written law. In Kosovo*, the principle of local self-government is firmly enshrined in both the Constitution and a robust body of primary legislation derived from the Ahtisaari Plan, which was integrated into the constitutional framework. The key pieces of legislation regulating local government enjoy special status as "laws of vital interest" (Article 81 of the Constitution), requiring a majority of both the Assembly of Kosovo* and non-majority community representatives for any amendment or repeal, thus providing strong constitutional protection for local autonomy.

62. The Law on Local Self-Government incorporates core elements of the European Charter of Local Self-Government, including democratically elected local authorities, a wide degree of autonomy in responsibilities, and the means to fulfil these responsibilities. Constitutional recognition further strengthens this framework, with local self-government established as a fundamental principle and protected by entrenched majorities for constitutional amendments. Such a framework aligns with the Charter's preference for constitutional safeguards and underscores Kosovo*'s legal commitment to the principles of the Charter.

63. The legal framework for the **Capital City** of Prishtinë/Priština is defined in Law No. 06/L-012 on the Capital City, which grants limited additional powers beyond those of other municipalities, mainly in budgeting, financial management, oversight of public enterprises, and creation of new municipal enterprises. Prishtinë/Priština receives about 4% more than the standard municipal budget, but this is considered insufficient given the capital's size, complexity, and infrastructure needs.

64. Prishtinë/Priština city officials cite political divergence with the central government as a source of "intentional obstacles", including delays or refusals by the Ministry of Finance, Labour and Transfers (MFLT) to provide financial guarantees or approvals. Despite these constraints, the Capital

City engages in pragmatic co-operation with neighbouring municipalities in waste management, public transport, and green space maintenance. However, restricted competences, inadequate budgetary provisions, and alleged political interference hinder Prishtinë/Priština's ability to achieve the "wide degree of autonomy" envisaged by the Charter, particularly relevant for capital cities.

Concept of local self-government

65. In Kosovo*, municipalities are recognised as the fundamental units of local self-government. The Law on Local Self-Government grants municipalities extensive competences in a range of important areas including education, housing and others (detailed in the next section). These are not residual or secondary tasks, but substantial responsibilities exercised under the municipalities' own authority, consistent with Article 3.1 of the Charter. Municipalities are not agents of the central government, and their decision-making powers are genuine and legally protected, with no legislation depriving them of their regulatory authority in a manner contrary to the Charter.

66. Municipal assemblies act as the legislative bodies of local government, adopting policies, approving budgets, and overseeing the executive. Mayors serve as the chief executives and are directly accountable to citizens. This dual structure establishes a clear division of responsibilities between the representative assembly and the executive branch.^d

67. Municipal assemblies generally meet monthly, but their oversight capacity remains uneven. Public awareness about the role of local councillors is often low, and local media coverage of the work of municipal assemblies is limited. Live broadcasts of municipal assembly sessions are mandatory, but journalists rarely engage in investigative reporting and local issues rarely reach main news headlines. The improvement in local councillors' salaries in 2023 through Law No. 08/L-196 on Salaries in the Public Sector is expected to encourage greater engagement.

68. While the normative framework is robust, a few **political challenges** persist in realising Article 3 in practice. The April 2023 local elections in four Kosovo Serb-majority municipalities in northern Kosovo* were boycotted by the *Srpska Lista* party, producing extremely low turnout^e and non-representative outcomes. Secondary legislation for recall referenda was introduced in 2023,⁴ responding to a citizen petition in the four northern municipalities to recall the Kosovo Albanian mayors. The closure of Belgrade-run parallel institutions has resulted in a degree of disruption in service delivery.

69. **Citizen engagement, municipal assembly oversight and local councillor accountability** vary significantly. In some municipalities, assemblies operate with strong debate and mayoral presence (e.g., Prishtinë/Priština), while in others local councillors are less informed or engaged in policymaking. Some municipal assemblies are perceived as subordinated to mayors due to limited independent resources, such as the absence of separate budget lines for assembly work, civil society

^d Under Article 3 of the European Charter of Local Self-Government, the Congress maintains a neutral stance regarding executive models, acknowledging that both directly elected mayors and assembly-elected executives have distinct merits.

^e The turnout in Mitrovica/Mitrovicë North was of 4.62%; in Leposavić/Leposaviq, 1.06%; in Zubin Potok, 5.78%; and in Zvečan/Zveçan, 2.92%.

engagement, and local media outreach. There is a widespread perception, including among local councillors, that the role of the municipal assemblies is limited, although legislation vests them with sufficient powers and control functions. Media scrutiny of municipal assembly decisions is very low.

Scope of local self-government

70. Article 4 lays down the general principles on which the responsibilities of local authorities and the nature of their powers should be based. Kosovo* overall meets the requirements of this provision but faces some persistent challenges.

71. The basic **powers and responsibilities of local authorities** are prescribed by the Constitution and Law on Local Self-Government (first adopted in 2008), granting municipalities wide authority to govern local matters fully and without undue restrictions. This seminal legislation categorises municipal powers into “own”, “delegated” and “enhanced” competences and grants the right to local governments to issue bylaws and regulations and manage local public affairs independently.

72. Municipalities have generally demonstrated a strong degree of independence. The practice of decentralisation has consolidated and services have improved due to enhanced local accountability. This progress has been reinforced by the leadership of directly elected mayors, resulting in improved services and infrastructure over time.

73. In line with the principle of **subsidiarity**, the legal framework recognises that local authorities do not merely implement delegated powers but have responsibility over a substantial share of public affairs. Municipalities possess extensive competences in fields such as urban planning, primary education, social services, public utilities, environmental protection, culture, housing, infrastructure, and local transport. The basic legal framework clearly distinguishes municipal responsibilities from those of central authorities, affirming the autonomy of local governments in managing their affairs.

74. Relations between central and local governments in Kosovo* are affected by **differing interpretations of competences**. While decentralisation is well-enshrined in the legal framework and the “basic powers and responsibilities” of local authorities are clearly set out in law, sectoral legislation, administrative controls, and procedural delays have at times generated uncertainty and tension.

75. Some legislative provisions regulating specific fields remain open to interpretation, creating scope for overlapping competences in some areas, such as forestry or firefighting. This ambiguity can lead to inefficiency, administrative bottlenecks, and blurred accountability, making it less clear to citizens which level of government is responsible for specific services. Complementary action by higher authorities, when required, has not always been conducted in a spirit of partnership, occasionally leaving municipalities feeling relegated to an implementing role.

76. Mayors reported that these uncertainties have, in some cases, contributed to political polarisation and operational disputes. Examples cited include ministries declining municipal initiatives or municipalities withholding support for central projects. Disagreements have also arisen over administrative actions, such as halting works based on draft regulations not yet in force, or ceremonial events conducted without prior municipal engagement.

77. Overlapping responsibilities can place local autonomy under pressure, especially where the central government holds greater technical capacity or financial resources. While some temporary transfers of functions for reasons of efficiency have been accepted by municipalities, the absence of transparent consultation and joint assessment remains a concern.

78. Municipalities retain considerable discretion in certain delegated powers. They manage recruitment in primary education and healthcare within central budgetary limits, and exercise broad authority in areas not explicitly excluded from their competence. Nonetheless, instances occur where central bodies, such as environmental inspectorates, assert authority over municipal domains. In one example, a mayor's request to administer the ban on smoking in public places was declined on the grounds that it fell outside municipal competence.

79. Overall, while the legal framework provides a robust basis for decentralisation and the autonomy is well enshrined in legislation, a consistent and co-operative interpretation of competences – grounded in clarity, transparency, and partnership – remains essential to ensuring effective governance and the spirit of the European Charter of Local Self-Government.

80. Ultimately, the effectiveness of local self-government is judged by service delivery. Despite having legal competences, the quality and efficiency of **municipal service provision** in Kosovo* require substantial improvement. International development partners recognise that the current municipal service provision is insufficient,⁵ highlighting the gap between *de jure* competencies and *de facto* capacity and performance. Several competences originally allocated to municipalities have been centralised, shared, or subject to strong central oversight, raising questions about compliance with the principle of subsidiarity. Several **clusters of competences** have been affected by such trend:

- a) Property, cadastre, and land management: Previously delegated permanently to municipalities (Article 18.1a of the Law on Local Self-Government), the cadastre has been recentralised, reducing local control over land registration and property records. More worryingly, it has happened essentially through ordinary legislation, *de facto* circumventing the special procedure provided for amending the said law. The changed legal framework has increased central oversight of municipal land management, affecting local development planning. Significant areas, especially within national parks, now fall under control of central agencies (e.g., the Kosovo Forestry Agency), limiting municipal spatial planning authority. These changes limit local discretion over land management, which is traditionally a core local competence.
- b) Forestry, firefighters and environmental management: Functions in these areas were initially decentralised, but without corresponding budget allocation. Municipalities

could not operate effectively, for instance because forest guards were unarmed and underfunded. Competence has since been recentralised under the Kosovo Forestry Agency, while municipalities retain certain obligations related to the national parks without decision-making authority. The Agency for Emergency Management has centralised the recruitment of firefighters and some operational control, leaving municipalities with partial responsibility but limited autonomy. Dual funding and split authority create inefficiency and accountability gaps, weakening the proximity principle.

- c) Labour, market and sanitary inspectors: Responsibility over market, labour and sanitary inspectors shifted from municipalities to the central level. The removal of local inspectors reduces the municipalities' ability to enforce local market standards and to respond to community-level issues. This is an instance where most interlocutors accepted that they have limited resources and for this reason did not oppose the central government taking over.
- d) Public utilities and waste management: Operational responsibility for water supply lies with regional water companies, which are publicly owned enterprises under Law No.03/L-087 on Publicly Owned Enterprises. In practice, municipalities maintain rural water systems and are in charge of the distribution within towns, while central or regional entities manage urban supply and water factories. The governance boards of supply companies are appointed by the central government. Municipalities have competence for waste collection, but disposal sites (dumpsites) are centrally managed. Regional waste companies dominate, with uneven permission for municipalities to operate their own services. Sewage treatment and public works show similar shared competence models, with strong central influence over key infrastructure decisions. While efficiency may justify some regionalisation, inconsistent application and lack of municipal choice undermine subsidiarity.
- e) Social services: Although municipally funded in part, reporting lines and control often run to the Ministry of Justice or other central bodies. Capacity levels differ greatly across municipalities, creating disparities in service provision.
- f) Enhanced competences in non-majority municipalities: While the constitutional framework explicitly provisions extended powers for Kosovo Serb-majority municipalities in healthcare, education, and cultural affairs, these special devolution arrangements have faced expanding regulatory containment. Stringent legalistic requirements and invasive central monitoring have limited the operational discretion of these local authorities, eroding the distinct boundaries of self-government intended by the original legislative framework. The three clusters of services are still discharged by Belgrade-run parallel institutions run and their integration into the domestic framework is dependent on political dynamics.

81. **Recruitment restrictions**, such as central hiring freezes or approvals, limit municipal ability to adapt staffing to community needs (e.g., school psychologists, healthcare professionals, etc.). Most recently, Government Regulation No.07/2025 on the Procedure for admission to civil service

centralised local recruitment mechanisms, prompting the Board of the AKM to refer the regulation to the Constitutional Court to assess its constitutionality regarding local self-government autonomy.⁶ Such central constraints and fragmentation of authority impair service delivery responsiveness.

82. Municipalities enjoy a degree of autonomy in allocating their funds, and assessments by the Support for Improvement in Governance and Management (SIGMA) Programme^f consider that legislative guarantees for fiscal autonomy of local governments are secured in the legislation.⁷ However, **fiscal decentralisation** remains underdeveloped and, in reality, municipalities face substantial restrictions on both fiscal and operational autonomy due to regulatory constraints and insufficient resources. These limitations significantly hinder their ability to exercise meaningful decision-making authority.

83. Kosovo's current arrangements fall short of the European Charter of Local Self-Government's requirement under Article 9 that local authorities must have access to adequate financial resources of their own, which they may freely dispose of within the framework of their powers. A World Bank assessment notes that without stronger fiscal capacity, municipalities are unable to sustainably deliver the level of public services expected of them.⁸

84. Several developments illustrate the erosion of fiscal autonomy. Amendments⁹ to Law No.06/L-005 on Immovable Property Tax in 2023 were adopted without meaningful municipal consultation. Progressive rates and administrative changes reduced incentives for local collection, while ministerial powers to forgive property tax liabilities created risks of political interference. Budget carry-over restrictions prevent municipalities from planning and executing multi-year capital investments effectively. Treasury controls have raised concerns about central misuse of authority to delay, reallocate, or withhold municipal funds.

85. Some **positive steps have been taken**, such as the adoption of the Administrative Instruction (MLGA) No.04/2023 on Open Administration in Municipalities, which institutionalised citizen engagement in local budget planning. This measure partly devolves municipal authority over a small portion of spending to the grassroots level. However, the overall trend has leaned towards tightening rather than loosening central control over municipal finances.

86. In terms of **consultation mechanisms between the central and local levels**, the legal framework provides for municipal participation in policymaking, but it does not establish a formal or mandatory mechanism for engagement between central and local levels. Ministries occasionally invite municipalities to working groups or seek input through public consultations, but these processes are largely ad hoc and depend on ministerial initiative.

87. In practice, consultation is often unsatisfactory. Many laws have been adopted under expedited procedures, bypassing meaningful engagement with municipalities. Local authorities report receiving insufficient or delayed information on policies directly affecting them, limiting their ability to influence outcomes before decisions are finalised. Political polarisation and competition

^f A joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the EU.

between central and municipal leaders, especially from opposing parties, further undermine constructive dialogue.

88. The implementation of public consultations is inconsistent, and the process often remains formalistic rather than substantive. Municipalities rarely use the available channels to shape central policies, and there is no structured forum for harmonising central and local positions. This has fostered frustration at the municipal level, with some officials losing interest in participating as their input is seldom reflected in final decisions.

89. Oversight mechanisms exist in principle, such as parliamentary working groups and consultation platforms co-ordinated by the AKM. However, municipal engagement is minimal. Public consultations often generate little substantive input, with municipal comments either absent or disregarded. The European Commission has explicitly criticised the lack of meaningful engagement.¹⁰ For instance, during the drafting of Law No.08/L-219 on amending and supplementing the Law No.04/L-054 on the status and rights of martyrs, invalids, veterans, members of the Kosovo Liberation Army, sexual violence victims of the war, civilian victims and their families, municipalities were invited but provided no feedback. Similarly, the government's Strategy for the Protection and Promotion of the Rights of Communities and their Members 2023–2027 was developed with only limited consultation, despite assigning significant responsibilities to municipalities.

90. The **AKM and its collegia** serve as key platforms for co-ordination, peer learning, and collective advocacy. Government legislative plans and strategies are shared with municipal leaders at the start of the year, and local representatives participate in inter-ministerial working groups. Draft laws and regulations are discussed in specialised collegia before finalisation, enabling professional input from municipalities. However, political interference, inconsistent follow-up, and a lack of commitment by the government have limited the impact of the AKM's recommendations. Reduced donor support has also weakened its capacity.

Protection of local authority boundaries

91. Article 5 of the Charter is concerned with the procedural guarantees to be applied in case of changes of municipal boundaries. The provision requires that in such cases appropriate prior consultation with the concerned authorities and their residents is carried out, that it is of a binding nature and that it is effective (i.e. the consultation should be able to bring changes to the original proposal). Article 5 is therefore a specification of the principle of consultation in the specific context of changes to local authority boundaries.

92. Kosovo* has established a formal legal framework to protect municipal boundaries. Article 123 of the Constitution further guarantees local self-government and emphasises that municipal activity must respect the principles of the European Charter on Local Self-Government, and Article 124 adds boundary protection. The Law No. 03/L-041 on Administrative Municipal Boundaries (as amended by Law No. 03/L-089) clearly defines municipal borders and provides the legal basis for

reviewing any proposed alterations. Changing municipal boundaries requires the consent of the municipal assemblies of all affected municipalities.

93. Since the conclusion of the decentralisation process 15 years ago, no official changes to municipal boundaries have occurred, and Kosovo* remains compliant with Article 5. Apart from the dispute over the boundary between Mitrovicë/Mitrovica South and the newly established Mitrovica/Mitrovicë North, no initiatives have been undertaken to modify municipal borders.

94. The dispute over boundaries between the above-mentioned municipalities stems from the unresolved division of the city into a predominantly Kosovo Serb north and Kosovo Albanian south. Following the 1999 conflict, the Ibër/Ibar river became a de facto line of separation, with decentralisation later formalising it as two municipalities: Mitrovicë/Mitrovica South with Kosovo Albanian majority, and Mitrovica/Mitrovicë North with Kosovo Serb majority, although the city used to be mixed before the conflict. The exact demarcation of these municipal boundaries has remained politically charged in Brussels-facilitated talks. Sensitivities are magnified by the city's demographics and the symbolism of partition.

95. Overall, the legal framework aligns broadly with Article 5 of the European Charter on Local Self-Government, offering constitutional and statutory protection for municipal boundaries. However, the absence of formalised consultation mechanisms and the political management of local governance in non-Albanian majority areas reveal practical vulnerabilities. Strengthening inclusive, multi-stakeholder consultation processes and ensuring consistent application of boundary protections are essential to fully meet the Charter's requirements.

Appropriate administrative structures and resources

96. Article 6 of the Charter is concerned with the way in which administrative services are organised (para. 1) and requires, for the efficiency and effectiveness of a local authority, that it is able to recruit and maintain a staff whose quality corresponds to the authority's responsibilities (para. 2).

97. The legislation in Kosovo* grants municipalities substantial autonomy in shaping their internal administrative structure. Article 66 of the Law on Local Self-Government empowers municipalities to establish their own directorates, each managed by a director appointed by the mayor, and regulate internal operations within broad statutory guidelines. The Law No. 08/L-197 on Public Officials standardises the rights, duties, and remuneration of all municipal employees, including mayors, ensuring consistency across municipalities. Notably, salaries are set by law and are not subject to local negotiation.

98. Mayors propose the organisational structure, which is then adopted by the municipal assembly and reviewed by the MLGA for legality. Municipalities may establish independent local companies, form sub-municipal units, and engage in intermunicipal agreements, reinforcing their

autonomy. While sectoral laws require the existence of certain directorates⁹ and the establishment of two permanent committees (i.e., the Committee on Policy and Finance, and the Committee on Communities) is mandated under the Law on Local Self-Government, municipalities have discretion to shape the rest of the administration as needed. These provisions reflect full compliance with Article 6, requiring that local authorities be able to “determine their own internal administrative structures” to adapt to local needs.

99. Recent reforms and initiatives have sought to strengthen municipal administration. A donor-funded initiative was institutionalised with the Law No.08/L-103 on the Municipal Performance Management and the Performance-Based Grant Scheme, introducing in 2022 a mandatory municipal performance system linking funding to results. Supported by the Council of Europe, the European Label of Governance Excellence (ELoGE) was also introduced in 2022 as a self-assessment tool to help a local authority identify areas for improvement in the local administration and in the implementation of policies. Platforms such as *e-Kosova* and *e-Komunat* aim to enhance digital service delivery and transparency. In 2023, secondary legislation introduced participatory budgeting, another donor-funded initiative.^h Despite these efforts, smaller municipalities often lack the qualified personnel and technical resources to fully benefit from such initiatives. Local governments have long benefitted from various donors which have long provided vital assistance in technical capacity building, but this support has been decreasing rapidly (see Appendix 3).

100. A range of **constraints** undermine municipal autonomy. Municipalities are financially dependent on the central level, as their budgets rely heavily on central transfers. Small municipalities often receive capital investment budgets of only €90 000, much of which is pre-allocated to central-local joint projects and essential maintenance, leaving little flexibility.

101. Staffing constraints, both in terms of numbers and qualifications, also hinder service delivery. The Law No.08/L-196 on Salaries in the Public Sector enforces a unified and mandatory salary system across Kosovo*, leaving municipalities no discretion over staff compensation. This severely limits the ability of municipalities to attract qualified staff.

