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Resolving northern Kosovo:
Partition or integration?

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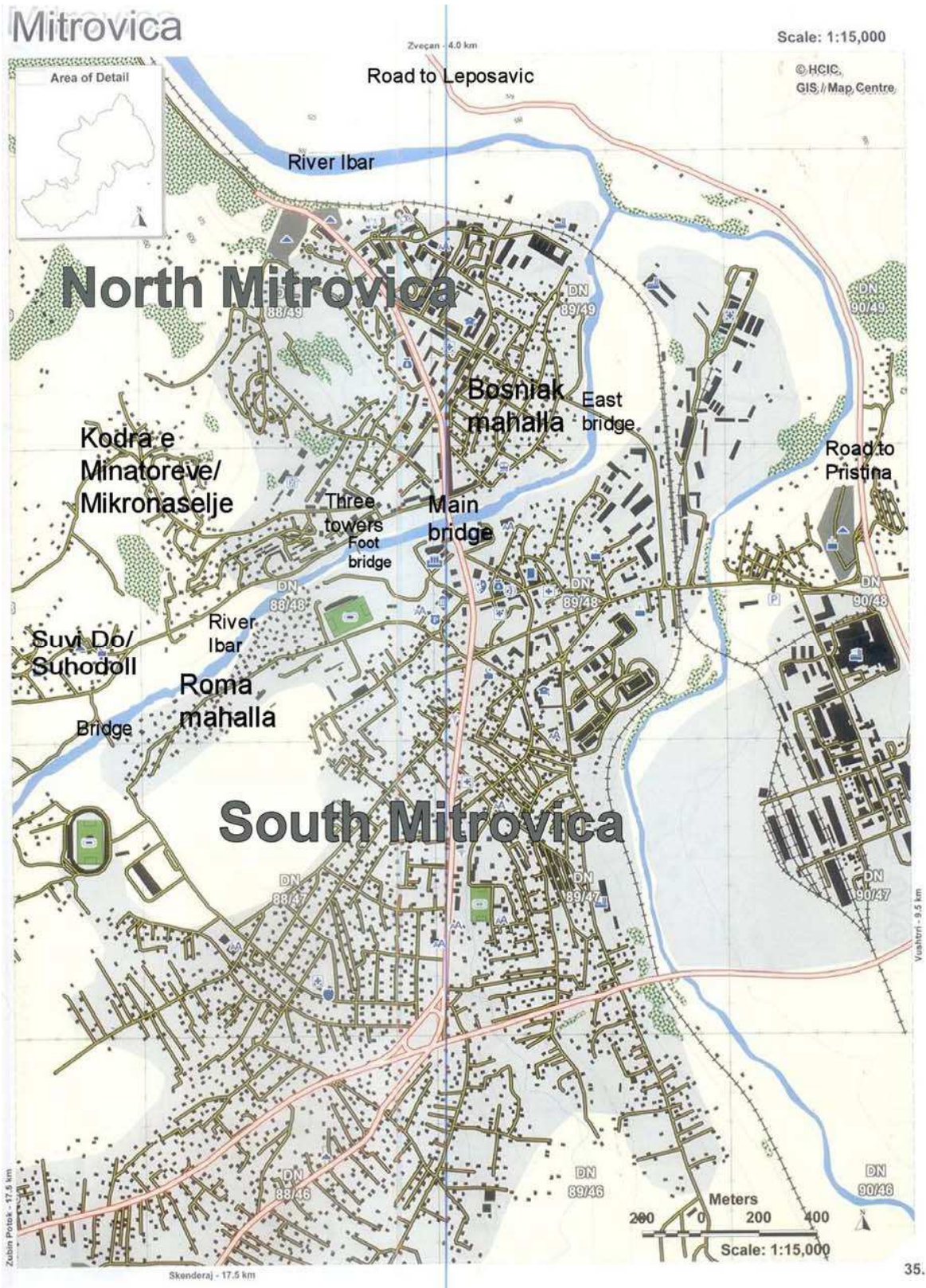
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Map of Northern Kosovo



Map of Mitrovica



Foreword

Northern Kosovo is one of the few unresolved flashpoints remaining in Europe. A toxic remnant of the wars which ravaged the Balkans in the 90s, the frozen conflict between Kosovo Serbs and Albanians is seemingly no closer to resolution despite a decade of expensive international intervention. In turn, the irresolution of northern Kosovo prevents productive bi-lateral relations between Serbia and Kosovo as well as hindering wider development in the region.

