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Press Briefing by Mr Albert Rohan after the second direct talks on decentralization held in Vienna

Thanks you to be here at such a late hour. Today's meeting was the second meeting we had on decentralization', which is one of the core issues to be considered for the future status settlement. The delegations were in a similar composition as before. The Albanian Kosovo delegation had specific weight through the presence of the leader of the opposition Hashim Thaçi and Deputy Prime Minister Haziri . We discussed a number of issues which, compared to last time, are more difficult because it is in the nature of things that the more deeper you go into the discussions, the more complicated the matters become. I must say nevertheless we had a extremely constructive discussion. It was issue-orientated, there were no polemics and this is the way we should proceed because then we can really try to find to discuss the various problems, the difficulties, the controversies and try to find common ground.

On the agenda there was this time the question of local finance, a number of issues of which this is composed, the question of municipal revenues, the question of the role of central government for the financing and management of municipalities, and also the question of the funding from outside, particularly the funding from Belgrade for municipalities with a Serbian majority. We discussed also the question of inter-municipal relations, which means the co-operation of individual municipalities on a number of concrete issues. We discussed the cross-boundary cooperation, the co-operation between Kosovo municipalities and municipalities outside of Kosovo, including the co-operation between the Kosovo municipalities with the Serbian majority and Belgrade.

These were the subjects. I would be probably naïve to say that there was an agreement on all these matters. There are of course profound differences in the approach of the two sides. But nevertheless they tried in a status-neutral way to find common ground on some of the issues and I think it was possible. I am not going to bother you with too many details because these are extremely technical matters. But just to give an example: Everybody, I think, agrees that financial subsidies from Belgrade, from municipalities in Kosovo, are acceptable under the condition that they are provided under a transparent manner and that they are geared or limited to the areas of competency of municipalities. Another example: everybody, I think, agrees that municipalities can co-operate - this corresponds to the European Charter - and that these municipalities can form ways and means to co-operate, again in the areas of the competency and under the condition that this would not need to an additional layer of governments between the municipality and the central government.

And finally there is another example: nobody disputed the legitimacy that there are issue-orientated links between Belgrade and Kosovo municipalities in specific areas - the most obvious are education or health care. Of course the mechanisms have to be established in due course. These are just some examples of what was discussed and where we feel that there is a common ground. There is not any formal agreement of any sort. Nobody is bound. This is our view, that we feel there is common ground on some of the subjects.

The way ahead will be the following: UNOSEK will now put these various aspects into a paper where we will clearly identify those areas which should be acceptable to everybody, and on the other side those areas where the views are different and where we have to clearly pursue the search for a compromised solution. We will transmit this document to the parties and we plan to hold the next meeting on 3rd of April here in Vienna, where we will discuss these issues. Later on in April we intend to hold a meeting on re-drawing of municipal boundaries, which has to be prepared. We still need some data, but we hope to be able to have negotiations these aspects sometimes later.

Thank you very much.

Q: on areas that remain difficult for an agreement

Albert Rohan: Well you see if there is an agreement for instance on the question of having financial support from municipalities from Belgrade. Everybody accepts it., The question is: how does one do it? Is it as financial support going directly into a municipality? should it go via a the Central Treasury? Who supervises the expenditures? Should this be in the municipality or should there be some audit system from the central institutions? And this is the same as in all the other matters that need to be simply discussed where there are differences of views.

Q: on a reaction by Mr Ahtisaari on the letter of protect by the Serbian delegation on the presence of Hashim Thaci in the Pristina Delegation.

Albert Rohan: Well, this letter was brought to our attention this morning and Mr. Ahtisaari simply said that we accept anybody as member of the delegation or head of delegation who is duly appointed by the party and that's it. There's not much more to say from our point of view.

Q: on the ways of cooperation between municipalities.