102. Human resource capacity is hamstrung by non-competitive salaries for some professions which are significantly better paid in the private sector, resulting with under-staffing for architects, engineers, urban planners, construction inspectors, surveyors or lawyers. The Ministry of Finance, Labour and Transfers imposes ceiling limits on staffing, requiring cuts in existing posts to create new positions. If unable to recruit, municipalities are able to purchase services for urban planning, architecture, or legal defence, through open tender, and some are making increasing use of this opportunity.

⁹ While municipalities have a high degree of organisational autonomy to structure their own internal administration based on local needs, population size, and financial resources, they must possess the administrative capacity to execute their legally mandated own, delegated, and enhanced competencies. Consequently, central sector-specific legislation effectively requires the functional existence of certain directorates, such as education (stemming from Law No. 03/L-068 on Education in the municipalities), finance (to address central financial reporting constraints and public procurement legislation), or public services (to cater to operational necessities of every local authority).

^h Specifically, Article 33 of the Administrative Instruction (MLGA) No. 04/2023 on Open administration in municipalities introduced participatory budgeting as a more structured, active mechanism of citizen engagement (compared to public budget hearings). Programmes like the USAID Social Contract Activity and the Decentralisation and Municipal Support (DEMOS) Project (co-financed by the European Union, Switzerland, and Sweden) have actively supported the implementation of this administrative instruction.

103. Some municipalities are confident that they would have better results with fewer staff but better paid, although not all share this view. While SIGMA recommends that mid-level management posts should be permanent,¹¹ recent legislation foresees 4+4-year contracts, which increases competition but reduces job security and institutional continuity.

104. A recurrent challenge in local governance in Kosovo* is that **processes and institutional performance often depend heavily on individuals** rather than being embedded in robust systems. When key officials leave office, established practices can weaken or disappear. The enshrinement of key mechanisms – such as the Municipal Performance Management System (MPMS) – into law is an important step toward ensuring institutional sustainability and reducing overreliance on individual officeholders.

105. Nepotism and cronyism reportedly persist, undermining professional standards and leading to ineffective oversight, delayed project implementation, and poor public accountability. Municipal civil servants face no rewards for exceptional performance, or consequences for underperformance. Without an administrative culture of objective evaluation and a system which rewards performance, it is difficult to improve service quality, and leadership is often the decisive factor in driving results.

106. **Training opportunities** exist but remain limited and uneven. The Kosovo Institute for Public Administration (KIPA) and the MLGA provide some training, but its quality has not improved over time. The AKM offers demand-driven training based on requests from municipal collegia, including post-election orientations for municipal assembly members. Generally, training does not count for career development, and this often leads to passive attendance of the activities. Much of the training provided by the AKM is donor-funded and could be reduced or end without it.

107. Overall, the legal framework is largely compliant with Article 6.1 of the Charter, granting municipalities formal autonomy to organise internally and manage administrative structures in response to local needs. Compliance is more limited with regard to Article 6.2, as in reality municipalities are not able to recruit and maintain a staff whose quality corresponds to their responsibilities. Practical implementation is constrained by: (a) heavy financial dependence on central government; (b) rigid HR rules and salary caps that deter qualified professionals; (c) persistent politicisation and limited merit-based recruitment, and; (d) weak training systems and overreliance on donor-funded programmes.

Conditions of office of local elected representatives

108. Article 7 aims at ensuring that elected representatives are not prevented by the action of a third party from carrying out their functions, are adequately compensated, and that any incompatibilities with their office should be laid down clearly in the law.

109. The domestic legal framework broadly complies with Article 7 of the Charter. Any eligible citizen may run for mayor or for a seat in the municipal assembly, and elections are conducted by secret ballot, with no undue restrictions on candidacy. The most recent regular local elections took place in the autumn of 2025, with 17 municipalities electing a mayor in the first round on 12 October

2025. The election observation delegation deployed by the Congress of Local and Regional Authorities of the Council of Europe found that the elections were calm and professional. It however highlighted certain challenges, including the misuse of administrative resources in the election campaign, increasing politicisation of the Central Election Commission, low women and non-majority community representation, and poor accessibility of polling stations.¹²

110. Municipal assemblies are recognised as the legislative bodies at the local level, empowered to adopt policies, approve budgets, and oversee the executive. Most assemblies meet just once per month (as per the minimum legal requirement), with sessions lasting from a few hours to few days, allowing municipal assembly members to combine the role with other employments. Article 43.2 of the Law on Local Self-Government provides for a minimum number of sessions (at least 10 sessions per year, five of which should take place during the first six months of the year). The legislation does not prevent from holding more sessions.

111. The role of municipal assembly members to exercise oversight varies considerably. In many municipalities, assemblies rarely challenge the mayor, and in smaller towns, close personal ties between municipal assembly members and the mayor often limit critical scrutiny. Overall, the control of municipal assemblies over the mayors is weak, contributing to maintaining the balance of local power in favour of the mayor.

112. Despite the meetings of the municipal assembly being live-streamed, media outlets are not very interested and few citizens know municipal assembly members or who stands behind particular decisions. Civil society and local media face resource constraints, reducing their watchdog capacity.

113. **Remuneration** is determined at the national level, without adjustments based on the size or complexity of individual municipalities. As a result, salaries may be relatively generous in small municipalities but insufficient to match responsibilities in larger cities, particularly where higher technical and administrative capacity is required or where public officials must confront entrenched interests (e.g., construction inspections). Recent legislation has increased remuneration for all municipal assembly members and other elected officials, which made public service more attractive. It was already evinced in the profiles of individuals running in the 2025 local elections.

114. The 2025 elections showed mixed progress regarding **gender representation**. While women accounted for 37% of the candidates for municipal assemblies – ensuring compliance with the 30% legal minimum quotaⁱ – they faced persistent barriers in executive races. Women remained severely underrepresented as mayoral candidates, making up just 20 out of 205 nominees. This imbalance resulted in even lower executive representation, with only one woman successfully elected to a mayoral position out of 38 municipalities (while two were elected in the previous elections). At municipal assembly level, 338 women were elected, accounting for 36% of the local elected representatives (as in the 2021 elections). Furthermore, women continue to be over-represented in

ⁱ The legal framework contains two conflicting standards for gender representation, creating a major loophole in implementation: the electoral laws mandate a 30% gender quota, while the Law No. 05/L-020 on Gender Equality mandates 50% gender parity across all legislative, executive, judicial, and public institutions. In practice, political parties and electoral management bodies routinely prioritize the lower 30% electoral law quota.

the health and education sectors yet underrepresented in broader municipal administration, especially in senior decision-making positions.

115. The participation of women in local governance has improved over time but remains uneven. In earlier years, it was very difficult for women to run for municipal assemblies, and gender representation was especially low in rural municipalities, but the trend has improved. In Dragash/Dragaš, for example, although no woman has ever held the position of mayor, women now occupy positions such as Director for Culture, Youth and Sports, Director of Protection, Rescue, and Public Services, and Deputy Director of the Main Family Health Centre (the latter being from the Gorani community). There are over 100 female teachers, yet only five women in administration. At the municipal assembly, eight women currently serve (out of 21 seats). Increased representation has led to more gender-friendly decisions; for instance, the municipality now provides €500 in support to every woman affected by breast cancer.

116. Interlocutors report that women now make up more than 45% of municipal employees throughout Kosovo* given their high share in health and education. Challenges persist in the administration, and especially at the leadership level, where representation remains disproportionately low. While municipalities generally comply, there is a tendency to fulfil quotas by hiring into less influential positions.

117. The legal framework supporting representation of women and non-majority communities is in place, but practice remains uneven. Gender equality mechanisms at the municipal level lack uniformity. In some municipalities these operate as dedicated offices, in others as individual officers, and in some cases one person performs different roles. This fragmentation weakens municipalities' ability to consistently address gender equality and disability inclusion.

118. As regards **underrepresented groups**, efforts are increasing to involve youth and non-majority communities in local governance, and municipal assemblies generally reflect multi-party and multi-community representation, with languages of non-majority communities officially recognised in larger municipalities. Similarly, implementation of the Law No. 03/L-019 on Vocational ability, rehabilitation and employment of people with disabilities (which requires institutions with more than 50 employees to hire at least one person with disabilities) is inconsistent. Only nine municipalities have drafted a local action plan to implement the Strategy for Advancing the Rights of the Kosovo Roma and Kosovo Ashkali Communities (2022–2026).¹³

Administrative supervision

119. Article 8 deals with supervision of local authorities' activities by other levels of government. Supervision as intended by the Charter means "any form of intervention in the decision-making process of a local entity by which a higher administrative level explicitly or tacitly approves, clears, agrees, suspends or annuls a proposal or a final decision, rule or plan approved by a local entity. Examples of such supervision are, inter alia, reporting the decisions of local authorities to the supervising authority, requirements to obtain prior authorisation to act, confirmations for decisions to take effect, the power to annul a local authority's decision, accounting controls, etc."¹⁴

120. The MLGA is the primary central institution overseeing local self-government in Kosovo*. Its mandate includes: (a) policy regulation and harmonisation, (b) promotion of efficiency through the Municipal Performance Management System, (c) administrative supervision of municipal acts for legality, and (d) capacity building and advisory support to municipalities.

121. The Law on Local Self-Government and Article 123 of the Constitution integrate the Charter into domestic law, guaranteeing municipal rights to own and delegated competencies, and they restrict administrative review to legally prescribed procedures. The Law No.08/L-284 on the Administrative review of municipal acts, introduced in 2024, established formal oversight of municipal decisions. The procedures for the review of legality are defined in the Government's Regulation No.03/2026 on the Administrative review of the municipal acts, approved on 20 February 2026.

122. Administrative supervision operates in two dimensions: (a) legality supervision, carried out by the MLGA, and (b) expediency supervision, which is performed by relevant line ministries over delegated competencies. These mechanisms are grounded in constitutional and legal principles that prioritise municipal autonomy while safeguarding legality and accountability.

123. General acts adopted by the municipal assemblies, decisions concerning the participation in and activities of co-operative partnerships, and acts adopted in the context of the implementation of delegated competencies must be submitted to MLGA within seven days. The MLGA then has 30 days to review legality (Articles 80 to 84 of the Law on Local Self-Government). If the MLGA identifies a violation of the Constitution or applicable laws, it may request corrections, annul acts, or refer matters to courts. Before adopting an act, the mayor or the municipal assembly can request preliminary consultation with the Ministry, which is obliged to respond within 30 days; however, some municipalities reported that such requests often remain unaddressed.

124. The MLGA reviews thousands of municipal acts annually (around 2 000 as reported by the MLGA). In about 10% of the cases, the acts are rejected and normally amended by the involved municipalities. Only if municipalities do not redress the acts, these are challenged in courts. Reportedly, this happens mostly for acts affecting spatial planning. The MLGA does not have the injunctive power to suspend a local decision until a lawsuit is adjudicated by the courts, or a judicial injunction is issued. The above-mentioned 2024 Law on the Administrative review of municipal acts and its primary implementing sub-legal act (Regulation No.03/2026) further limits the number of acts subject to control, as it narrows central government's mandatory and regular legality reviews on normative acts, excluding individual decisions from review.

125. While the legislative framework provides municipalities with significant formal autonomy, **budgetary approvals** and **staffing controls** by the central government can limit the effective exercise of financial autonomy and resource management.

126. Mayors and municipal assemblies report that the **MLGA occasionally exceeds its legal remit**, returning decisions as illegal without sufficient grounds or imposing unnecessary conditions. Allegations exist of **politically motivated interference**, especially during election periods. Budget and staffing controls are perceived as tools for central influence. In delegated matters, such as

education or health, line ministries assess appropriateness and efficiency, and sometimes intervene late or retroactively, creating uncertainty.

127. There is a need to review the legislative framework to clarify the powers exercised by central and local authorities, especially in relation to the provision of public services. Political and administrative changes at the municipal level often depend on the actions of the central government, which can undermine the autonomy of local governments. Additionally, the absence of dedicated budget lines for municipal assemblies, civil society, and local media can make these entities dependent on the mayor, potentially weakening their oversight role.

128. Heightened **political polarisation**, especially in election years like 2025 and 2026, has intensified perceptions of central interference. Municipalities report that, although the MLGA generally exercises its supervisory role legally, concerns persist that financial mechanisms are sometimes leveraged to influence local decisions rather than address legality alone. Relations between municipalities and the central government vary. In some communities, such as Shtërpçë/Štrpce, municipal officials report minimal co-operation, particularly around infrastructure and delegated tasks, leading to operational frictions and blurred responsibilities. In the northern Kosovo Serb-majority municipalities, this dynamic is further strained by a fundamental divergence in political perspective: central authorities view stringent administrative audits and strict legal reviews as a sovereign obligation to ensure institutional uniformity and transparency. Conversely, local municipal leadership views this rigorous micro-management as an intentional legalistic bottleneck designed to restrict their operational discretion and hollow out their statutory autonomy, leading to operational frictions.

129. The sometimes-tense relations between municipalities and the MLGA also affect the effectiveness of supervision. The MLGA has been accused of politically motivated interference, returning municipal decisions as illegal or setting unnecessary conditions for projects. Mayors often perceive inspections as politically driven, undermining mutual trust. Acts for which requests for consultation were not answered ended up in rejections as illegal. Recently, decisions were often communicated by regular mail instead of e-mail, which mayors suspected was intended to slow down and aggravate the process of supervision, and for the government to assert authority.

130. In practice, there are three main implementation gaps: (a) perceptions of politicised supervision undermine trust, (b) occasional retroactive interventions breach the proportionality principle, (c) weak local oversight structures exacerbate central dominance. Judicial protection exists but is underused, as municipalities rarely challenge MLGA decisions in court. This is further discussed in sub-section “Legal protection of local self-government” below in reference to Article 11 of the Charter.

131. The MLGA is not considered a high-profile ministry within major political parties, potentially limiting its reform-driving capacity. Political polarisation has intensified the perception of central interference. In some municipalities, poor co-operation hampers effective service delivery.

132. The MLGA also provides annual needs-based training in co-operation with KIPA and offers legal and procedural advice to municipalities. However, such assistance is unevenly distributed and not institutionalised.

Financial resources of local authorities

133. Article 9 of the Charter is based on the premise that granting legal authority to local authorities is ineffective if they lack the financial resources to exercise those powers. Accordingly, it sets out essential provisions to ensure that local authorities are allocated sufficient financial resources and retain discretion over their use, within the boundaries of the law. The right to “adequate” resources is not absolute and must be exercised within the constraints of national economic policy.

134. The domestic legislation broadly reflects the principles of Article 9, guaranteeing that local authorities have adequate financial resources of their own, proportionate to the competences they are assigned. Municipalities have the legal right to generate and manage their own resources, with budgets prepared locally and approved by the parliament. While there is no preventive oversight of local budgets, they must comply with public finance and budgetary regulations when incorporated into the annual central budget.

135. However, genuine fiscal decentralisation remains limited compared to the legal recognition of local competences. Local finances are still insufficient, lack diversification, and rely heavily on central government transfers. Financing remains centralised, own-source revenues are low, and the degree of local discretion could be significantly improved.

136. While municipalities enjoy a degree of autonomy in certain domains, fiscal decentralisation remains significantly underdeveloped. The international Local Autonomy Index 2020 rates Kosovo’s local autonomy at a medium level, with a total score of 18 out of 37.¹⁵ However, critics argue that this perception masks substantial limitations in both fiscal and operational autonomy. On paper, municipalities have the authority to allocate their funds independently. In practice, however, a combination of regulatory constraints and insufficient financial resources severely limits their capacity for meaningful decision making.

137. Article 24 of the Law on Local Self-Government stipulates that the municipal budget shall consist of own-source revenues, grants from the government, donations, and other revenues. It also specifies that the rules governing financing and budgeting are set out in the Law on Local Government Finance.

138. Under this law, municipalities primarily receive budget allocations through central government grants and may generate revenue from sources such as service fees and property taxes. According to the most recent *Review of Local Government Finances in Kosovo*¹⁶ developed by Helvetas, specific grants account for an average 50% of municipal budgets, while the general grant represents approximately one-third of total revenues. In contrast, own-source revenues contribute only 15-17%, underscoring the municipalities’ financial dependence on central transfers. This

dependency is among the reasons that discourage municipalities from openly challenging central policies. Even officials within the Ministry of Finance, Labour and Transfers have acknowledged that full fiscal autonomy remains elusive, despite the absence of overt interference claims.

139. The Law on Local Self-Government defines three **sources of municipal budget revenue**: grants, own-source revenues, and other income streams, particularly those related to capital investments. It is important to note that Kosovo Serb-majority municipalities with enhanced competences operate under a distinct funding framework. These municipalities are authorised to provide services such as secondary healthcare, which includes responsibilities for registering and licensing health care institutions as well as paying salaries for associated personnel.

140. The primary source of municipal financing is government **grants**, which account for approximately 75-85% of municipal budgets. These intergovernmental transfers are divided into two major types: the general grant and specific grants, both designed to support the provision of standard (average or minimum) levels of public services.

141. The annual funding for municipalities is determined through the central budget law. The **general grant** is calculated as a percentage of public revenues and represents a guaranteed share of national expenditure, typically around 10% of the total central budget, supplemented by additional grants for education and health. The allocation formula considers population size, geographic area, and minority community representation, with population being the dominant criterion, accounting for nearly 90% of the distribution. This grant is unconditional, allowing municipalities discretion in spending across their legally assigned competencies. It serves as a predictable core funding stream for daily operations and local service delivery. However, all spending must comply with Kosovo's public financial management rules and is subject to audit by the Audit Office.

142. In addition to the general grant, municipalities receive **conditional (earmarked) grants** for specific delegated sectors such as education, health, and social services. These are typically calculated based on quantitative criteria, such as the number of pupils for education grants. Specific and block grants, especially for education and for health, partly also for social services, make up 54% of the total municipal transfers, significantly constraining municipal financial autonomy in practice.

143. The municipality of **Prishtinë/Priština** receives an additional grant amounting to at least 6% of the general grant, reflecting its broader responsibilities in areas such as healthcare and service delivery.

144. To promote efficiency, the **Municipal Performance Grant** (MPG) was introduced in 2019, managed by the MLGA and partially funded by donors. Grant allocation is based on three performance indicators: democratic governance; municipal management, and service provision. To qualify, municipalities must meet four criteria: (a) submit data via the Electronic Municipal Performance Management System, regulated by a MLGA administrative instruction, (b) operate

legally, (c) receive an unmodified audit opinion,¹ and (d) have spent at least 75% of their capital investment budget.

145. In 2025, €8 million was distributed to 14 municipalities for 60 projects. However, due to budgetary repercussions from collective contracts, only seven municipalities are expected to meet the audit criterion next year, and just five will be eligible to compete for the MPG. The criteria are reported to be administratively burdensome, particularly for municipalities with limited capacity. Some municipalities have reported delays and obstacles in accessing funds, compounded by mutual distrust between local governments and the MLGA.

146. While the distribution criteria for all the grants (general, earmarked and performance-based) are competitive and transparent, thus aligned with Article 9.7 of the European Charter of Local Self-Government, they also provide the MFLT with leverage to influence municipal spending priorities.

147. The law grants municipalities the authority to generate significant **own-source revenues**. There are various types of own-source revenues, but two dominate: property tax (33% of total own revenues) and construction fees (30%). Other sources – such as contributions to municipal services, waste collection charges, vehicle registration fees, and tourism taxes – play a comparatively minor role.

148. Property tax collection remains weak, generally below 40% of the potential revenue, which further undermines the potential for more robust own-source revenue generation. This issue is particularly pronounced in smaller municipalities, where the tax base is lower, and administrative capacity and enforcement mechanisms are limited.

149. Several factors contribute to the low collection rates. Among them, some populist considerations, where local leaders avoid enforcing unpopular taxes, and the lack of financial incentives, stemming from the design of the general grant formula. Since property tax and other own revenues are excluded from the calculation, municipalities paradoxically receive less funding from the central government when they collect more local taxes.

150. Although property tax rates are set locally within a range defined by law, most municipalities opt for the lowest bracket. Compounding this issue, property value zones are determined centrally, leaving municipalities with no authority to classify areas for taxation purposes. In 2022, the central government reassessed property tax bases without consulting municipalities, leading to tensions and resistance to enforcement. The reassessment raised the value of properties and would have brought more income to municipalities, but paradoxically and possibly due to the polarised political relations, municipalities were not in favour.

151. Recent attempts by the central government to reclaim unspent municipal funds were overturned by the Constitutional Court. Nevertheless, by the time restitution occurred, it was too late for municipalities to utilise the funds effectively.

¹ An “unmodified audit opinion” is the highest and most positive financial rating a municipality can receive from the Kosovo Audit Office. It means that the Auditor General has concluded that the municipality’s annual financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

152. It is important to recall that Article 9.3 of the Charter requires that a proportion of local revenues should come from local taxes, and that local authorities must be able to determine the applicable rates. In Kosovo*, this requirement is only partially fulfilled.

153. **Capital investments** in municipalities are financed through a combination of various grants and municipal own-source revenues. Municipal capital expenditures account for approximately one-third of total public investments, and the majority of own-source revenues are directed towards these projects. A significant portion of capital investment allocations is tied to ongoing projects (€71 million out of €88 million in 2025).

154. However, co-ordination challenges persist. Line ministries often fund projects that fall under exclusive municipal competencies, and allocations from dedicated investment grants, line ministry budgets, and portions of the general grant are not always harmonised. This fragmented approach can lead to inefficiencies and overlaps, often influenced by political considerations. Central ministries retain discretionary powers to directly fund projects in municipalities, often favouring politically aligned localities, which undermines the principle of municipal autonomy. It has been a practice across all administrations that discretionary funding disproportionately benefits municipalities led by the ruling party: for instance, in 2024, Gjilan/Gnjilane received more funding than Prishtinë/Priština and Prizren combined. Some municipalities report receiving no allocations from certain ministries, while others receive far above the average per capita. Moreover, depopulation trends reduce grant allocations due to population-based formulas, while infrastructure maintenance costs remain unchanged, placing additional strain on municipal budgets.

155. Municipalities are legally entitled to **borrow** funds, but under strict conditions. Borrowing is permitted only on the domestic market, with authorisation from the MFLT. Funds must be used exclusively for capital investment projects (borrowing for operational costs is prohibited), and all proposals are subject to review by the Grants Commission.^k Due to these constraints, municipalities are reluctant to pursue borrowing and, in practice, no municipality has taken out loans.

156. Local governments are also permitted to own and manage non-financial assets. The Law No.08/L-125 on Public Property outlines the conditions for municipal ownership and the responsibilities associated with asset management. Municipalities have broad powers in this domain, including the right to transfer assets, engage in property exchanges, and utilise assets for revenue-generating activities.

157. This framework aligns with Article 9.4 of the Charter, which stipulates that local authorities' income sources should be diversified and buoyant, capable of safeguarding autonomy across different economic cycles.

^k The Grants Commission is a high-level body chaired by the Ministry of Finance, Labour and Transfers that brings together key central and local government stakeholders, to review, adjust, and approve the formulas that dictate intergovernmental fiscal transfers. It oversees three core funding mechanisms: the general grant, the specific grants, and performance-based metrics. Overall, it ensures that municipal financing remains transparent, predictable, and legally compliant with the Law on Local Government Finance.

158. It should be noted, however, that in July 2026, a proposed draft law amending and supplementing Law No.08/L-125 on Public Property raised questions concerning its compatibility with the Charter. According to the AKM,¹⁷ the draft would designate central authorities as the sole owner of public property and treat municipalities as users, managers or administrators of assets currently regarded as municipal property. The AKM argues that removing municipal ownership and making the exercise of core local competences dependent on central approval could weaken local autonomy, financial discretion and subsidiarity. An expert analysis commissioned by the CEMG in September 2026 concludes that, in its current form, the draft law raises particularly serious concerns regarding compatibility with Articles 3.1, 4.3 and 9.2 of the Charter and that, depending on its practical effects on municipal discretion, revenues, and the diversification of local finances, additional concerns arise under Articles 4.4, 8, 9.1 and 9.4. The absence of meaningful consultation with municipalities and AKM may also constitute a violation of Article 4.6 of the Charter.¹⁸

159. According to the Contemporary Commentary on the explanatory report to the Charter (para. 146), “the wording ‘**adequate financial resources**’ incorporates the requirement to ensure proportionality between mandatory functions of local authorities and the funding available [...] The national economic context should allow financial resources for local authorities to be allocated or redistributed within the framework of national expenditure. Whatever the case, local authorities are expected to be duly consulted on how resources are allocated or redistributed to them and what principles will be involved in determining the amounts.”

160. This definition of adequacy does not reflect the current situation in Kosovo*. While financial autonomy is well established in legislation, it is undermined in practice, primarily due to the heavy financial dependence of municipalities on the central government.

161. Municipal expenditures are heavily concentrated in a few sectors: over 50% is spent on education, followed by primary health care and general public services, each accounting for over 15%. This leaves only around 15% for all other functions, including culture, local police, social protection, local economic development, and housing.

162. Population decline in certain municipalities further exacerbates fiscal pressures. Since grant allocations are based on population formulas, shrinking populations lead to reduced funding, even though infrastructure maintenance costs remain constant. While most municipalities are large enough to achieve the administrative and economic critical mass needed for autonomy, about one-quarter have fewer than 10 000 inhabitants, and five municipalities have populations below 5 000, limiting their capacity to deliver services effectively.

163. Additional fiscal limitations include (a) progressive tax rates and administrative changes that reduce incentives for local revenue collection, (b) the ministerial authority to forgive property tax liabilities, which introduces risks of political interference, (c) restrictions on budget carry-over, which prevent municipalities from planning and executing multi-year capital investments, and (d) treasury controls, which have raised concerns about central misuse of authority to delay, reallocate, or withhold municipal funds.

164. As a result, municipal administrative capacity is generally very limited. The Audit Office frequently issues qualified audit opinions for municipalities, citing issues such as asset mismanagement, inaccurate receivables, and misclassification of liabilities. Compliance with audit recommendations remains low, and generally for reasons beyond the control of municipalities. Internal audit functions are weak and often report directly to mayors, rather than to independent oversight committees. Due to resource constraints, most municipalities do not conduct budget risk analyses, undermining sustainable financial planning.

165. Article 9.2 of the Charter establishes the principle of **commensurability** between the financial resources available to local authorities and the tasks they are required to perform. As stated in the Contemporary Commentary (para. 149), this means that “the resources available to local authorities should be sufficient and commensurate with their functions and tasks.” Furthermore, the Contemporary Commentary (para. 150) clarifies that commensurability requires that “any new task assigned or transferred to local authorities must be accompanied by the corresponding funding or source of income to cover the extra expenditure.”

166. This principle is not respected in Kosovo*. Despite legal provisions supporting financial autonomy, municipalities face **unfunded mandates** and frequent mismatches between the transfer of competences and the corresponding financial resources. This issue has become particularly acute following salary increases and additional costs arising from **collective contracts** for teachers and health workers (see Appendix 2).

167. As confirmed by several court rulings, municipalities are required to bear the costs of these agreements (including retirement bonuses, travel expenses, and other benefits) even though they were not involved in the negotiation process. In 2023, the additional costs stemming from collective contracts amounted to approximately €40 million, representing 12% of the total municipal wage bill. While specific grants partially cover some of these expenses, much of the burden falls on municipal budgets, often at the expense of goods and services or capital investment allocations.

168. It is important to note that labour law and the establishment of salary schemes fall under the exclusive competence of the central government, which negotiated the new contracts, as does the grant for education and healthcare. However, under the principle of commensurability, the central government is also responsible for ensuring that municipalities receive adequate funding to cover the resulting costs.

169. Municipalities have requested the creation of a specific budget line for collective contracts to exclude these costs from audit certification criteria, but this proposal has not been accepted by the government. In any case, resolving this issue in accordance with the Charter is imperative, not only to uphold the constitutional protection of local self-government, but also to unblock the financial and operational stalemate currently affecting many municipalities. Without such alignment, municipalities remain legally responsible for extensive functions they are financially unable to fulfil, undermining both their autonomy and the effectiveness of local governance.

170. In terms of **equalisation**, the formula for grant allocation is generally regarded as clear and transparent. However, according to several interlocutors, the current funding mechanism may not

fully reflect contemporary realities and, more importantly, fails to account for the diverse needs and socio-economic contexts of different municipalities.

171. For smaller or economically weaker municipalities, the general grant often constitutes the bulk of their operating revenues. In contrast, for urban municipalities with stronger own-source revenue bases (such as Prishtinë/Priština), the general grant is proportionally less significant, though it remains important for budgetary stability. A significant portion of municipal budgets (over 50%) is spent on wages and per diem, with some municipalities such as Junik (66%) and Kamenicë/Kamenica (59%) allocating even higher shares. This leaves limited fiscal space for infrastructure development or the introduction of new services.

172. To prevent smaller municipalities from being disadvantaged, the formula includes a minimum per-capita allocation. It also incorporates an equalisation mechanism that accounts for the higher costs associated with small size, rural location, and population diversity. However, the formula does not include poverty-based equalisation, meaning that financially weaker municipalities receive no additional support based on poverty levels.

173. Importantly, the fixed base in recent years has been set at **€140 000 per municipality**, with an adjustment of **minus €1 per resident** (for most municipalities) beneath a threshold of 140 000 inhabitants. This translates to a significant enrichment of the base grant to small municipalities; the fixed annual base grant ensures viability for very small municipalities. Moreover, a formula-based variable grant accounting for demographics, minority status, and geography ensures that small municipalities – despite having low own-source revenue capacity due to small population – can still cover minimum fixed administrative costs.

174. The grant formula does include built-in adjustments for municipalities facing higher administrative costs due to low population density or demographic diversity. One such mechanism provides additional funds to small municipalities to help cover the disproportionate costs of administration.

175. In Kosovo*, **consultation procedures** in financial matters between municipalities, the AKM, and the central government are weak and inconsistent. Article 9.6 of the Charter requires consultation “in an appropriate manner,” meaning that sufficient time and adequate information must be provided to local authorities, and that consultation should not be reduced to a formal bureaucratic step after decisions have already been made.

176. In practice, municipalities report that their proposals are frequently ignored. For instance, the Assembly of Kosovo* reportedly disregarded municipal input for two consecutive years, collective contracts for teachers and health workers were negotiated without municipal involvement, and decisions affecting municipal finances (such as removing forestry competences without compensating for staff still on municipal payrolls) were made without sufficient consultation.

177. Political discretion is not limited to the central level. Within municipalities, financial autonomy is also constrained. In places like Prizren and Viti/Vitina, certain support and subsidies are centralised and distributed at the mayors’ discretion, reducing transparency and accountability.

178. As to citizen **participation** in budget planning, there are some positive developments, such as the Administrative Instruction (MLGA) No. 04/2023 on Open Administration in Municipalities, which institutionalised citizen involvement in local budget planning. However, the overall trend has been towards tightening rather than loosening central control over municipal finances. For example, amendments to the Law No.06/L-005 on Immovable Property Tax in 2023 were adopted without meaningful municipal consultation.

179. Municipalities are represented in the Grants Commission alongside the MFLT and participate in the debates on the distribution of the grants. However, they are not sufficiently consulted on and thus unable to influence general financial policy issues in practice. The underlying obstacles are largely political, driven by high polarisation.

180. In 2025, 14 municipalities held public hearings on medium-term budget frameworks. However, citizen participation was low and gender-imbalanced, with most attendees being men. The inclusion rate of citizen proposals was limited (e.g., 15.3% in Podujevë/Podujevo and 9% in Prizren) and no explanations were provided for rejected proposals, which erodes public trust. While some municipalities have adopted good practices, such as holding hearings in villages at accessible hours, opposition supporters rarely attend, further limiting inclusivity.

181. In terms of **key challenges and gaps**, municipalities remain heavily dependent on central government grants, with low levels of own-revenue collection significantly limiting their real financial autonomy. While equalisation mechanisms help smaller municipalities remain operational, they do not address socio-economic disparities or poverty levels, leaving more vulnerable communities at a disadvantage.

182. Central ministries continue to fund municipal projects directly, often with politically biased allocations of discretionary funds.

183. Additional structural weaknesses limit the full development of financial autonomy and thus of self-government as a whole. Budget risk analysis is weak, limiting municipalities' ability to plan for fiscal shocks; capital investment allocations are rather inflexible, which constrain long-term development strategies; consultation and civic participation are limited, with notable gender imbalances in participation and low integration of citizen input into final budgets; borrowing powers exist in law but remain unused, due to restrictive legal conditions and lack of access to capital markets. In fact, audit findings consistently highlight asset mismanagement, non-compliance, and weak internal controls.

184. These challenges mean that the current financial arrangements do not fully meet the requirements of Article 9 of the European Charter of Local Self-Government, which stipulates that local authorities must have access to adequate financial resources of their own, which they may freely dispose of within the framework of their powers.

185. A 2023 World Bank assessment¹⁹ reinforces this concern, noting that without stronger fiscal capacity, municipalities cannot sustainably deliver the level of public services expected of them.

186. Some steps could help to tackle these issues:

- a) To **increase own-source revenues**, municipalities should focus on raising property tax collection rates and adjusting tax rates within the legally permitted range. Using other sources of revenue streams such as fees, charges, profits, penalties, and property sales would strengthen fiscal autonomy.
- b) The **Municipal Performance Grant**, hardcoded to restrict spending to capital investments, could become unearmarked grants or introduce conditional flexibility based on a municipality's administrative maturity.¹ Any additional income gained through performance-based grants must be unearmarked, granting local authorities spending discretion, in line with the Charter.
- c) **Equalisation mechanisms should be strengthened** by introducing poverty-based criteria, such as the number of welfare recipients, Gini coefficients, and average income levels, while preserving municipal discretion over how these funds are used. A robust fiscal equalisation system aligned with the Charter and OECD principles could be implemented either through targeted grants from the central government (which would be the most practical approach) or by revising the grant formula to reflect the socio-economic well-being of municipalities. The latter option would offer municipalities a greater degree of independence.
- d) **Political discretion in funding should be reduced** by limiting the role of central ministries in financing projects that fall under exclusive municipal competences. Instead, such funds should be channelled directly through transparent and formula-based grants, ensuring that local priorities are respected and that allocations are not influenced by political alignment.
- e) The ratio of **capital investment** funding should be **rebalanced** in favour of municipalities. This means reducing the amount of capital investments administered by central authorities for projects that are the responsibility of municipalities, and instead including these funds in capital investment grants allocated directly to local governments. The central government should focus on administering projects within its own competences, rather than managing grants for municipal responsibilities. As a result, more could be spent in the form of equalisation for municipalities with greater poverty, for the performance-based mechanism, or increase the overall general grant beyond 10% of the central budget.
- f) Municipalities should be granted **greater autonomy in staffing decisions**. For example, if a municipality closes rural schools and no longer requires certain teaching positions, it should be allowed to reallocate that budget to hire kindergarten teachers or cover transport costs instead. This flexibility would also improve efficiency if municipalities

¹ For instance, municipalities that score high on financial management and receive clean opinions from the Audit Office could be granted the legal authority to use a specific percentage of their grant as unearmarked funds. Lower-performing municipalities would remain restricted to capital investments until their internal controls improve.

were permitted to employ fewer but better-paid administrative staff, tailored to their specific service needs.

- g) **Budget planning should be improved** by institutionalising budget risk analysis across all municipalities. Flexibility in reallocating staff budgets should be allowed, and financing formulas should be adjusted to account for the effects of depopulation, which currently reduce grant allocations without lowering fixed infrastructure costs.
- h) **Consultation mechanisms** between central and local authorities must be strengthened. Structured dialogue should be established to ensure that municipal proposals are meaningfully considered during central budget planning and legislative processes, in line with the Charter's requirements for appropriate consultation.
- i) **Transparency and citizen participation should be enhanced** by expanding engagement in budget hearings, addressing gender imbalances in participation, online tracking of questions by citizens and making answers public, and requiring municipalities to provide feedback on rejected citizen proposals. This would help build trust and ensure that public input is genuinely reflected in local decision making.
- j) **Financial management should be improved** by reinforcing the independence of internal audit functions, ensuring compliance with audit recommendations, and preventing overcommitment on capital projects. These measures would enhance accountability and the sustainability of municipal finances.
- k) Finally, **responsible borrowing** should be enabled by developing a legal and financial framework that allows municipalities access to capital markets for long-term investments. This would provide an additional tool for financing infrastructure and development projects, while maintaining fiscal discipline.

Intermunicipal and international co-operation among local authorities

187. Article 10 of the Charter commits to allow local authorities to co-operate among them with a view to seeking greater efficiency (para. 1) and to represent them vis-à-vis other levels of government (para. 2), including in other countries (para. 3).

188. The domestic **legislation** provides a solid and permissive basis for intermunicipal and international co-operation. The Constitution, the Law on Local Self-Government, and the Law on Intermunicipal Co-operation explicitly authorise municipalities to co-operate in delivering services, implementing joint projects, and establishing joint institutions or enterprises. Articles 28 and 29 of the Law on Local Self-Government allows municipalities to provide services of mutual interest together, while Article 30 permits co-operation with foreign local authorities, subject to notification to the MLGA. Articles 31 and 32 guarantee the right to form associations and regulate the status of the AKM. This framework, originating partly from the Ahtisaari Package, was designed to enable small and resource-constrained municipalities – including those in minority areas – to overcome

service delivery challenges and build cross-border partnerships. Kosovo*'s legal provisions are generous even by European standards, extending beyond the minimum requirements of the European Charter on Local Self-Government by allowing municipalities to receive support from foreign governments.

189. Despite the strong legal basis, **implementation** of intermunicipal co-operation remains limited.²⁰ Co-operation is often ad hoc, informal, or donor-driven, constrained by weak administrative capacity, lack of financial incentives, and bureaucratic procedures. The process to ratify intermunicipal agreements is cumbersome, requiring inter alia two readings by the assembly of each municipality involved, and the administrative instruction on how the procedure is to be implemented does not provide clarity. Consequently, municipalities rarely make use of the formal agreements and rather resort to informal means such as memorandums of understanding or letters of intent, which in most cases have limited publicity.

190. In practice, municipalities co-operate in areas such as procurement, technical inspections, river cleaning, internal audit, and shared use of staff. For example, Kamenicë/Kamenica and Ranilug/Ranillug have co-operated on auditing services, Gjilan/Gnjilane borrows staff to Parteš/Partesh, while Klinë/Klina sought collaboration with Istog/Istok on water supply but faced obstacles. Informal co-operation has, however, its downsides, for example when municipalities separately apply for project funds for common initiatives, and only one of them receives the funds.

191. As of 2022, Kosovo* reported 10 initiatives of intermunicipal co-operation and seven of international co-operation, with two agreements signed in each category. In December 2023, the six municipalities of Prishtinë/Priština, Podujevë/Podujevo, Lipjan/Lipljan, Fushë Kosovë/Kosovo Polje, Graçanicë/Gračanica, and Obiliq/Obilić signed a framework intermunicipal co-operation agreement,^m approved by the MLGA and accompanied by a detailed action plan. These examples show progress but highlight that co-operation is still far from systematic. Some co-operation exists in waste management, infrastructure, and education, but most initiatives remain small in scale and heavily reliant on donor support. This applies also to co-operation across community lines, which takes place but normally top-down (i.e., only if the donor organisations identify the need and propose initiatives).

192. Co-operation across borders with foreign authorities (typically with municipalities) is numerically more frequent, although limited in terms of contents and real benefits, resulting predominantly in symbolic actions or touristic exercises. Furthermore, Kosovo*'s contested international status limits access to key municipal networks such as the Council of European Municipalities and Regions (CEMR), United Cities and Local Governments (UCLG), and Eurocities. Some municipalities participate indirectly in EU programmes (e.g., IPA Cross-Border Co-operation, Interreg) or through bilateral partnerships (such as the one between Prizren and Harrisonburg, Virginia, US).