Albert Rohan: There are two different things. One is the co-operation of municipalities between them. This is perfectly in agreement with the Charter of the municipalities, which provides for such a cooperation on specific issues. For instance if not every a municipality wants to run a hospital they can cooperate to have one for more than one municipality. These are practical issues and for this purpose partnerships can be formed among the municipalities. And according to the Charter there can be a superstructure on this, which is a kind of whatever, association or federation or ... - these are the names which are in the European Charter -. who would sort of be an advocacy role, a coordinating body and a body which represents the

interests of these municipalities. And here this is one area. And the other thing is the relationships between the [Kosovo]-Serbian municipalities with Serbian majority and Belgrade. And here again, as far as financing is concerned, it is the question: should we go directly to the municipality, to a bank account there? or should it go via the Treasury. There are differences of views on this. For the rest, what would this corporation entail? We were told for instance that for the sending of doctors or teachers, it is the question of curricula. We have the feeling that there must be some kind of body, or organ or whatever you may call it, between Pristina and Belgrade which would guide this thing or where you would have an interface and this is one thing which one has to look into because this is very specific. The first aspect is one which you encounter in many parts of Europe. The second one is the one which is fairly specific to the situation in Kosovo.

Q: on the next round of decentralization, the topics during the next round and when will UNOSEK be able to start the discussion on the future status.

Albert Rohan: Well, on the second aspect I simply don't know. I am not a prophet. But it is clear that we want to exhaust the discussions on these practical issues as far as we can, I mean much of it is what you call status-neutral but not all. So eventually I think we will come to the fundamental question. This I think we should be able to do in a couple of months but one doesn't know. It depends not only of us, it depends of so many [?]. that I wouldn't dare to give a time. On the issues which we are going to discuss afterwards, it is not "after". You see, we are doing it in parallel. only the other issues are simply not ready for discussion on the level of the delegations. One aspect is the question of the protection of the religious sites of the Serb Orthodox Church. Some of this is somehow connected to decentralization. Other aspects less and here we don't quite know yet exactly what the parties have as a position. Because it also includes of course the Church position, which has to be reflected somehow. So we are simply not ready yet for negotiations but from our point of view we will do it as soon as possible.

The other item is the question of Human Rights, of rule of law and of minority rights in general independent of the decentralization aspects, the question of a "vital interest clause" for instance to avoid that the minority be outvoted by the majority on matters which is of essential interest to them. Or the question to reserve seats in elected bodies for the minorities. This is kind of more general items are and here we have asked the parties for their position and we are now analyzing the replies which we have received.

And finally there is the question of economic matters, of the division of assets and liabilities, debt. Which part of the debt, if you want to separate one day the debt of Serbia from the debt of Kosovo, how much would each side get? World Bank debt, London Club, Paris Club [debt]. Here we are in the process of collecting data. We have received some material from Belgrade today, some figures. We are here in close contact with IMF, World bank, the EU Commission. These are the issues.

And then there is of course also the issue of future international presence in Kosovo. There clearly must be one. But this in the first instance a matter which will be discussed within the International community before discussing it with the parties.

Q: on the financial help from Belgrade. How is it going to be organised.

Albert Rohan: Well its going to be a donation even if it is well organised. It's not a loan so it's a grant some way. I mean we discussed not only this aspect of the financial problems, but also how is a municipality being financed ? They can have local fees with local taxes, they can have a share of a centrally collected tax - income tax for instance - they can receive grant from the Budget. You know, this question of course we also discussed. This is politically a problem. But we found out in Europe about ten different systems. The Finnish is different from the Austrian, the French from the Italian. Everybody has a different system. So there is no good or bad system. It is just what is most suited for the region maybe. Then, in addition is the question of the grants from Belgrade, and this is of course a more political sensitive aspect.

Q: Are there specific examples in other regions of flow of money like the idea of grants from Belgrade to the K-Serb municipalities.

Albert Rohan: I am sure there are flows of money from one State to other regions. I must say we took rather the situation of Kosovo and it is clear that the Serbian community would have great difficulties to survive without the Serbia financial support. And nobody doubts that this is an legitimate affair. I'll tell you an example: an Albanian school will have no difficulties in having a huge amount of pupils. The Serbian school may have a very limited number, which means that it is more costly. Somebody has to pay for this. So I think it's certainly legitimate that Serbia if it's so wishes, stands financial support for it's community. Nobody doubts the principal. The question is only how do you do it, is it transparent, it fits well the laws of Kosovo and so on. But I think that it will happen and that it's a legitimate thing and nobody doubts that.