193. The **Association of Kosovo Municipalities**, recognised by the Law on Local Self-Government (Article 32), serves as **the main Kosovo*-wide platform for municipal advocacy and**

^m This multi-functional, framework intermunicipal co-operation agreement targets public transport and urban mobility, waste management infrastructure, stray dog management, and road safety.

co-ordination. Although registered as an NGO, the AKM serves as the main platform for municipal interests, dialogue with the central government, policy co-ordination, and peer learning. While performing an essential role and having a prominent status according to legislation, it remains underfunded and weaker than its European counterparts and its influence on central policymaking remains limited.

194. The AKM is largely hostage to political polarisation. The politicisation of the conflict between the government and municipalities, with the former centralising decisions, competences and funding and the latter being predominantly controlled by parties opposing the national government, strongly impacts on the ability of the AKM to fully perform its role as a hinge between the local and the central governments. Furthermore, it is not universally representative, as not all Kosovo Serb-majority municipalities fully participate. Between December 2025 and January 2026, the municipal assemblies of Mitrovica/Mitrovicë North, Zubin Potok, Leposavić/Leposaviq, and Zvečan/Zvečan formally voted to withdraw from the AKM.ⁿ

195. Faced with possibly declining funds, the AKM Board decided to increase the membership fee, from €0.10 per capita to €0.15 and now to €0.20, hoping to enhance the quality of the services.

196. The dispute around the Association/Community of Serb-Majority Municipalities is yet to be resolved in dialogue with Belgrade, but it is stalled due to fundamental divergencies. Prishtinë/Priština is open to its establishment but just in the form of a municipal association similar to the AKM, while Belgrade promotes the idea of a sort of regional territorial autonomy. The 2013 Brussels Agreement and 2023 Ohrid Agreement are vague in this regard and would require further dialogue to bring it to fruition. Although municipalities are legally entitled to co-operate with foreign local authorities, Kosovo Serb-majority municipalities have not made use of formal support by municipalities in Serbia, possibly due to reluctance from the Serbian side.

197. A few **challenges** can be identified: (a) lengthy and bureaucratic procedures discourage formal intermunicipal agreements, (b) lack of financial incentives and capacity at the local level limits sustained co-operation, (c) Kosovo's international isolation prevents participation in most European and global municipal networks, and (d) the AKM remains underutilised as a channel for collective municipal advocacy.

Legal protection of local self-government

198. Article 11 of the Charter establishes that "Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation". In this context, recourse to a judicial remedy under Article 11 refers to a local authority's access to a properly constituted court of law, or to an equivalent, independent statutory body empowered to issue

ⁿ Local leadership in the four northernmost Kosovo-Serb municipalities justified the co-ordinated pull-out by stating that membership to the AKM was a political decision enacted without the genuine will of the local population, claiming it offered no practical benefit to their citizens. Instead of joining the AKM, these four authorities continue to push for the realisation of a separate Association/Community of Serb-Majority Municipalities.

rulings and provide advisory opinions on whether any action, omission, decision, or administrative act complies with the law.

199. These conditions are fulfilled in Kosovo*, where the right to judicial remedy for local governments when their powers are infringed by central authorities is both constitutionally guaranteed and reinforced through judicial precedent. However, in practice, municipalities do not fully exercise this right. Although the number of legal challenges has shown a modest increase recently, local authorities remain reluctant to contest governmental actions through judicial channels.

200. The Constitution explicitly incorporates and safeguards the principles of local self-government. Article 123 anchors local self-government within the constitutional framework and mandates alignment with the European Charter of Local Self-Government, and Article 113.4 empowers municipalities to directly challenge the constitutionality of laws or governmental acts that infringe upon their responsibilities or reduce their revenues, provided such acts directly affect them. In Kosovo*, all mayors and even deputy mayors for communities have the right to bring a case to the Constitutional Court (the form to defend the municipality against the central government regarding finances and powers, and the latter to defend minority rights against the local municipal government itself).

201. These provisions position Kosovo* among the European countries that most effectively guarantee the right to local self-government. It fully satisfies the formal requirement of Article 11 of the Charter, which demands access to a competent and independent judicial body capable of reviewing administrative actions. This constitutional framework implies that municipalities are entitled to invoke the provisions of the Charter before the courts. This is especially relevant given that the Charter is incorporated into domestic legislation through Article 123.3 of the Constitution.

202. In practice, municipalities may seek legal recourse in the administrative chamber of the basic court, or in the Constitutional Court in cases of inter-governmental litigation.

203. Since the 2021 Study, some important cases have been adjudicated by the Constitutional Court, generally reinforcing the right to local self-government. This marks a notable improvement compared to earlier case law, which frequently dismissed municipal complaints as inadmissible, often due to procedural issues such as the municipalities' lack of awareness regarding the one-year time limit for filing cases.

204. In the contested collective contracts case KO139/18, municipalities challenged the financial burden imposed by collective contracts adopted without prior consultation. The Constitutional Court declared the case inadmissible, reasoning that such contracts are not solely governmental acts but involve other parties, such as trade unions.

205. More recently, however, the Constitutional Court has developed significant jurisprudence around the principle of subsidiarity and the constitutional protection of local self-government. Among the most impactful rulings are case KO159/21 and KO160/21, where the Constitutional Court found that the MLGA and the Ministry of Industry, Enterprise and Trade had violated municipal competencies by suspending decisions of the municipality of Prishtinë/Priština. These decisions

concerned the exchange of municipal immovable property with privately owned property to implement the “New Prishtina - East” regulatory plan. The Constitutional Court held that the ministries’ actions breached both constitutional provisions and the European Charter of Local Self-Government, affirming the municipality’s right to exercise its competencies without undue oversight. This ruling was pioneering in affirming the constitutional guarantees of local self-government, the importance of timely judicial challenges and the limits of central government supervision. It also emphasised the role of the constitutional guarantees of self-government, of the Law on Local Self-Government and of the European Charter of Local Self-Government.

206. Another landmark case is KO164/21, where the municipality of Prishtinë/Priština contested the Administrative Instruction No.151/2020 issued by the Ministry of Education, Science, Technology, and Innovation (MESTI) regarding the composition of selection commissions for preschool directors. The Constitutional Court upheld the municipality’s selection model, recognising municipal autonomy in managing local educational affairs.

207. Similarly, in case KO173/21, the municipality of Kamenicë/Kamenica challenged an administrative instruction on school closures and alternative learning. The Constitutional Court concluded that MESTI had exceeded its authority and unlawfully interfered with the municipality’s exclusive jurisdiction over education, thereby reinforcing the boundary between local and central competences.

208. Other cases have also reached the Constitutional Court, including an unsuccessful challenge by the municipality of Prizren against the Law on Immovable Property Tax.

209. Judicial remedies for the protection of local self-government are not only in place but also well-established in Kosovo*. Recent case law from the Constitutional Court has increasingly supported municipal claims, setting important limits on the expanding supervision and patronage exercised by central authorities.

210. Despite this progress, municipalities remain generally hesitant to challenge governmental acts in courts. The numerous complaints voiced during consultations and meetings do not translate into a proportionate number of legal actions.

211. Several factors contribute to this still **limited use of judicial remedies**. First, courts are often viewed as slow, overly bureaucratic, or subject to political influence, which overall undermines trust in judicial remedies. Broader rule-of-law concerns, such as limited judicial independence and ongoing reform gaps, have been highlighted in EU progress reports.

212. Secondly, strong financial dependency on the central government and fear of possible reprisals may discourage municipalities from pursuing litigation. Since a significant chunk of funding is invested by the central authorities, legal action may be seen as politically risky. Interlocutors cited “pragmatic” reasons for avoiding court proceedings, including the need for faster resolution, the high cost of hiring external legal counsel, and the desire to maintain open dialogue with central institutions.

213. Third, a pervasive culture of dialogue, out-of-court amicable resolution and deference to central authorities (seen as having the expertise) persists, compounded by limited awareness of decentralisation and its significance. Local governance is rarely taught as a distinct subject in universities, and professional training for judges, prosecutors, and bar candidates offers minimal coverage of local government issues. This knowledge gap affects both the capacity of legal professionals to litigate and the ability of judges to adjudicate competently, fostering a natural deference towards the central government.

214. Fourth, municipal administrations often lack the capacity to pursue legal remedies effectively. Deadlines are frequently missed, and many mayors and municipal legal officers are unaware of the one-year time limit set by Article 113.3 of the Constitution for challenging governmental acts. Legal departments in municipalities vary significantly in expertise and resources. While larger municipalities like Prishtinë/Priština have retained private law firms, smaller ones rely on civil servant lawyers with limited capacity. Public sector salaries are generally uncompetitive, discouraging qualified lawyers from entering municipal service.

215. Kosovo* provides robust formal protections for local self-government, including constitutional alignment with the Charter and clearly defined judicial avenues, validated by multiple favourable rulings. Increased awareness among municipalities of their rights and available remedies, coupled with more responsive judicial processes, could foster more consistent implementation of the right to local self-government and fuller compliance with Article 11 of the Charter. Recent case law from the Constitutional Court demonstrates that effective judicial safeguards are in place. When municipalities are properly represented, they have successfully asserted and defended their competencies. It is encouraging to note a growing number of judicial challenges initiated by municipalities.

216. However, the realisation of these rights in day-to-day governance remains uneven. To fully align with the spirit of the Charter, Kosovo* must address several **persistent challenges**, including capacity and resource constraints within municipal administrations, cultural inertia and a prevailing deference to central authorities, systemic inefficiencies, including limited trust in judicial effectiveness. Overcoming these barriers will be essential to ensure that the formal guarantees of local self-government translate into meaningful and consistent practice. Kosovo* should promote a culture of proactive legal engagement, by encouraging municipalities to pursue legal remedies when their rights are infringed. This requires not only advocacy and awareness raising but also peer learning and sharing of successful litigation experiences to foster a cultural shift toward assertive legal defence of local autonomy. To bridge the gap between constitutional guarantees and practical implementation of local self-government, the following steps could be considered:

- a) Strengthen municipal litigation capacity, possibly establishing a centralised legal support mechanism (such as a legal aid fund) to assist municipalities in pursuing judicial remedies. The AKM could play a more strategic role by systematically collaborating with municipal legal departments and supporting litigation before ordinary and administrative courts and the Constitutional Court, including class action on behalf of all municipalities.

- b) Enhance legal education and training, promoting a deeper understanding of municipal law through targeted training programmes for legal professionals. These should be integrated into university curricula, professional development at the Kosovo Institute for Public Administration (KIPA), and AKM-led initiatives.
- c) Ease procedural burdens, including considering extending statutory deadlines or streamlining procedures for constitutional petitions to reduce pressure on municipal administrations and improve access to judicial review.

V. Other matters related to the functioning of local self-government

Public participation and the Additional Protocol

217. Kosovo* has established a legal basis for citizen participation in local public life, primarily through the Law on Local Self-Government and secondary legislation that mandates public hearings, budget consultations, and mechanisms for civic input. Participatory democracy is being advanced as an innovative approach to citizen participation in local decision making, complementing representative democracy. The MLGA reports to involve civil society in drafting policies and legislation for local self-government, holding five meetings with the Consultative Forum for Local Government and including civil society in working groups.

218. Sub-municipal units and village councils were designed to strengthen citizen representation at the local level, particularly in rural areas, and usually get organised in the territorial coverage of former 'local communities' (known as "*bashkësia lokale*" or "*mesna zajednica*"). Some municipalities, such as Prishtinë/Priština, have experimented with further decentralisation by delegating budgetary authority to schools, cultural centres, or local councils. However, these arrangements remain uneven, and in many cases lack clear status or sustainable funding. Attempts to pay village council leaders to strengthen communication with the municipality were blocked by central authorities as unlawful, leading to a decline in their motivation and activity. Involvement of sub-municipal units and village councils remain underused and poorly defined. Municipalities should use their discretion to involve sub-municipal units in voluntary terms and against compensation to promote a more inclusive and effective governance.

219. Citizen participation remains limited and inconsistent. Public hearings are regularly organised and legally mandated, yet turnout is generally low and mostly attended by party fans and opposition. Mayors feel that citizens often express demands that exceed municipal budgets, which undermines trust when expectations cannot be met. While municipalities such as Rahovec/Orahovac report efforts to involve broad interest groups (farmers, women, youth, businesses, and NGOs), participation is still unsatisfactory. Municipalities often lack representative NGOs which act as conduits and aggregate the input of broad-based interest groups (people into sports, beekeepers, farmers, etc.).

220. Citizens tend to participate only when directly affected or mobilised by donor-funded projects, such as USAID, OSCE, or DEMOS. Traditional hearings often attract minimal attendance. Some mayors genuinely strive to increase public participation, but often lack the capacity and resources to effectively engage citizens. For example, they may struggle to simplify proposed budgets for broader understanding or to reach out to ordinary citizens in ways that foster meaningful consultation. Even when citizens do participate in budget hearings or consultations, their proposals are often not implemented, eroding trust in the process. Lack of clarity over competences and insufficient monitoring mechanisms limit citizens' ability to scrutinise municipal decisions effectively. Social audits and citizen monitoring groups show promise but are not systematically supported.

221. Participatory budgeting has been piloted in several municipalities with promising results. In Prizren, €500 000 was allocated across five neighbourhoods through a participatory budgeting scheme, which helped educate citizens on municipal finances and strengthened trust between local government and residents. When asked for real decisions and resource allocation, citizens and civil society attend in high numbers and participate actively. Its sustainability remains fragile: in Rahovec/Orahovac, funds earmarked by citizens through participatory budgeting were later seized by the Treasury to cover collective contracts, undermining both the process and citizen confidence. Such seizures of municipal funds for central-level obligations (e.g., collective contracts in education and health) directly compromise participatory budgeting decisions.

222. Kosovo* formally complies with the **Additional Protocol** to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207) by establishing legal provisions for citizen participation, budget hearings, and sub-municipal representation. In practice, however, participation remains sporadic, and overly dependent on donor initiatives. While pilot projects in participatory budgeting have demonstrated potential, their impact is often limited by fiscal instability and lack of follow-up. Village councils and sub-municipal units exist and, in some municipalities, they have proven effective, but overall, there may be declining where financial compensation or clear mandates are absent. Citizens have both the right and the legal means to participate, but effective, inclusive, and influential participation is not yet guaranteed in practice.

223. To comply fully, Kosovo* should consider to (a) institutionalise participatory budgeting with legal safeguards to protect citizen decisions from being overridden by central government interventions, (b) develop consistent mechanisms for social audits and citizen monitoring of municipal projects, (c) increase efforts to reach underrepresented groups (women, youth, minorities, rural residents) through targeted outreach, (d) establish clear accountability and feedback loops so that citizen inputs in public hearings and consultations are visibly reflected in municipal decisions, and (e) municipalities should further decentralise decision making and small expenses to schools, village councils and citizen associations, to ensure meaningful grassroots participation.

The northern Kosovo Serb-majority municipalities

224. The situation in the four northern municipalities should be assessed against the exceptional political and institutional transition between November 2022 and December 2025. The collective withdrawal of Kosovo Serb representatives and public employees was followed by extraordinary elections boycotted by the local Kosovo Serb majority, resulting in Albanian mayors elected on very low turnout (an overall 3.47%) and significant tensions. The October 2025 elections and the return of Kosovo Serb mayors and assembly majorities substantially remedied this democratic deficit.

225. The debate over local autonomy in the north is highly politicised because it runs alongside the wider dispute over recognition, sovereignty and territorial control. Kosovo Serb interlocutors argue that integration has increasingly relied on administrative, policing and regulatory measures adopted without adequate consultation. The public authorities, by contrast, present these measures

as the extension of the constitutional and legal order to an area where Belgrade-run parallel structures, informal arrangements and criminal activity had previously constrained public authority. Local self-government does not imply exemption from Kosovo*-wide law or a municipal veto over policing, strategic infrastructure or central public assets.

226. The Charter has an unusually strong position in the constitutional system. The Constitution requires its observance and implementation, guarantees a high degree of local self-government and limits review of municipal acts in areas of own competence to their compatibility with the Constitution and the law. In the politically charged setting of the north, disputes over local government consequently acquire heightened legal, political and inter-ethnic significance.

227. Representative municipal leadership has been restored, but it has not yet produced fully functioning local self-government. The new administrations report that they inherited incomplete records, contested decisions, unresolved property issues, financial liabilities, and staffing structures developed during the exceptional 2023–2025 period. Limited representation and bilingual capacity, together with shortages of certified procurement, financial and legal personnel, restrict some municipalities' ability to execute budgets and deliver services.

228. Disputes over construction control, demolitions, street names, murals, public spaces, municipal property and local development reveal continuous uncertainty over the boundary between municipal and central authority. Not every case concerns an exclusive municipal competence and issues such as strategic infrastructure, centrally controlled public enterprises, policing and disputed property rights may involve legitimate central interests or overlapping responsibilities. Greater concern arises where the law clearly assigns a matter to the municipality, including local planning, building control, street naming and the management of local public spaces.

229. Some interlocutors harbour a perception that decisions adopted between 2023 and 2025 may be difficult to reverse and that current municipal acts face an additional layer of approval by the central authorities. Individual interventions may have legal explanations, but their cumulative effect can weaken confidence that legality review is politically and temporally neutral.

230. Interlocutors described central–local consultation as reactive and insufficiently supportive. A report by the Kosovo Centre for Security Studies²¹ records marked Kosovo*-wide improvements in the legality and transparency of municipal decision making, the Municipal Performance Grant and the professionalisation of legal services. These gains coexist with persistent weaknesses in co-ordination, unclear or overlapping competences, inconsistent sectoral legislation, delays in legality review, and unequal municipal capacities.

231. The growing willingness of Kosovo Serb municipal representatives and residents to invoke Kosovo* legislation, the Ombudsperson, and the courts is an important development under Article 11 of the Charter. Case KO84/25 of the Constitutional Court (Gračanica/Graçanicë v. the Government) confirms access to constitutional review, while also illustrating that a central measure may be lawful in substance yet still raise questions about timely consultation. Limited confidence in judicial proceedings, delays and insufficient municipal legal capacity continue to constrain the practical effectiveness of remedies.

232. Municipalities should exercise their own competences without undue interference, while recognising that they cannot veto measures falling within central responsibilities. At the same time, central authorities should rely on established administrative, legality-review and judicial procedures, accompanied by consultation, written reasoning and transparent implementation. Unilateral or coercive measures may only be considered where there is immediate public safety risk. Regular structured consultation between municipalities, the MLGA, and relevant central institutions should precede measures significantly affecting municipal responsibilities or local service delivery.

233. Particular attention should be given to rebuilding professional, bilingual, and autonomous municipal administrations. Staffing decisions following the 2023–2025 administrations should neither be automatically reversed nor administratively frozen. Recruitment and restructuring should follow civil service law, merit, community representation and transparent procedures. Training, examinations, and municipal services should be genuinely accessible in both official languages, while intermunicipal co-operation should be used to provide specialised functions where individual municipalities lack capacity. Disputes over street names, symbols, public spaces, and other identity-sensitive matters should likewise be resolved through lawful procedures, meaningful public consultation and, where required, judicial review. Municipal financial and property autonomy should also be protected, including through municipal participation in collective contracts or other measures that impose financial liabilities.

234. More broadly, institutional integration should be service-oriented and accompanied by clear Serbian-language information, service mapping, outreach, and practical assistance to residents. Municipalities should have effective access to legal remedies, voluntary associations and shared-service arrangements should be encouraged, and disputed actions should be documented systematically on a case-by-case basis. Such an approach would help distinguish genuine infringements of local autonomy from lawful central action, reduce the politicisation of administrative disputes and strengthen trust in both local and central institutions (see Appendix 1).

Communities and underrepresented groups

235. The Constitution, a range of laws regulating rights of communities and the Law on Local Self-Government provide robust guarantees for the rights of communities and underrepresented groups. As part of the decentralisation process, several new municipalities were established, empowering communities that became newly formed majorities. Alongside Albanian, Serbian is recognised as an official language in Kosovo*. Kosovo Serb-majority municipalities have been granted enhanced competences in the areas of secondary education, healthcare, and cultural affairs. Municipal assemblies include members from multiple communities elected through a proportional system. The two-round mayoral election system offers minority voters leverage in the second round, often encouraging moderation in local politics. In principle, these provisions align with the Charter's requirements to protect communities and ensure their effective participation in local public life.

236. In practice, the participation of non-majority communities in local governance presents a mixed picture. In municipalities such as Štrpce/Shtërpçë, representation of both Kosovo Serbs and

Kosovo Albanians in local administration is relatively balanced, and bilingualism is widely practiced. However, power sharing is less co-operative than in the past. In Pejë/Peć, the Kosovo Serb community of Goraždevac/Gorazhdevc played a decisive vote in electing the mayor in the first round and has since benefited from close collaboration with the municipality.

237. Relations between Prishtinë/Priština and Belgrade have deteriorated, negatively affecting interethnic relations. Prishtinë/Priština has stepped up its efforts to consolidate the presence of its institutions in the northern municipalities, while Belgrade has encouraged resistance and discouraged Kosovo Serbs from engaging in Kosovo*'s institutions. In the Kosovo Serb-majority northern municipalities, most Kosovo Serb officials withdrew from the judiciary, police and local government in November 2022. Kosovo Serb candidates did not participate in the subsequent extraordinary municipal elections in April 2023, and the low turnout led to the election of mayors of Kosovo Albanian background. This situation was reverted after the local elections in autumn 2025, where Kosovo Serb candidates and parties won the elections. Belgrade continues to exert significant influence in the northern municipalities, including through local groups and nationalistic discourse, discouraging the integration of Kosovo Serbs into Kosovo*'s institutions.

238. The absence of formalised consultation mechanisms and the politicised management of local governance in minority areas reveal significant practical vulnerabilities. Strengthening multistakeholder consultation processes and ensuring consistent application of boundary protections are essential to fully meet the Charter's requirements.

239. The Law No. 03/L-047 on the Protection and promotion of the rights of communities and their members provides a detailed framework, which is more actively utilized by non-Kosovo Serb communities. As part of decentralisation efforts, in addition to the creation of five new Kosovo Serb-majority municipalities, a Kosovo Turk-majority municipality was also formed: Mamuşa/Mamushë/Mamuša. In practice, this benefits Kosovo Bosniaks (e.g., in Prizren), Kosovo Turks (in Prizren and Mamuşa/Mamushë/Mamuša), Kosovo Gorani (in Dragash/Dragaš), and Kosovo Roma, Kosovo Ashkali and Kosovo Egyptian communities in certain municipalities. Municipal assemblies are also required to elect **Deputy Chairpersons of the Municipal Assembly for Communities** to ensure their representation in leadership.

240. Municipalities must **reflect community diversity** in hiring in the areas of administration, education (teachers in mother-tongue schools), and healthcare (bilingual staff). These practices must align with the civil service quotas which mandate proportional representation of communities within municipal institutions.

241. In municipalities where a community constitutes at least 5% of the population, its **language** becomes **official**, on equal footing with Albanian and Serbian for local governance. For example, Turkish is official in Prizren and Mamuşa/Mamushë/Mamuša, and Bosnian in Dragash/Dragaš and Prizren. Communities have the right to education in their mother tongue, and for example Bosnian-language schools and Turkish-language schools exist. Municipalities are also obliged to fund cultural activities of minority groups.

242. If a community's population is slightly smaller, representing above 3% of the municipality's total population, or the community's language has been "traditionally spoken" in a municipality, Law No. 02/L-37 on the Use of Languages dictates that their language achieves the status of a **"language in official use"**. The operational scope for this status is narrower than a full official language; instead of requiring automatic, blanket translation of all public signs and laws, it establishes a demand-driven right. For example, Romani is language in official use in the municipalities of Prizren and Gračanica/Graçanicë.

243. Municipal assemblies must establish **Committees on Communities** to review draft regulations and ensure that minority perspectives are considered. Communities can propose issues for municipal assembly discussion, while certain municipal decisions on language use, education, or symbols, require double majority approval, so as to obligatorily include representatives of minority communities in decision making.

244. While the legislative framework is advanced, its implementation is uneven: Kosovo Roma, Kosovo Ashkali and Kosovo Egyptian communities often face barriers in employment, housing, and access to services despite quotas. Kosovo Bosniaks and Kosovo Gorani complain about underfunding of mother-tongue education. Turkish is in use in several municipalities, but the Kosovo Turk community struggles with consistent implementation as an official language in administration. Smaller communities such as Kosovo Croats and Kosovo Montenegrins rarely exercise their rights due to very low numbers.

245. In summary, at the municipal level, Kosovo* provides non-Kosovo Serb minority communities with guaranteed political representation, proportional employment, language rights, cultural support, and institutional safeguards, such as dedicated committees and double-majority voting. However, **implementation challenges persist**, particularly in terms of administrative capacity, resource allocation, and entrenched socio-economic inequalities. These gaps disproportionately affect smaller and socio-economically marginalised groups.

246. At the municipal level, **language rights** are generally respected: official documents are prepared in both Albanian and Serbian, and day-to-day communication in bilingual municipalities is typically not reported as problematic. In Štrpce/Shtërpçë, Kosovo Serb residents access healthcare facilities without difficulty, as most medical staff speak Serbian. Kosovo Serbs from villages near Gjilan/Gnjilane also use health facilities there for urgent cases, and they travel to the Kosovo Serb-majority Gračanica/Graçanicë for non-urgent care. Overall, language barriers are less pronounced at the local level than at the central level. In general, the Law on the Use of Languages remains under-implemented. As noted by the Fifth Opinion on Kosovo* of the Council of Europe Advisory Committee on the Framework Convention for the Protection of National Minorities,²² adopted in 2023, improvements are needed in recruiting and training bi- and multilingual staff, and in allocating resources to municipalities to improve their performance in this area.

247. Some ministries, such as the MFLT or the Ministry of Foreign Affairs and Diaspora, lack Serbian-speaking officials, and these are mostly employed by the Ministry for Communities and Return. This situation promotes separation rather than integration and should be redressed.

248. Parallel structures in healthcare and education remain a reality in many Kosovo Serb-majority areas. Belgrade-supported schools continue to operate under the Serbian curriculum, and healthcare facilities continue to function within the Serbian system. This duality provides essential services to communities, but fragments governance and complicates institutional integration. Since 2024, Kosovo authorities have closed or taken measures against a number of Serbia-linked institutions, particularly in the north, generating concerns about access to services and further weakening trust among Kosovo Serbs. In March 2026, an EU-facilitated arrangement prevented an immediate disruption to Belgrade-supported healthcare and education services arising from the implementation of Law No. 04/L-219 on Foreigners, while leaving the longer-term question of their integration into Kosovo's institutional framework unresolved.²³ The unresolved status of these structures, limited progress in the Belgrade–Prishtinë/Priština Dialogue, and competing political narratives continue to reinforce perceptions among many Kosovo Serbs that central government policies are directed against their community and that greater centralisation is undermining the decentralisation arrangements established after 2008.

249. As highlighted in the above-mentioned Fifth Opinion on Kosovo*, “practically all initiatives fostering intercultural contacts between Kosovo Albanians and Kosovo Serbs in education, for instance, are initiated and funded by international donors and other sectors of minority rights protection also rely heavily on external support”. Efforts by national authorities to comply with the requirements of a multiethnic society and with the very obligations imposed by the Constitution and the laws remain insufficient. Also at the local level, efforts should be increased: before the 2025 local elections, only 21 out of 38 municipalities had set up the Committee on Communities prescribed by the Law on Local Self-Government, and only a handful have developed a strategy on Kosovo Roma and Kosovo Ashkali communities.

250. The situation in the **northern municipalities** has improved in terms of law and order, with criminal groups no longer posing a significant threat. However, interethnic relations remain tense. The Kosovo Serb-majority population regained control of local governance after the 2025 local elections, and *Srpska Lista* mayors viewed their victory as an institutional reset, which has led to renewed tensions with central authorities, particularly over the use of national symbols and land use by national institutions.[°] Also the increasingly unstable political situation in Belgrade might impact its future posture toward Kosovo*.

251. **Mechanisms for community participation** at the municipal level are under strain. In some municipalities, changes in salary laws led to non-payment of members of the committees on communities, reducing the functionality of these mechanisms. Interlocutors report that such bodies are perceived as ineffective.

252. Municipal Offices for Communities and Return (MOCR) exist across Kosovo*, but their visibility and effectiveness are uneven. In practice, MOCRs are sometimes sidelined by central ministries,

[°] Alongside voting to withdraw from the AKM, the assemblies of the four northern Kosovo Serb municipalities immediately attempted to bring Serbian community flags and national symbols back into municipal buildings and public spaces, which has been heavily restricted by Prishtinë/Priština. On 17 June 2026, the EU Office in Kosovo, EULEX, and the QUINT countries sent a joint letter to the MLGA and the Ministry of Internal Affairs urging authorities not to obstruct the use of community national symbols and flags as a constitutional right, and to adopt the necessary secondary legislation foreseen under the Law No. 03/L-038 on the Use of State Symbols to ensure legal clarity.

which directly manage return and reintegration programmes without consulting municipalities. The proposed merger of MOCRs with human rights and gender offices might further reduce their institutional prominence. It is essential that officers responsible for human and community rights are fully informed of Kosovo*'s constitutional and international obligations in this field and are empowered to meaningfully influence the development of relevant municipal policies.

253. **Implementation gaps** are evident also in access to social rights. For example, verification of beneficiaries for child allowances excluded many Kosovo Serbs because Serbian-issued documents were not recognised. Alternative requirements (e.g., utility bills or proof from Kosovo institutions) were not accessible for all, raising concerns of indirect discrimination, which was raised as a concern by the Ombudsperson. Similar challenges arise in property rights, citizenship documentation, and diploma recognition, with disproportionately negative effects on non-majority communities.

254. The most politically sensitive issue remains **the Association/Community of Serb-Majority Municipalities**. While foreseen in the 2013 Brussels Agreement and its 2015 follow-up, the Constitutional Court found elements incompatible with the Constitution. In 2023, a possible statute for the Association/Community was proposed by the EU and the US. Prishtinë/Priština expressed readiness to consider the statute, but only if Belgrade signs the agreement. Belgrade insists that it will not respect eight out of 11 obligations that emanate from the agreement. Kosovo authorities are against establishing a third-tier governance structure, but are open to a regular association of municipalities which would co-ordinate policies around own-competences among Kosovo Serb-majority municipalities.

255. In sum, Kosovo* is formally compliant with the Charter and its Additional Protocol in guaranteeing extensive rights to ethnic communities, but **substantive compliance is incomplete** and contingent on overall relations with Belgrade. While many municipalities ensure bilingual administration and inclusive assemblies, systemic obstacles, political tensions, and central-local co-ordination problems weaken effective enjoyment of these rights. Problems also emanate from the deteriorating relations between Prishtinë/Priština and Belgrade, affecting the ability of the Kosovo Serb community to make use of the existing mechanisms or to advocate for their improvement. Key problems include: (a) declining population also among the Kosovo Serb community, (b) fragmentation of services through parallel structures in health and education, compounded by unilateral closures of Belgrade-run institutions, (c) weak functionality of community mechanisms such as committees on communities and MOCRs, due to low visibility, underfunding, or political sidelining, (d) persistent concerns, especially in access to social benefits, property rights, and documentation, and (e) delayed resolution on the Association/Community of Serb-Majority Municipalities, which continues to undermine trust and clarity of competences.

VI. Conclusions

256. The domestic legislative framework for local government is widely regarded as comprehensive and aligned with European standards, particularly the principles outlined in the European Charter of Local Self-Government. However, interlocutors consistently highlight a gap between the quality of legislation and its practical implementation. Many processes and systems remain dependent on individual officeholders rather than being institutionalised, resulting in inconsistencies when leadership changes. Strengthening the institutional capacity of municipalities and embedding procedures into law and practice remain ongoing priorities.

257. Despite the legal foundations, local government reform is long overdue. Kosovo*'s local governance system stands at a critical juncture: the need for reform is clear, but progress is constrained by political and institutional challenges. The Charter offers a roadmap for improvement, yet meaningful advancement depends on overcoming legislative gridlock and political inertia.

258. Furthermore, the fiscal architecture of local government remains a fundamental vulnerability that directly impedes the realisation of genuine self-governance. The persistent over-reliance on central government transfers, combined with a highly restricted own-source revenue base, leaves municipalities structurally dependent and exposed to central-level policy shifts. This imbalance is most acutely felt through the imposition of unfunded mandates, notably the severe financial drain caused by collective contracts in education and health. By forcing local authorities to divert capital investment funds to meet liabilities negotiated without their involvement or consent, the central government has systematically undermined the principle of commensurability enshrined in Article 9 of the Charter, threatening both local financial stability and the quality of basic public services.

259. This financial strain is compounded by concerns regarding a gradual shift towards centralisation, which may affect municipal authority in areas such as cadastre management, forestry, and emergency services. This shifting of powers, frequently executed through ordinary legislation rather than the rigorous double-majority procedures designed to protect local autonomy, weakens the democratic link between communities and their local administrations. For local self-government to function effectively under Article 4 of the Charter, central authorities must commit to a formalised culture of structured, mandatory consultation. This must ensure that lines of accountability remain clear, that overlapping jurisdictions are resolved, and that any reassignment of responsibilities is invariably accompanied by full financial matching and operational flexibility.

260. At the same time, the institutional fabric of local democracy is heavily tested by intense political polarisation and systemic administrative challenges. The deep rift between central and local leaders has routinely stalled constructive dialogue, making collective advocacy platforms like the AKM vulnerable to broader partisan disputes. Addressing the complex governance challenges in northern Kosovo*, alongside the structural and demographic deficits of smaller, depopulating municipalities, requires a concerted focus on building mutual trust and enhancing institutional resilience. True progress depends on shifting from a culture reliant on individual leadership to one grounded in robust systems, where merit-based recruitment, objective performance evaluation, and professional training are permanently embedded.

261. In conclusion, while Kosovo* demonstrates sound alignment with the formal, statutory requirements of the Charter and its Additional Protocol, translating these legal safeguards into day-to-day governance remains an unfulfilled promise. Bridging the substantial gap between formal statutory alignment and practical, day-to-day governance remains the definitive challenge for local democracy in Kosovo*. Moving forward requires a decisive commitment to resolve the core structural issues highlighted in this report: reversing re-centralisation tendencies, easing the fiscal dependency caused by unfunded mandates, safeguarding extended competences and minority rights, institutionalising multilevel dialogue and consultation, strengthening local accountability and oversight, and sustaining democratic and civic participation. Overcoming these interconnected hurdles is essential to defuse political polarisation and build institutional trust, and ensure that local authorities can sustainably deliver essential public services. These findings should serve as an immediate catalyst for the multi-party dialogue needed to revitalise local democracy and secure a stable, balanced, and co-operative framework for multilevel governance.

Appendix 1: Supplementary findings on the northern municipalities

262. Following the **collective withdrawal** of Kosovo Serb mayors, municipal councillors and substantial numbers of public employees from Kosovo institutions in November 2022, the four northern municipalities experienced an exceptional institutional discontinuity. The subsequent extraordinary elections were boycotted by the local Kosovo Serb majority and produced Kosovo Albanian mayors elected on very low turnout (an overall 3.47%). In the October 2025 local elections, Kosovo Serb representatives returned to municipal government, secured majorities in the assemblies, and assumed the mayoral offices in December 2025.

263. Complaints voiced by Kosovo Serbs in the north²⁴ can be summarised as an argument that, particularly since late 2022, Prishtinë/Priština has pursued integration through increasingly assertive administrative, policing and regulatory measures, with limited consultation of the local Kosovo Serb population. The Kosovo authorities describe the same period as the extension of the constitutional and legal order to territory where Belgrade-run parallel institutions, informal arrangements and criminal structures had restricted authority. Although the closure of Belgrade-administered structures did not generally concern municipal own competences, it contributed to a wider sense of transition across public services, financial regulation, policing and infrastructure.

264. Interviews revealed **perceptions of unequal treatment**, legal uncertainty and limited trust between municipal and central institutions. Disputes over personnel, municipal symbols, street names and decisions of the previous administrations have therefore become tests of Kosovo's system of administrative supervision. A recurring concern is that policies affecting Kosovo Serbs are designed about them rather than with them.

Electoral legitimacy restored

265. The 2023 boycott produced municipal governments with limited democratic legitimacy among the population they administered. Kosovo Serbs grabbed the opportunity of the October 2025 elections to regain democratic control in the four municipalities where they constitute the majority and **restored representative local governance**.²⁵ The new local authorities are substantially more representative of the local population and are better positioned to communicate with residents and articulate local concerns.

266. Local legitimacy depends not only on formal electoral legality but also on the population's meaningful ability to choose and hold accountable those who govern it. The restoration of representative municipal government is therefore a major step towards normalising local democracy, but it does not by itself resolve the administrative, legal and political challenges affecting the municipalities.

267. With representativeness restored, attention should turn to the municipalities' ability to exercise their legally guaranteed competences, co-operate with the central government, integrate

their administrations into the legal order, and protect Kosovo Albanians and other non-majority communities.

Central–local relations

268. Interviewees described central-local relations as reactive and at times adversarial, indicating significant gaps in communication between the northern municipalities and central institutions. Municipal representatives felt that central institutions often treated municipalities primarily as bodies to be monitored or corrected rather than as partners requiring guidance and support. Requests for legal or administrative advice were described as irregular and, in some cases, late, incomplete, inaccurate, available only in Albanian or unanswered.

269. A meeting between the 10 Kosovo Serb mayors and the Minister of Local Government Administration on 13 February 2026 was described positively. Interlocutors considered that the minister understood their concerns and expressed readiness to identify solutions, but it had limited follow-up.

270. A recurring concern was that municipal competences in the north were being interpreted restrictively or gradually bypassed. An article²⁶ cites Mitrovica/Mitrovicë North Mayor Milan Radojević and civil society representative Dušan Radaković, who refer to central inspections, activities by Mitrovicë/Mitrovica South officials north of the Ibër/Ibar river, the demolition of garages without the reported involvement of Mitrovica/Mitrovicë North's inspectorate, and other measures they consider municipal matters. Some complaints concern clearly central responsibilities, including taxation, policing and justice while others relate to municipal or overlapping competences as discussed below.

271. A change in democratically elected municipal leadership ordinarily entails the possibility of revising earlier local policies. To avoid an unintended **risk of administrative entrenchment**, an outgoing majority's ordinary exercise of municipal competence should not become irreversible for its elected successor unless the law expressly provides otherwise. Conversely, the return of Kosovo Serb-majority authorities does not permit municipalities to disregard law, remove professional employees on ethnic or political grounds, adopt state's symbols as official municipal symbols contrary to statutory restrictions, or reverse previous decisions without following the required procedures. Central supervision should apply the same procedural and substantive standards irrespective of the community or political party controlling the municipality.

272. The withdrawal of Kosovo Serb representatives from municipalities, the Kosovo Police, and the judiciary substantially reduced the institutional channels through which the community could influence decisions. The OSCE described²⁷ the November 2022 withdrawals as creating an institutional and security vacuum and stressed that renewed participation by all communities was necessary for normalisation.

273. Representatives stated that they were not adequately consulted on decisions affecting municipal property, staffing, grants, public services, or regarding the reported transfer of municipal

land or use rights to central institutions for extended periods. In March 2026, the OSCE High Commissioner on National Minorities emphasised²⁸ the need to consult non-majority communities on policies directly affecting them and called for stronger dialogue between central and municipal authorities.

274. Several **disputes concerning municipal competences** have arisen since the elections. The available information does not permit definitive conclusions as to whether each intervention represents a lawful exercise of central authority, proportionate administrative supervision, or an infringement of municipal autonomy. The cases should be assessed individually, with attention to the competent authority, applicable procedure, status of contested documentation and availability of effective administrative and judicial remedies.

Cases

275. **Municipal inspection and construction control:** In March 2026, Mitrovica/Mitrovicë North's municipal inspectors halted construction works over documentation disputes, highlighting persistent ambiguities around permit validity. Although urban planning and building control are municipal competences, clear guidance is needed regarding the legal effect of municipal permits and the respective roles of local inspectorates and the police.

276. **Demolition of garages in Mitrovica/Mitrovicë North:** The demolition of over 20 garages in April 2026 exposed friction between municipal building control and the property rights of the publicly owned enterprise "Trepça".²⁹ While the enterprise claimed the structures were unauthorised, local authorities claimed not to be either consulted or involved in the operation. The core issue remains whether prescribed legal procedures and institutional competencies were properly respected.

277. **Street names in Mitrovica/Mitrovicë North:** A dispute over 87 street names arose when a decision passed by the previous Kosovo Albanian-led municipal assembly in August 2025 was annulled by the newly elected assembly in January 2026, yet central authorities enforced the initial changes.³⁰ Because street naming is an exclusive municipal competence, the legal validity of both decisions must be determined objectively through standard legality review and judicial procedures.

278. **The "I Love Mitrovica" sign:** After the municipal assembly voted to remove a local public-space sign put up by the previous administration, the MLGA identified procedural defects, leading the municipality to withdraw the decision for proper reconsideration. This sequence demonstrates a constructive model of lawful oversight, where central legality review guides municipal decision making without overriding local authority.

279. **Murals and local public space:** Intervention by the police to halt a municipally authorised mural restoration highlighted perceived inconsistencies in the management of local public spaces. Although cultural activities fall primarily under local remit, overlapping property rights and enforcement roles require clear, consistent guidelines among the municipality, the MLGA, and police.

280. **Demolitions around Lake Gazivoda/Ujman:** Demolitions along Lake Gazivoda/Ujman, including holiday homes and a hotel, in mid-2026 illustrated an overlap between central environmental and public enterprise powers and the local development competences of municipality of Zubin Potok.³¹ The principal concern is ensuring that transparent procedures, clear legal mandates, and adequate judicial remedies are provided before irreversible measures are executed.

Administrative structures, staffing and linguistic capacity

281. Effective local autonomy may be constrained by limited professional and administrative capacity, particularly where municipalities cannot independently exercise legally assigned competences without substantial central or donor assistance. A report³² of the Kosovo Centre for Security Studies (KCSS) identified recurring weaknesses in municipal legal offices, especially in smaller municipalities, including limited expertise, difficulty attracting and retaining qualified staff and reliance on external assistance for complex legal review.

282. Staffing was among the most consistent concerns raised in the interviews too. The European Institute of Peace³³ noted that municipal administrations changed significantly after the resignations and that employees subsequently recruited would not automatically lose their positions merely because new mayors were elected.

283. Municipal representatives alleged that only a very small proportion of Mitrovica/Mitrovicë North's approximately 140 employees came from the Kosovo Serb community, that many were not municipal residents, and that few could communicate effectively in Serbian language. The ability to serve residents in both official languages is a central practical concern, while documents and instructions from central institutions were at times supplied only in Albanian.

284. The reported experience of Zubin Potok was more positive. Interlocutors indicated that staffing problems and institutional relations were less acute, possibly reflecting a more constructive relationship with the preceding administration. This suggests that regular communication and the avoidance of political escalation can materially improve administrative co-operation.

285. The shortage of certified professional staff was highlighted in several municipalities. Zvečan/Zveçan lacks a certified public procurement officer, which has prevented implementation of parts of its budget. A municipal candidate attended procurement training but narrowly failed the examination, and no immediate alternative training opportunity was available. Zvečan/Zveçan explored an arrangement with Mitrovica/Mitrovicë North requiring central authorisation, while Leposavić/Leposaviq has relied on co-operation with Gračanica/Graçanicë.

286. These issues affect both community rights and the effective exercise of local self-government. To regulate and manage local affairs in the interests of its population, a municipality must be able to communicate procedures, receive applications and provide services in both official languages. Recruitment should therefore be merit-based, comply with legal representation requirements, and

ensure effective service provision for Kosovo Serb, Kosovo Albanian, Kosovo Bosniak and other communities residing in the northern municipalities.

Administrative supervision and the role of the police

287. Municipal stakeholders argued that, in areas of own competence, central institutions did not always distinguish clearly between legality review and administrative or political expediency. Some perceived the MLGA as moving beyond its supervisory role.

288. The above-mentioned KCSS report records a marked improvement in the legality of municipal acts, attributing this to MLGA oversight, internal legal review, performance incentives, and judicial supervision. It reports that the proportion of unlawful acts fell from about 30% in 2016 to about 1% in 2024. Interviewees nevertheless referred to delays, alleged central-level interference in review processes, postponed legal assessments, and inconsistent enforcement.

289. Several complaints concerned the role of Kosovo Police, although interlocutors also noted improvement following the earlier withdrawal of special units. Some described police as assuming an administrative or supervisory role in municipal matters, and several examples are discussed in this report (e.g., requests for proof of budgetary authorisation before municipal works, intervention in disputes over murals, and assistance during demolitions and disagreements with municipal inspection officials). These allegations underline the need for clear protocols distinguishing police support from administrative decision making.

Property, cadastre and legal certainty

290. Property disputes are among the most significant sources of tension between the northern municipalities, central institutions, publicly owned enterprises (POEs), and residents. Interlocutors referred to unresolved difficulties in reconciling cadastral and property records originating from different legal and administrative systems.

291. Particular problems concern POEs or property associated with *Trepça*, *Ibër-Lepenc*, *Srbijašume* (major strategic, industrial, and natural resource enterprises) and former POEs. The demolition of garages and weekend houses (see paragraphs 277 and 281) was repeatedly cited as a possible precedent for further cases. Permits issued by Belgrade-run parallel structures such as *Srbijašume* are not recognised as valid in Kosovo's post-1999 system, while the continuing absence of pre-1999 cadastral records from Belgrade compounds legal uncertainty. Water services illustrate both the potential and difficulty of integration: a previously Belgrade-run structure was replaced by or incorporated into a regional Prishtinë/Priştina-based company without interruption of supply.

292. The underlying property questions cannot be resolved solely at municipal level. Municipalities should nevertheless be consulted before operations affecting residents, municipal land, or essential infrastructure. A structured mechanism is needed to clarify use rights held by public enterprises,

assess good-faith possession, and ensure that demolition, transfer, or expropriation decisions comply with due process.

Withdrawal from the Association of Kosovo Municipalities

293. Following the April 2023 extraordinary elections, which were boycotted by most Kosovo Serbs, the predominantly Kosovo Albanian-led municipal assemblies of the four northern municipalities voted between June and September 2023 to join the AKM. After Kosovo Serb-majority assemblies returned, all four municipalities voted on 18 December 2025 to withdraw. They stated that accession had lacked meaningful support from the predominantly Kosovo Serb population and had produced no identifiable benefits. Some officials also linked withdrawal to political support for establishing the Association/Community of Serb-Majority Municipalities.

294. The MLGA returned the initial withdrawal decisions because of procedural deficiencies, particularly the mayors' role in placing the proposals on municipal assembly agendas. After the procedure was corrected, the four assemblies voted again on 30 January 2026 to withdraw. The Ministry's intervention appears consistent with legality-based and proportionate supervision insofar as it remained confined to procedure: it did not permanently override the municipalities' substantive choice but enabled the assemblies to reconsider and adopt the decisions lawfully.

295. Municipal association is voluntary, and the January 2026 decisions are therefore procedurally stronger than those of December 2025. More broadly, the episode illustrates the risks of treating municipal associations as symbols of state integration or ethnic disengagement. Once AKM membership became linked to the wider Belgrade–Prishtinë/Priština dispute and the unresolved Association/Community of Serb-Majority Municipalities, it ceased to be viewed in the northern municipalities as a mechanism for practical intermunicipal co-operation.

Access to legal remedies

296. A 2025 report³⁴ refers positively to judicial review and enforcement as contributing to the legality of municipal governance, noting that only a small proportion of municipal acts reportedly remain uncorrected after review. Its focus is principally on enforcing legality against municipalities rather than on municipalities' ability to defend their autonomy against central authorities.

297. The interviews indicate a growing willingness among municipal representatives and Kosovo Serb residents to invoke the domestic legal framework. In disputes over murals, property, demolitions, municipal competences and administrative decisions, interlocutors increasingly referred to court proceedings, complaints to the Ombudsperson and other domestic remedies rather than rejecting the legal system altogether.

298. Several representatives stated that proceedings had been initiated or were being prepared concerning central intervention in municipal matters. The Ombudsperson was generally regarded

as accessible and, in earlier cases concerning child benefits, public safety or harassment, as having produced positive results on cases raised by Kosovo Serbs.

299. Confidence in the courts was more limited. Some interlocutors alleged selective treatment or delay, while noting that other matters were decided quickly. Municipalities may also lack the financial and professional capacity to pursue complex litigation effectively.

Joint Board of Mitrovica/Mitrovicë North and Mitrovicë/Mitrovica South

300. The MLGA's April 2026 decision³⁵ to regulate the Joint Board of Mitrovica/Mitrovicë North and Mitrovicë/Mitrovica South has sparked political sensitivity surrounding local governance. Designed to co-ordinate municipal competences, facilitate joint projects and improve co-operation in accordance with arrangements developed through the Ahtisaari Plan, the Joint Board has drawn criticism from Mitrovica/Mitrovicë North Mayor Milan Radojević regarding its voting structure.³⁶ Because the chairperson is appointed by the Prime Minister and holds a casting vote alongside five representatives from each municipality, Radojević argues that central authorities could effectively override elected local officials in split decisions.

301. These objections reflect broader fears among Kosovo Serbs of attempts to unify the two municipalities and erode Mitrovica/Mitrovicë North's equal status.³⁷ While the Joint Board may co-ordinate genuine services and projects, it should not interfere in either municipality's exclusive competences or replace elected local authorities.

Civic participation

302. The KCSS report referred further above finds that 64% of respondents identified public participation and consultation as municipal responsibilities, which indicates relatively broad recognition of the participatory role of local government. Youth participation nevertheless remains weak and is often not institutionalised. Moving beyond conventional and frequently formalistic consultation towards participatory budgeting, citizens' assemblies and co-creation of local policies would strengthen the right to participate, provided that the mechanisms are accessible, adequately publicised, inclusive, and capable of influencing municipal decisions.

303. One interlocutor rated the quality of local democracy in the northern municipalities as low, arguing that participation largely ends after elections, which is insufficient from the perspective of the Additional Protocol to the Charter. Citizens must also have realistic opportunities to engage with municipal institutions, obtain information, influence decisions, and hold representatives accountable between elections.

304. Interlocutors described the political party *Srpska Lista* as retaining a dominant political position supported by access to political, institutional, and economic resources connected to Belgrade. Because a significant part of the local economy, employment, and social welfare depends

directly or indirectly on these resources, such dependence could constrain political competition and citizens' freedom to form and express preferences, which weakens participation.

305. Alternative Kosovo Serb initiatives have emerged through independent candidates and smaller parties, but interlocutors considered that they lacked the organisational and financial resources required to compete effectively. They also described an environment in which public figures, municipal officials and residents may be reluctant to express views that could antagonise either Belgrade or Prishtinë/Priština. Direct political control was perceived as less pronounced than in earlier years, but fear of professional, economic, or other repercussions was still said to affect public behaviour. Such conditions are difficult to reconcile with the objective that participation be exercised freely and without undue pressure.

306. Access to plural and reliable information was also identified as a concern. Residents rely predominantly on media controlled by or aligned with Belgrade, and independent Serbian-language channels (e.g., N1 or Nova S) are not readily available through local cable services. Limited access to diverse information can impede informed participation in municipal affairs. Municipal authorities should therefore provide transparent and timely information, ensure consultation in Serbian, and create space for a broad range of political and civic perspectives.

Specific recommendations

307. Decisions of the 2023–2025 administrations in the northern municipalities should not become administratively locked in, newly elected authorities must comply with statutory procedures, and central supervision should apply the same standards. Even where a service is not a municipal competence, local authorities should participate in identifying service gaps, informing residents, and managing transitional arrangements. Institutional integration should be accompanied by clear information in Serbian, service mapping, outreach, and assistance with documentation.

308. Recommendations relevant to the four northern municipalities include:

- a) **Identify the competent authority in every dispute:** where the Law on Local Self-Government assigns a matter to the municipality (e.g., local planning, building control, street naming and management of local public spaces), central authorities should act principally through prescribed legality review and judicial procedures. Where a matter concerns central competences (e.g., policing, railways, centrally owned infrastructure, central public assets), municipal consent cannot operate as a veto. Consultation, written reasons and transparent procedures nevertheless remain essential.
- b) **Establish structured central–local consultation:** regular consultations should be established between the northern municipalities, the MLGA, and other relevant central institutions. Consultation should precede measures with significant effects on municipal responsibilities or local service delivery and should produce written follow-up, assigned responsibilities, and realistic deadlines. Both levels should avoid unilateral action or

police intervention where established administrative and judicial mechanisms are available.

- c) **Clarify the role of police in municipal disputes:** protocols should regulate police assistance in cases involving municipalities, public enterprises, disputed property, and execution of administrative decisions. Where competence or legality is genuinely disputed, coercive action should ordinarily await consideration by the competent administrative or judicial body, except where an immediate and serious public safety risk exists.
- d) **Consolidate professional and autonomous municipal administrations:** continuity of lawful public administration should be combined with genuine organisational autonomy for the elected municipal authorities. Employees recruited during 2023–2025 should not be removed automatically, former personnel should not be reinstated automatically, and staffing structures should not be permanently frozen. Community representation should improve through transparent merit-based recruitment and restructuring that complies with civil service legislation.
- e) **Improve bilingual staffing and professional capacity:** municipal administrations should be able to serve residents effectively in both official languages. Procurement, financial management, and legal and other specialised training should be available in Serbian or with effective simultaneous interpretation, and examinations and materials should be accessible in the language in which officials are expected to work. Where permanent recruitment is not feasible, shared professional services should be facilitated through intermunicipal co-operation.
- f) **Resolve street-naming and identity-sensitive disputes through lawful procedures:** the validity of competing decisions on street names should be determined through the procedures provided by law, including judicial review where necessary. Future renaming should involve transparent public consultation with all communities and the same standards should apply to municipal symbols, decorations, murals, and other identity-sensitive decisions.
- g) **Define the Joint Board of Mitrovica/Mitrovicë North and Mitrovicë/Mitrovica South as a co-ordination mechanism:** the Joint Board's mandate should be confined to projects and services genuinely shared by both municipalities and in a manner that fully respects either municipality's exclusive competence, require equal municipal participation, and provide transparent agendas, voting records, and avenues for legal review.
- h) **Strengthen remedies and practical intermunicipal co-operation:** municipalities should have adequate legal capacity and timely access to administrative and judicial remedies when defending their autonomy. Voluntary municipal associations and shared-service arrangements should be encouraged as practical co-operation mechanisms.

Appendix 2: Collective contracts and local finances in light of the Constitutional Court Case KI25/25

309. The Constitutional Court's case KI25/25 arose from a claim by a teacher employed by the municipality of Kamenicë/Kamenica for meal compensation under Article 35(7) of the Collective Contract for Education. The Basic Court upheld the claim and the Court of Appeals rejected the municipality's appeal. Kamenicë/Kamenica then referred the appellate judgment to the Constitutional Court, principally alleging a violation of the right to a fair and impartial trial under Article 31 of the Constitution and Article 6 of the European Convention on Human Rights.

310. The Constitutional Court declared the referral inadmissible as manifestly ill-founded. It held that it was not its role to reconsider the regular courts' interpretation of ordinary law or the collective contract unless that interpretation was demonstrably arbitrary or produced a specific constitutional violation.

311. The Constitutional Court did not decide whether the central level may constitutionally conclude or endorse a collective contract that creates municipal financial liabilities without municipal participation, consent or corresponding budgetary support. Nor did it examine municipal financial autonomy, the constitutional status of collective contracts, or which level of government should finance the resulting obligations. The ruling leaves the judgment against Kamenicë/Kamenica in force, but it should not be read as constitutional approval of the broader system through which centrally negotiated benefits are charged to municipal budgets.

312. In an op-ed,³⁸ Isuf Zejna, a lawyer with extensive experience in municipal rights, describes KI25/25 as a missed opportunity to clarify and protect municipal financial autonomy. He argues that the case concerned not only one employee's entitlement to meal compensation but also the structural question whether a centrally negotiated agreement may impose enforceable liabilities on a municipality that did not participate in the negotiations, did not consent to the obligation, and received no corresponding resources.

313. Zejna criticises the Constitutional Court for treating the matter as an ordinary labour-law dispute rather than a question of local self-government, budgetary legality and the division of responsibilities between central and local authorities. He does not dispute collective bargaining or employees' acquired rights, but argues that liabilities should not automatically be transferred to municipalities without participation, consent, or financial provision. Once an agreement compels expenditure from a constitutionally autonomous public authority, the issue also concerns the authority to create liabilities against a public budget.

314. The op-ed also identifies a possible "constitutional protection vacuum". In the earlier case KO139/18 of Skenderaj/Srbica,³⁹ the Constitutional Court found that a municipality could not directly challenge a sectoral collective contract through institutional constitutional review. In KI25/25, when such an agreement was enforced through a concrete judgment, the Constitutional Court declined substantive review, refusing to act as a court of "super-cassation". Municipalities may

therefore face difficulty challenging either the source of the obligation or its subsequent enforcement.

315. The case leaves the existing legal effects unchanged, and municipalities may remain liable as the formal employers. It does not, however, settle whether central authorities acted constitutionally in creating or endorsing those obligations without municipal participation and adequate financing.

316. Collective contracts in education and health created entitlements including meal and transport allowances, jubilee payments, retirement benefits and compensation for professional qualifications. Where these were not paid voluntarily, employees sought judicial enforcement and payments were taken from municipal budgets. According to the material reviewed, municipalities paid more than €236 million pursuant to court decisions between 2022 and August 2025, much of it reportedly related to collective contracts. These payments reduced resources available for capital investment, goods and services, subsidies, and other municipal expenditure.

317. Municipal autonomy is weakened where the central level creates legally enforceable expenditure obligations but leaves municipalities to finance them from budgets intended for their own competences and services.

318. The issue also engages the Charter's consultation principle enshrined in Article 4. Municipalities were not consulted in the planning and decision-making process relating to the collective contract. The Constitutional Court case KI25/25 therefore leaves unresolved whether Kosovo* ensures a genuine correspondence between obligations imposed on municipalities and the resources available to fulfil them. Charter compliance would support at least one of three safeguards: prior municipal participation in collective bargaining, an agreed financing mechanism, or compensatory central transfers. Without such safeguards, municipal financial autonomy risks becoming formal rather than practical.

Appendix 3: Mapping of donor assistance in local government

319. Official development assistance (ODA) to Kosovo* has gradually declined in line with its development progress. A key finding of this mapping is that **funding for local governance has declined sharply** and is projected to drop dramatically over the coming years. Three factors have further **accelerated the reduction of external assistance**. First, the EU has frozen a substantial portion of its assistance and made further support conditional upon progress in the dialogue with Serbia. Introduced by the Trump administration, cuts by the US administration have significantly reduced foreign aid globally. Third, as a member of the World Bank, Kosovo* has become a contributor to the International Development Association (IDA)⁴⁰ which may be seen as **graduation from donor-dependent status** just when most donor partners have to allocate much more towards other priorities.

320. The three main international development partners in this area – the US Agency for International Development (**USAID**), the Swiss Agency for Development and Cooperation (**SDC**) and the Swedish International Development Cooperation Agency (**SIDA**) – have concluded their local governance programmes by the end of 2025. The **EU** has expressed interest in continuing its support for grant schemes and technical assistance, but there are considerable challenges towards the design of the intervention. The **UK**, which previously focused on municipal public enterprises, has reportedly shifted its attention to sectors unrelated to local governance. **Norway** phased out most assistance to Kosovo* in 2024 when it also closed the embassy and shifted assistance to Ukraine. The Austrian Development Agency (**ADA**) has maintained ongoing moderate efforts in public administration, education, inclusion, and digitalisation. The German Society for International Cooperation (**GIZ**) and **bilateral donors** remain more stable with somewhat reduced budget and scope.

321. Given the acute **funding reduction** for municipal governance, the landscape is increasingly devoid of major governance-focused projects and most interlocutors described the current **outlook for resources dedicated to local government reform as critical**. Many organisations are either pivoting to other sectors or actively searching for alternative funding streams. Reportedly, some NGOs have approached non-traditional partner countries for support which has raised concerns that such partnerships may introduce deviation of broader political or ideological agendas.

322. **USAID** had four projects with some assistance to local government, and all were terminated in early 2025. Few public diplomacy schemes by the US Embassy have remained, mostly in the field of education and fight against disinformation. The flagship local government project, the **Social Contract Activity** began as pilot in 2022, introducing participatory budgeting initially with five municipalities to co-design local action plans, enhancing citizen participation in local governance. This project helped communities and local governments co-design and implement solutions to local issues and these partnerships were formalised through **Social Contract Agendas**, which laid out community priorities and secured municipal funding following pledges signed by local leaders. For example, in Prishtinë/Priština, residents and municipal officials formed working groups – facilitated by USAID – to expand trail signage in Gërmia/Grmija Park and refurbish public green spaces through quarterly meetings. Regular meetings between municipal directors and community

groups create structured channels for citizen input, boosting transparency, understanding, and responsiveness. A 2023 citizen perception survey reported a 4% increase in trust, 3% in satisfaction, and 3% drop in perceived corruption. The project later rolled out to more municipalities and has consolidated successful practices codifying participatory budgeting into secondary legislation.

323. The USAID **Property Governance Activity** focused on improving joint registration of property titles, with a strong emphasis on property rights, tax administration, and gender equality. The project has resulted in over 2 500 women obtaining property titles, with municipalities like Suharekë/Suva Reka doubling women's registrations in recent years. The initiative has promoted affirmative measures such as tax-free joint registration, supported by public campaigns and collaboration between USAID, municipal offices, and civil society. Persistent social norms and bureaucratic challenges continue to limit a broader uptake.

324. The USAID **Kosovo Municipal Integrity (KMI) Activity** focused on enhancing public procurement practices at both the central and municipal levels. Building upon the earlier Transparent, Effective, and Accountable Municipalities (TEAM) initiative, KMI has worked with champion municipalities and the AKM to promote peer learning and share best practices, embedding experts with municipalities. The project has worked with key institutions such as the Ministry of Finance, Labour and Transfers, the Procurement Review Body, and the Public Procurement Regulatory Commission to improve procurement processes and reduce risk of corruption. **Civil society** organisations such as Democracy Plus (D+), the Kosovo Democratic Institute (KDI), the Kosovo Law Institute (IKD), FOL Movement, and the Initiative for Progress (INPO) have been **engaged to monitor procurement activities** and ensure transparency. Notable achievements include the adoption of the Most Economically Advantageous Tender (MEAT) criteria in procurement decisions, an increase in the publication of procurement data from 61% in 2022 to 93% in 2023, and a formal collaboration between the Audit Office and the State Prosecutor to combat procurement-related fraud. Critics have pointed out the repeated selection of the same pilot municipalities to showcase progress. Efforts to incorporate municipal recommendations in legislation have not succeeded as the draft law on public procurement has stagnated.

325. The USAID **e-Governance Activity** aimed to support the digitalisation of public services at both the central and local government levels. After an extended inception phase, the project only began to show tangible impact shortly before its premature discontinuation. Municipalities collaborated primarily with the Information and Privacy Agency, while the limited co-operation with the MLGA did not enable adequate cross-institutional synergy. The initiative sought to create **e-Komunat** as a dedicated municipal services module integrated directly within the central e-Kosova platform. The municipalities of Lipjan/Lipljan and Prizren were the initial pilot municipalities at launch, with service expansion continuing to additional municipalities over time. Overall, digitalisation efforts at the municipal level remain fragmented.

326. **GIZ** has been a key development partner in Kosovo*, having invested over **€660 million since 1999** with a sustained focus on **public administration reform and decentralisation** at both central and local government levels. In 2024, the German government pledged an additional €90 million for technical and financial co-operation, of which approximately €20 million is earmarked as grants directly supporting municipalities. That pledge was designed to fund multi-year

infrastructure and reform initiatives – including waste management, green transition, and municipal development – that are actively being implemented through 2026 and 2027.

327. GIZ's work in **energy** has been closely co-ordinated with the AKM, supporting local initiatives that include the installation of solar panels, promotion of energy-efficient lighting, and adoption of renewable energy technologies in public buildings. These efforts are part of the **Sustainable Municipal Services** programme, which continues to prioritise waste management as a critical municipal service area.

328. On **public financial management**, GIZ's engagement covers both the central government and local authorities, reflecting Kosovo*'s unified financial system. Activities include reducing administrative burdens and improving employment practices at multiple government layers. This complements work by the World Bank and International Finance Corporation (IFC), which target similar objectives but focus on different institutional actors, ensuring co-ordinated yet distinct interventions.

329. GIZ has also supported **civil society** through two main small-grant schemes: one aimed at reducing administrative burdens on businesses and citizens, and another targeting environmental priorities such as forestry protection, solar energy adoption, and the management of regulatory zones to advance green initiatives.

330. Beyond these areas, GIZ's portfolio extends to **urban planning, education, and diaspora engagement**. Notably, a pilot project fostering municipal-level dialogue with diaspora communities involved co-operation with the AKM and civil society actors like the GAP Institute. In 2025, in partnership with the Ministry of Agriculture, Forestry and Rural Development, GIZ launched the **Investment Grant Scheme for Rural Economic Development**, an initiative that focuses on diversifying rural economies, promoting sustainable practices, and aligning local agricultural governance with EU standards.

331. The **SDC** has played a significant and sustained role in supporting local governance and public services in Kosovo*, with a particular focus on health and community development. SDC continues to prioritise **primary healthcare** by working directly with municipalities to strengthen local health service delivery. At the same time, it supports secondary healthcare through partnerships with seven regional health centres.

332. SDC actively collaborates with municipalities to provide **direct support to vulnerable groups**, including women, farmers, associations, and small enterprises. Municipalities are engaged as key actors in selecting beneficiaries and implementing programmes, thereby reinforcing local ownership and participatory governance. Throughout its involvement, SDC has emphasised a holistic approach, integrating governance reforms with socio-economic development initiatives, particularly targeting marginalised groups and promoting gender equality.

333. SDC has provided over a decade of technical and financial support to the AKM, aimed at strengthening municipal capacities, promoting decentralisation reforms, advancing local government professionalism, improving service delivery, and fostering intermunicipal co-operation.

SDC's formal support concluded in 2025. Helvetas will continue to work on environment and energy while Swisscontact remains active in economy and tourism development.

334. Over the past 13 years, the Decentralisation and Municipal Support (**DEMOS**) Project has been a cornerstone of local governance reform in Kosovo*, supporting all municipalities in achieving more accountable, transparent, and citizen-focused governance. Its most notable innovation is the introduction of the **Municipal Performance Grants** (MPG), a results-based funding mechanism that rewards municipalities for good performance across 19 fields and nearly 100 indicators, with a focus on local democracy, municipal management, and service delivery. This model has been institutionalised within the domestic legal and policy frameworks and is now managed by the MLGA.

335. Now fully under MLGA's control, the MPG is a merit-based funding mechanism co-financed by the government and international donors, including the EU, Switzerland, Sweden, and Norway. This grant incentivises municipalities to enhance their performance in areas such as democratic governance, municipal management, and public service delivery. For the 2025 fiscal year grant scheme (for 2023 performance), the MLGA awarded €7.85 million to 12 top-performing municipalities, with the ministry contributing €4.5 million (57.3%) and the EU, Switzerland and Sweden providing the remainder.

336. Beyond grants, DEMOS has provided **technical assistance** and training to municipal officers, supported improvements in budget processes, internal audit, citizen participation, and legislative frameworks. These efforts contributed to tangible results such as increased property tax collection and improved services. DEMOS now acts as a technical adviser to the MLGA, providing expertise, data analysis support, policy guidance, and capacity building to help the ministry and municipalities manage the grant framework independently.

337. During the recent years, there have been **a few points of contention**. DEMOS and the donor community supported municipalities in the request that payments to flow directly to municipalities, following the same pattern as donors, in treating the awards as own revenues. As part of the project, a study group visited municipalities in Sweden observing the high level of fiscal independence that municipalities enjoy. The project has also advocated on behalf of municipalities, arguing that payments for dues emanating from the collective contract in education should not affect their performance and comments by the Auditor General. DEMOS remained engaged, often at MLGA's request, in policy development and legislative support, even as MLGA publicly argued it no longer needed an implementing partner.

338. The **next phase of DEMOS** was planned to transition fully into national ownership, with the government gradually taking over funding responsibilities, initially through reprogrammed IPA funds. Preparations for a fourth phase were well underway, with plans for approximately €5 million in performance-based grants and €7 million for technical assistance aimed at continuing support to municipalities in areas such as the environment, citizen engagement, property tax, and public financial management. Donors including SDC, SIDA, and the EU had agreed on broad goals, and an action document was nearly finalised. The ambition was to preserve the core principles of the

project while integrating new tools like administrative burden reduction indicators and expanding the citizen participation agenda.

339. Significant **challenges emerged** during the negotiation of the new phase, particularly between the MLGA and the EU over funding modalities and the role of donors and the implementing partner. The MLGA reportedly insisted on managing the entire fund, including technical assistance, modelled on cross-border co-operation projects. This created an irreconcilable disagreement, especially with the EU. Despite prior agreement on objectives, the breakdown in trust and communication – compounded by allegations of mismanagement and harsh language – led to the EU’s formal withdrawal in April 2025.

340. The **Council of Europe** has supported Kosovo* towards the advancement of its reform agenda through co-operation activities since 1999. It maintains a dynamic co-operation footprint through a dual structure of 10 Kosovo*-specific projects and 12 broader regional initiatives. This portfolio spans key thematic areas including judicial efficiency, freedom of expression, anti-corruption, anti-discrimination, human rights in prisons, and democratic governance. Funding is drawn from the EU/Council of Europe Horizontal Facility for the Western Balkans and Türkiye, and voluntary contributions from member states. Together, these interventions support institutional alignment with European standards, building administrative capacity, protecting fundamental rights, and reinforcing democratic principles at every administrative tier.

341. At the domestic level, local democratic governance is anchored by the project “Strengthening multilevel governance and participatory democracy”. Implemented by the Centre of Expertise for Multilevel Governance (CEMG) at the Congress of Local and Regional Authorities of the Council of Europe, this initiative focuses on strengthening the co-operation between central and local authorities in local self-government reform and in the advancement of good democratic governance, including participatory and deliberative democracy.

342. Complementing structural reform, the regional initiative “Strengthening innovative democracy in South-East Europe”, also implemented by the CEMG, focuses on enhancing local democracy and fostering more inclusive local governments across the region. This project empowers municipalities in Kosovo* and neighbouring countries to adopt innovative participation tools – such as citizens’ assemblies – alongside representative democracy. Through regional peer learning and tailored capacity-building programmes, it equips local elected officials and civil society with practical mechanisms to involve citizens directly in local decision making and policy design.

343. Extending these efforts into regional structures, the Congress also leads the Local Observatory on Reform Agendas Implementation in the Western Balkans (LORAI). This joint EU–Council of Europe regional programme establishes operational frameworks to monitor and implement reform commitments under the EU Reform and Growth Facility. By creating an open-access dashboard and bringing together local authorities, LORAI ensures that municipal perspectives and local impact directly inform national reform agendas, thereby enhancing public trust, fiscal accountability, and multi-tiered policy co-ordination.

344. The United Nations Development Programme (**UNDP**) has implemented two projects in relation to local government, and both have ended.

345. Funded by the EU and implemented by UNDP, the **Regional Programme for Local Democracy in the Western Balkans 2** (ReLOaD2) concluded its activities in December 2024, building on previous initiatives such as LOD (2009–2016) and ReLOaD1 (2017–2020). The project aimed to strengthen participatory democracy and support EU integration across the region by enhancing co-operation between local governments and civil society organisations. In Kosovo*, ReLOaD2 supported municipalities like Lipjan/Lipljan, Istog/Istok, and Viti/Vitina in allocating grants transparently to CSOs, with a focus on youth and women's entrepreneurship, civic engagement, and inter-community reconciliation.

346. ReLOaD2 addressed persistent challenges in the Western Balkans, where collaboration between local authorities and CSOs remains underdeveloped, and public funding for civil society is often non-transparent and inconsistently applied. The programme aimed to institutionalise transparent, needs-based, project-oriented funding models that reflect local development strategies and community priorities. It also promoted youth participation in decision making and supported initiatives aimed at enhancing their economic opportunities. A key feature was the adoption of the Local Democracy (LOD) Methodology in Public Funding, through which municipalities were expected to allocate at least 40% of their grants using transparent procedures.

347. Despite its positive contributions, the long-term adoption of transparent funding mechanisms by local governments remains uncertain, highlighting the need for continued support and institutional commitment to participatory governance. There is little evidence that these practices have been sustained beyond the project's lifecycle.

348. The UNDP's **Support to Anti-Corruption Efforts in Kosovo*** (SAEK III) project aimed to strengthen the enforcement of anti-corruption laws, improve asset recovery mechanisms, and establish a robust system for preventing corruption in both central and local governance. SAEK III applied policy, structural, and capacity building to support key reforms aligned with UNDP's Signature Solutions⁴¹ promoting poverty reduction, accountable governance, and gender equality. It focused on enabling prosecutor-led joint financial crime investigations, enhancing co-ordination among public institutions, improving investigative journalism, and providing training for asset recovery specialists. Notable interventions included support for the *Kallxo.com* reporting platform, development of the asset and income disclosure system, integrity monitoring frameworks, and the incorporation of environmental criteria in procurement processes. The project significantly strengthened Kosovo*'s anti-corruption framework by supporting key institutional reforms and capacity-building efforts.

349. Since 2016, **SIDA** has played a strategic role in promoting inclusive and accountable local governance in Kosovo*. Through its Inclusive Development Programme in northern Kosovo, SIDA contributed to build municipal capacity, foster intermunicipal co-operation, and engage both public institutions and civil society in participatory planning and infrastructure improvements, contributing to stronger social contracts and ethnic integration. It has also supported gender-responsive budgeting in partnership with UN Women, helping 15 municipalities embed gender

analysis into budgeting practices to ensure equitable resource allocation and enhance transparency. SIDA has bolstered economic empowerment at the local level. It backed the Kosovo Credit Guarantee Fund, enabling over €55 million in loans – through instruments like the “Women in Business” and “Export” windows –, driving small and medium-size enterprise (SME) growth and job creation in municipalities. More recently, SIDA launched the RECONOMY programme, implemented by Helvetas and aimed at digitalisation and green economic development.

350. SIDA’s main support to local government was the support for the Training Centre of the AKM, which ended in 2025. SIDA has also supported grants to various initiatives some of which pertain to local regulations, such as work with NGO *Ec Ma Ndryshe* with regard to cultural heritage and cultural regulatory plans in Prizren.

351. The **AKM** has long worked to enhance local government capacity and service delivery, primarily through its dedicated Training Centre. In 2023, nearly 800 municipal officials across Kosovo* were trained, successfully achieving ISO 9001 accreditation and establishing robust evaluation frameworks like the Training Passport Annex. Its offerings included periodic professional development, thematic courses – such as gender equality, digitalisation in pre-university education, and environmental policy – and tailored sessions upon request from individual municipalities.

352. Both SIDA and SDC were instrumental in setting up and expanding AKM’s capacity and training infrastructure through multi-year grants, whose core objective was to build an independent department within AKM so it would not rely indefinitely on direct foreign subsidies. Training activities are now sustained through member municipality contributions, joint project partnerships (such as NALAS and EU-funded regional initiatives), and targeted co-operation agreements with central government bodies and international agencies.

353. The **MLGA** serves as the primary liaison between central government institutions and municipalities, overseeing the implementation of local policies and ensuring that municipal operations align with the legislation. The MLGA’s collaboration with donors extends beyond financial support; it encompasses joint efforts in policy development, capacity building, and fostering inter-institutional dialogue.

354. The ministry has partnered with organisations like the Kosovo Local Government Institute (KLG I) and international entities such as the World Bank and the Embassy of Japan. These partnerships have led to projects like the Municipalities for Youth (M4Y) initiative, which aims to improve the socio-economic inclusion of marginalised youth in municipalities. In 2025 and 2026, the MLGA received support from the **Council of Europe** in the elaboration of the Action Plan on the Open Government Partnership 2026-2028 and, currently, Council of Europe consultants are supporting the development of the Strategy on Local Self-Government 2027-2031. The MLGA’s relationship with municipalities has experienced tensions, particularly concerning the decentralisation of authority and the allocation of donor funds.

355. The MLGA actively participates in **cross-border co-operation programmes** funded by the European Union through the Instrument for Pre-Accession Assistance (IPA III), working closely with Albania, Montenegro, and North Macedonia. In March 2024, Kosovo* and Montenegro signed a

bilateral agreement for the IPA III Cross-Border Co-operation Programme 2021–2027, which allocates €8.4 million in EU funds to support initiatives in three key areas: employment and labour mobility along with social and cultural inclusion; tourism and the preservation of cultural and natural heritage; and the promotion of local and regional governance. A Joint Task Force with offices in both Kosovo* and Montenegro oversees the programme's implementation to ensure effective co-ordination and management of cross-border projects.

356. The MLGA collaborates with GIZ to organise workshops and initiatives that foster co-operation among municipalities in Albania, North Macedonia, and Kosovo*, with a focus on tourism development, regional products, environmental management, strengthening partnerships, and sharing best practices across borders.

357. The **Ministry of Regional Development** (MRD) is entrusted to foster balanced regional development by implementing the Regional Development Strategy 2020–2030. This strategy aims to co-ordinate policies for regional development, promote balanced socio-economic growth, and enhance inter-regional competitiveness. The MRD collaborates with municipalities to identify and implement capital investment projects that align with regional development goals.

358. In terms of donor co-operation, the MRD has engaged in partnerships to co-finance projects that address regional development challenges. Notably, through a memorandum of co-operation with Swiss Caritas, the MRD co-financed the Municipal Action for Reintegration and Diaspora (MARDI) and the Youth Environmental Impact (YENI) projects, contributing €347 000 annually from 2022 to 2024. These projects focused on income generation, vocational training, and migration-related issues, reflecting the MRD's strategy to leverage international support for sustainable development.

359. The **OSCE Mission in Kosovo** plays a multifaceted role in strengthening local governance, with a focus on human rights, democratisation, public safety, and institutional accountability. At the municipal level, the OSCE supports transparency, interethnic co-operation, gender responsiveness, and community security. It monitors municipal institutions and facilitates inclusive policy dialogue, particularly on minority rights, anti-discrimination, and citizen participation. The Mission frequently works with the AKM, helping to organise collegium meetings for heads of municipal assemblies, legal officers, IT staff, and communication professionals, among others. It also serves as a bridge between central and local levels of government, supporting co-operation and the implementation of EU-facilitated agreements between Prishtinë/Priština and Belgrade. While some of the OSCE's municipal engagements are seen as ad hoc, its consistent presence on the ground allows it to identify governance gaps and support responsive institutional practices. There are several examples how OSCE has facilitated communication and co-operation among neighbouring Kosovo Albanian-majority and Kosovo Serb-majority municipalities enabling mutual support in service delivery.

360. The European Union Rule of Law Mission in Kosovo* (**EULEX**) focuses on supporting rule-of-law institutions, including those operating at the municipal level. Although EULEX does not fund infrastructure projects, it assists with judicial reform, legal capacity building, and law enforcement co-operation. It monitors judicial practices and offers technical advice to enhance legal processes in municipalities, particularly in sensitive interethnic areas. Its mandate, currently set to run until

January 2027, positions EULEX as a stabilising actor in Kosovo*'s ongoing efforts to strengthen justice and legal integrity at all levels of governance.

361. The Luxembourg Development Cooperation Agency (**LuxDev**) has been actively engaged in Kosovo* since 2000, focusing on various sectors, including local governance, education, healthcare, and sustainable development. Their initiatives aim to enhance the capacity of local institutions, promote transparency, and foster inclusive growth. LuxDev also supports activities to promote European integration, improve public procurement practices with EU standards, and strengthen food safety and administrative capacities. In the education sector, LuxDev seeks to enhance vocational education and training to meet market demands, particularly in ICT and renewable energy sectors. Their work on energy transition and climate mitigation addresses environmental sustainability by promoting energy efficiency and renewable energy sources, and establishing professional bodies like the Chamber of Architects, aligning the construction sector with EU standards. With increased support in the coming years, LuxDev is set to emerge as a leading donor in Kosovo* in the next few years.

362. The **World Bank** and its private-sector arm, the **International Finance Corporation (IFC)**, play an important role in development, particularly in supporting municipalities through technical assistance and strategic partnerships. Unlike traditional donors, the World Bank acts as an implementing partner, emphasising institutional capacity building, procedural simplification, and infrastructure modernisation. A notable intervention is the **Kosovo Digital Economy (KODE) Project**, which expanded high-speed internet access to underserved areas, including schools and rural municipalities, thereby improving educational outcomes and digital inclusion. This effort is part of a broader digital transformation agenda to build a modern, connected economy in Kosovo*.

363. The **IFC** has contributed significantly to improving the local business environment by advising on the **reduction of administrative burdens**, particularly for SMEs. This includes simplifying municipal-level procedures and regulatory requirements to foster entrepreneurship and attract private investment. In parallel, the World Bank has supported Kosovo* through projects like **Strengthening Fiscal Governance in the Western Balkans**, which aim to enhance transparency and accountability in local public finance management.

364. The US **National Democratic Institute (NDI)** has managed to continue its activities despite its heavy reliance on USAID funds. With support by SDC and the National Endowment for Democracy, NDI is to continue its traditional activities although with fewer staff and less funding. NDI has generally worked with political parties and its work with the municipal level goes through the party branches.

365. NDI has facilitated and coached Municipal Forums for Transparency, related to Kosovo*'s obligations with the Open Government Partnership, and has trained youth and women councillors at the local level, mostly in advocacy and policy formulation, and decision making. NDI has also implemented coaching and mentoring for women in leadership roles. Similar work has been done by the International Republican Institute which closed its office in Prishtinë/Priština at the beginning of 2025.

366. In terms of local civil society organisations, **D+** has been among the main NGOs working on local government with numerous USAID projects and with the Olof Palme International Center. USAID also had a minor project to support recycling in Gračanica/Gračanicë and Fushë Kosovë/Kosovo Polje, implemented by D+ and the European Centre for Minority Issues (ECMI), designed to support the inclusion and economic wellbeing of Kosovo Roma and Kosovo Ashkali communities.

367. The **GAP Institute** is active through research, advocacy, and monitoring, conducting in-depth analyses on municipal performance, budget allocations, and the fulfilment of electoral promises by local officials. For instance, a 2025 GAP Institute's report⁴² highlighted that between 2022 and 2024, municipalities paid over €163 million in enforcement obligations, severely impacting their capacity to implement development projects. Currently, the GAP Institute has a project supported by the Kosovar Civil Society Foundation (KCSF), co-financed by SDC and SIDA, for issues related to environmental governance, gender equality, and local government.

368. The **Dialogue for European Municipalities** (DEM) is a capacity-building initiative aimed at enhancing local governance, implemented by the think-tank **Kosovo Local Government Institute** (KLGI). The project, finished in 2024 and supported by the Norwegian Embassy in Prishtinë/Priština, focused on strengthening inter-institutional co-operation, promoting digitalisation, and fostering regional dialogue among municipalities, whereas key components included advancing policy development, building municipal capacities, and encouraging collaborative initiatives across the region. The MLGA actively collaborated with KLGI on the DEM project.

369. The **Kosovo Democratic Institute** (KDI), the local branch of Transparency International, advances public integrity and democracy by combining open-data oversight with citizen participation across Kosovo*. Through its "Integrity Watch Kosova" platform and "Local government and citizen participation" programme, KDI tracks municipal spending, asset declarations, and decision-making processes. It also publishes the *Transparometri komunal* (**Municipal transparometer**) alongside 12 local CSOs to systematically evaluate municipal transparency and foster constructive competition among local administrations.

370. Additionally, KDI pilots "Integrity Pacts" in public procurement, establishing binding oversight agreements between local authorities, contractors, and independent monitors. Partnering with key CSOs – D4D, Institute for Development Policy (INDEP), *Iniciativa për Progres* (Initiative for Progress, INPO) and the Balkan Investigative Reporting Network (BIRN) – and engaging parliamentary audit committees, the initiative connects local monitoring with central legislative scrutiny to prevent corruption, build watchdog capacity, and drive systemic governance reform.

Appendix 4: Results of the questionnaire for mayors about strengthening local governance

371. As part of the assessment of the implementation of the principles of the Charter in Kosovo*, the Centre of Expertise for Multilevel Governance at the Congress administered an online survey shared with all municipalities in July–August 2025. The questionnaire sought to understand the priorities, challenges, and support needs of local governments in Kosovo*, in line with the Charter and reforms, especially those related to EU integration, public administration modernisation, and inclusive governance. A representative half of the municipalities (19) responded to the questionnaire with adequate distribution and representation in terms of geography, size, ethnic composition, and party control. In terms of party lineage and ethnic background, six Democratic League of Kosovo (LDK) municipalities responded, as did four Democratic Party of Kosovo (PDK), four Alliance for the Future of Kosovo (AAK), two *Vetëvendosje!* (VV), two *Srpska Lista*, and one Kosovo Turk Democratic Party (KDTP). 10 respondents had more than seven years of experience and the remaining nine had between three and six years of experience. Of seven major cities in Kosovo*, three responded, including the Capital City.

Local autonomy and governance

372. Asked to rate local autonomy, respondents rated highest the autonomy with regard to local policy development, followed by public service delivery. The lowest autonomy was in finances.

373. Most respondents thought that municipal autonomy was well protected by law (4.2), and slightly less so in practice (3.9) (on a range where 5 means “fully” and 4 means “to a great extent”). Out of 19, just over half (10) of respondents thought that municipal autonomy is better protected in 2025 than in the previous four years.

	Average score (min 1, max 5)
Financial autonomy	3.1
Human resource management	3.6
Public service delivery	3.9
Spatial planning & land use	3.3
Local policy development	4.1

374. Asked to list three main obstacles to exercising full local self-government, two major themes emerged:

- limited funds** marked 18 times in various forms, be it in relation to financial autonomy or insufficient funds.
- 13 times it had to do with **relations with the central government**, in the form of delayed decisions, political obstacles or interference, centralised decision making, weak communication (marked by both Kosovo Serb-majority municipalities), and overall lack of co-operation by the central government.
- Remaining answers had to do with limited capacity (2), property management (2), and legal uncertainty/limitations (3), followed by health, citizen participation, and decisions by the municipal assembly.

EU integration and alignment

375. Mayors expressed greater familiarity with the European Charter on Local Self-Government than with the EU acquis. Three quarters of the mayors were somewhat familiar with the Charter, but none were very familiar. In

	Charter	EU acquis
Very familiar	0	1
Somewhat familiar	14	9
Limited familiarity	6	6
Not familiar	1	2

terms of alignment with EU standards, municipalities were also asked about areas they saw the greatest potential or need for alignment. Of the five given options, environmental protection scored the highest. Human resource management was specifically proposed by the municipality of Prizren.

Areas of importance for EU alignment	
Environmental protection	15
Rule of law and anti-corruption	11
Transparency and good governance	10
Public procurement	11
Social inclusion and minorities	10

Type of support	
Capacity building	15
Funding	16
Co-ordination	9
Technical expertise	12
Others:	0

376. In terms of type of support, most sought funding, followed by capacity building and technical expertise.

Public administration reform and citizen participation

377. Two thirds of mayors rated the level of their digitalisation as moderate with some services online. Regarding the main barriers for public administration, most cited budget limitations (16), staff capacity (13) and IT infrastructure (10), legal constraints (8), and citizen resistance (3).

Digitalisation	
None	0
Basic (e.g., website which is visited by citizens for information)	3
Moderate (some services online)	13
Advanced (most services online)	3
Comprehensive (fully digitised, interoperable)	0

378. It was surprising that all but three mayors would prioritise data-driven decision making. It is important to note that of four municipalities which would prioritise intermunicipal co-operation, three are either very small towns or very big cities (Hani i Elezit/Elez Han and Junik, and Prishtinë/Priština). Beyond the list offered by the questionnaire, one mayor proposed spatial planning.

Priority reforms	
HR management and depoliticisation	14
Performance measurement	8
Intermunicipal co-operation	4
Citizen complaint and feedback mechanisms	7
Data-driven decision making	16

379. In relation to participatory tools, a quarter of mayors expressed confidence that citizens have very high trust in the municipal administration (Glogoc/Glogovac, Lipjan/Lipljan, Suharekë/Suva Reka, Podujevë/Podujevo, and Junik), none among the major seven cities. Nine other mayors considered trust to be high, while four rated trust as “moderate”, and one as “low”.

Participatory tools used	
Public hearings	18
Participatory budgeting	11
Community forums	11
Citizen surveys	5
Digital platforms	6
Streaming of municipal assembly meetings	13

380. In terms of needs for external support or capacity building, virtually all municipalities expressed the desire for support for EU project development as the highest priority. Other priorities were around crisis management, climate policies, and strategic planning and budgeting (marked by around 60% of respondents).

Support and capacity building			
Needs		Form of preferred support	
Strategic planning and budgeting	12	Direct funding	17
EU project development	18	Training and workshops	15
Communication with citizens	5	Technical assistance	7
Gender equality and inclusion of diversity	3	Peer exchange with other municipalities	5
Climate and environmental policies	12	Tools and guidelines	10
Crisis/emergency management	13	Study visits	17
Data collection and use	6	EU cross-border co-op. (other)	1

381. Most mayors prefer direct funding and study visits, followed by training and workshops. One respondent added cross-border co-operation with municipalities in EU countries.

Priorities and challenges

382. Priorities of mayors differ and can be grouped in four major clusters:

Infrastructural projects: water reservoir and improvement of water supply, sewage treatment plants, parks, public parking (including underground), main square, new roads (including ring road), semi-Olympic size public pool, public heating facility, public lighting, riverbeds, walking/hiking trails, reforestation.	Governance: public administration reform, digitalisation, increase transparency and accountability, include citizens in decision making, management of public spaces, improve trust between citizens and the municipality.
Public services: education and its quality, youth, and social welfare, public services, healthcare, house of culture, kindergartens, education of citizens, haemodialysis services, improve social policies, management of public spaces and waste.	Development: development and employment, rural tourism, support to small businesses, agriculture and agritourism, environment, recycling, mountain tourism.

383. The list of priorities above shows that most municipalities have addressed immediate and acute challenges, and are looking into medium-term long-term development prospects.

384. With regard to the main challenges, all municipalities mentioned insufficient financial resources, more than half mentioned difficulties in relation to the central government, and half expressed limited capacity or difficulties in service delivery.	Challenges	
	Insufficient financial resources	19
	Limited administrative capacity / staffing shortages	8
	Overlapping competences with central government	11
	Political interference from central authorities	12
	Lack of legal clarity in municipal responsibilities	3
	Inadequate citizen participation or engagement	4
	Infrastructure deficits	6
	Difficulties in service delivery (e.g., waste, water, education)	9
	Weak intermunicipal co-operation	4
	Challenges in implementing digital services	4
	Size and lack of critical mass	2

Legal framework and overlapping competences

385. Regarding the most dissatisfactory aspects of the legislative framework, three quarters of the mayors highlighted “limitations on financial autonomy”, followed by lack of enforcement mechanisms to protect municipal autonomy (10), ambiguity in the division of competences between central and local levels (9), weak mechanisms for intergovernmental co-operation (9), Insufficient legal guarantees for property and asset management (9), restrictions on local decision-making authority (8), outdated or inconsistent secondary legislation (5), and inadequate provisions for citizen participation and transparency (2).

386. Almost two thirds of mayors (12) said that there are unfunded mandates, mostly highlighting the issue of collective contracts, municipal property, environment, waste management, water supply, health, education management, street infrastructure, specific social welfare services, and spatial planning.

387. Half of the municipalities identified areas that had originally been assigned to municipalities, but which were recentralised through subsequent legislation or administrative practice, naming: municipal property, cadastre, inspectorates, forestry, firefighters, greater decision making in primary and secondary education, public procurement for infrastructural projects, and financial and regulatory responsibility for salaries and contracts.

388. Mayors do not consider that they are able to influence legislation or policymaking that affects local government. Some mayors expressed the ability to influence central decision making through joint lobbying with international actors. Some highlighted the lack of consultations before decisions are taken, or that their proposals were not considered when they	Mayors' ability to influence policy	
	Not at all	4
	To a limited extent	3
	To some extent	6
	To a great extent	2
	Fully	1
	Don't know / Not applicable	3

were formally involved. Several mentioned lack of communication and the political influence of the central government as challenges.

389. Only one municipality (Podujevë/Podujevo) rated the interaction with the MLGA and line ministries as “very satisfactory”. Three other municipalities were satisfied in their dealing with the MLGA and line ministries (Glllogoc/Glogovac, Dragash/Dragaš and Suharekë/ Suva Reka).

	MLGA	Line ministries
Very satisfactory	1	1
Satisfactory	5	3
Neutral	7	9
Unsatisfactory	5	5
Very unsatisfactory	1	1

Lipjan/Lipljan said to be very dissatisfied with both the MLGA and line ministries.

390. Legal deadlines to review the legality of municipal acts were reportedly not respected and there were delays in returning answers on the legality of acts approved by the municipal assembly. Mayors reported generally inadequate communication with the central authorities, lack of readiness by line ministries for preliminary consultations, lack of inter-institutional co-ordination, and overstepping of their competences. Insufficient budgetary means is a recurrent theme, as are delays in decision making (e.g., on cases of co-financing), and lack of co-ordination. One municipality was not informed on time that a part of its territory had been declared of central importance, and it was now allowed to exchange land with the Kosovo Forestry Agency to build a religious site. Delays in transferring own funds to municipalities were also flagged.

391. Over two thirds of mayors (12) considered that some of the central competences would be more effectively carried out at the local level, such as exchanges of property, management of public finances, payments, the management of the electronic system for property tax, management of the civil status/registrar, forestry, firefighters, sanitary inspection of businesses, park management, administration of natural resources and environment, greater independence in deciding about municipal property and former socially owned enterprises, spatial planning and land use, and management of municipal utility services, which would be more efficient if they were management by the municipality given the proximity to the users. Mayors also added that municipalities would be more effective to set local taxes and fees within a wide legal framework, and they could have more competences for local economic development, investments, and primary and pre-primary education. One mayor also proposed that municipalities take over full management of human resources in health and education, as proximity would improve responsibility and accountability and would reduce the influence of central politics and bureaucracy.

392. Over two thirds of mayors (12) assessed that the legislation regulating intermunicipal co-operation in Kosovo* was effective. The rest were neutral. All responded that their municipalities used intermunicipal co-operation mechanisms under the domestic legislation, but this is clearly not the case, which shows a low dose of understanding legislation regulating this field. Over three quarters (15) of mayors engaged in cross-border co-operation with municipalities in neighbouring countries.

Appendix 5: Stakeholders interviewed

The list below includes stakeholders interviewed during a field visit conducted in July 2025 and a supplementary visit to the northern municipalities in July 2026. It is not exhaustive, as not all interviewees wished to be named. The stakeholders below are presented in alphabetical order by surname.

1. ABDYKAPAR KYZY Nuraida, Senior Communities Adviser, OSCE Mission in Kosovo
2. ABDYLI Dukagjin, Senior Constitutional Legal Adviser, Constitutional Court
3. ANDRIĆ-RAKIĆ Milica, Executive Director, NGO New Social Initiative
4. BUSHI Avni, Secretary of the Municipal Assembly, Municipality of Hani i Elezit/Elez Han
5. DUSHI Florian, Deputy Mayor of Prishtinë/Priština
6. FALLAVOLLITA Laura, Team Leader for Good Governance and Human Capital, EU Office in Kosovo
7. FEJZULLAHU Leonora, Senior Legal Adviser, Constitutional Court
8. GASHI Jeton, Head of the Municipal Budget Division, Ministry of Finance, Labour and Transfers
9. HALILAJ Beza, Deputy Auditor General
10. HOXHA Imri, Director of Administration, Municipality of Shtime/Štimlje
11. HOXHA Xheladin, Director General, Directorate for Legal and Procedural Affairs, Assembly of Kosovo*
12. IBRAHIMI Sazan, Executive Director, Association of Kosovo Municipalities
13. ILIĆ Zlatko, Chairperson of the Municipal Assembly, Municipality of Parteš/Partesh
14. KASTRATI Ekrem, Mayor of Malishevë/Mališevo
15. KAVALLARIS-LADIS Nikolaos, Director of Regional Centre Mitrovicë/Mitrovica, OSCE Mission in Kosovo
16. KELMENDI Burbuqe, Project Manager, EU Office in Kosovo
17. LATIFI Smajl, Mayor of Rahovec/Orahovac
18. LOSHI Arben, Deputy Secretary General, Assembly of Kosovo*
19. MILIĆEVIĆ Miodrag, Executive Director, NGO Aktiv
20. MLINAKU Hava, Deputy Mayor of Vushtrri/Vučitrn
21. MUNOGLU Ertan, Project Manager, HELVETAS Swiss Intercooperation in Kosovo
22. MURDOCK Kelly Anne, Senior Democratisation Officer, Regional Centre Mitrovicë/Mitrovica, OSCE Mission in Kosovo
23. PUKA Valbona, Director, Department for Co-operation, Reporting and Promotion of Human Rights, Ombudsperson Institution
24. RASIĆ Igor, Chief of Staff, Ministry for Communities and Return
25. RASIĆ Nenad, Minister for Communities and Return
26. RUZHDI Shehu, Mayor of Junik
27. QELA Jeton, Secretary General, Ministry of Local Government Administration

28. QELAJ Naim, Ombudsperson
29. SELMANAJ Marqe, Deputy Mayor of Klinë/Klina
30. SENTIĆ Srđan, Deputy Ombudsperson
31. SKERAJ Arijeta, Head of the Mayor's Cabinet, Municipality of Dragash/Dragaš (at the moment of the interview, she was the Chairperson of the Municipal Assembly).
32. SPANCA Vlora, Auditor General
33. STANKOVIĆ Dragan, Director of Budget and Finance, Municipality of Parteš/Partesh
34. STANKOVSKI Boško, Chief of Governance Section, Democratisation Department, OSCE Mission in Kosovo
35. TANASIJEVIĆ Ivica, Mayor of Štrpce/Shtërpçë (at the moment of the interview, he was the Deputy Mayor).
36. THAÇI Blerim, Director of Budget and Finance, Municipality of Malishevë/Mališevo
37. TOTAJ Shaqir, Mayor of Prizren
38. UKIMERAJ Rozafa, Legal and governance expert
39. ZEJNA Isuf, Legal and procurement expert
40. ZOGIANI Avni, Deputy Minister of Environment, Spatial Planning and Infrastructure (at the moment of the interview, he was Deputy Minister of Finance, Labour and Transfers).

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This report provides a comprehensive evaluation of how the principles of the European Charter of Local Self-Government are applied in Kosovo*. It builds upon a baseline assessment conducted in 2021 and examines recent developments.

Prepared by independent experts for the Centre of Expertise for Multilevel Governance at the Congress of Local and Regional Authorities of the Council of Europe, the report looks at the situation with regard to local autonomy, fiscal decentralisation, and good democratic governance.

While Kosovo* maintains a robust legal framework in support of local self-government, the report identifies critical gaps between formal legal guarantees and practical implementation. It provides targeted recommendations to help decision makers strengthen local autonomy, promote civic participation, and enhance multilevel co-operation in line with European standards.

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