This paper, which is a shortened version of David's Master's thesis, is an important contribution to the policy debate surrounding Northern Kosovo. Based upon a mixture of field research and scholarly learning, the analysis convincingly thinks through the two conceivable scenarios which may provide for a comprehensive solution to the problem: integration or partition. At its core is a carefully constructed analytical perspective which sets the problem in a clear conceptual framework, then assesses the expected gains and risks for each scenario. Most admirably, the paper then sets out to cost these risks based upon assessment of what it may take to mitigate the risk. The impressive result is a forward thinking perspective on the issue grounded in a wealth of detail and insight.

This paper will help move the debate on Northern Kosovo forward and represents important reading for practitioners involved in the region, but also for scholars and practitioners around the world who could use this approach to work out policy choices in other, seemingly intractable, situations.

Prof. Dr. Alina Mungiu-Pippidi

EXECUTIVE SUMMARY

Despite facing many challenges, in general life for citizens of Kosovo shows some sign of normalisation. However the northern region of Kosovo, dominated by the divided city of Mitrovica, remains in a state of crisis, consumed by deep inter-ethnic tensions and serious economic problems. There are two conceivable options which could provide for a comprehensive solution to Northern Kosovo.

1. **Partition** Kosovo along the River Ibar.
2. **Integrate** the northern region into Kosovo.

This paper will extensively think through what may happen in each of the above scenarios with an analytical framework based upon the following questions: To what extent will these options provide for a comprehensive solution to the central problems faced in Northern Kosovo? What are the likely future risks in each scenario? How can these risks be mitigated? How much would it cost to mitigate these risks?

The results of the analysis are as follows:

Option	Goal Analysis		Risk Analysis	
	Functioning state	Economic development	Risk identification and assessment	Risk Mitigation Policy and Cost (€)
Partition	HIGH	LOW	1. Albanian relocation 2. Regional instability 3. Albanian flight out	Total: 72 m (322m) Relocation of Albanians: 60m Welfare perspective in south: 12m (EULEX: 42m KFOR: 208m)
Integration	HIGH	HIGH	1 Serbian flight out of north Mitrovica 2. “Spoilers” attempt to destroy agreement 3. Political polarization	Total: 156 m (406m) Trepca reactivation: 100m Hospital renovation: 10m University renovation: 40m EU Administration: 6m (EULEX: 42m KFOR: 208m)

Three recommendations flow from this analysis:

Recommendation 1: Pristina, Belgrade and the EU should seek an immediate comprehensive solution to the situation in Northern Kosovo and in doing so should reject outright any proposal to partition northern Kosovo.

Recommendation 2: The EU should pursue integration of the northern region into Kosovo based upon the Ahtisaari formula and in order to fully mitigate risks should implement four risk mitigation policies

Recommendation 3: The EU should use all available diplomatic means within Serbia’s EU accession negotiations to gain Serbia’s support for the integration of Northern Kosovo.

INTRODUCTION

In 2010, the estimated two million citizens of Kosovo still face many challenges, especially the high rates of unemployment { CITATION Zau09 \l 2057 }. Yet, there are clear signs that life in Kosovo is normalising.¹ In general, Kosovo is politically stable and there is greater co-operation between the government in Pristina and Serbs living in enclaves scattered around the south of the country, who had previously been instructed by Belgrade to shun any form of engagement with Albanians { CITATION Jud10 \t \l 2057 }. Now, some Serbs in the south of the country are voting in elections organised by Pristina as well as agreeing to use services provided by the Kosovan state { CITATION ICG091 \l 2057 }.

However the northern region of Kosovo, dominated by the divided city of Mitrovica, remains in a state of crisis, consumed by deep inter-ethnic tensions and severe economic problems.² This current distress is a far cry from how Mitrovica once was. Up until the 90s, Mitrovica was a multiethnic one-company town built around the Trepca mining and metallurgy complex. Generally, there was peaceful co-existence and tolerance, with some degree of ethnic interaction. Mitrovica had a multiethnic football team- once making it into Yugoslavia's first league- and also a thriving music scene { CITATION Eur04 \l 2057 }.

In 1999, war tore the city apart: Serbian security forces accelerated the ethnic cleansing of Albanians in the town, burning houses and expelling Albanian residents. Then, NATO bombing against Serb positions prompted a flight of the Serbian population to territory north of the Ibar. To prevent further bloodshed, French KFOR troops then cordoned off the bridge over the river and the divided city of Mitrovica was born { CITATION ICG02 \l 2057 }.

Since then, this divide has hardened due to tit for tat violence. In 2001, for example, Albanian youths rioted against French KFOR troops after shooting and grenade attacks by Serbs in the north of the city culminated in the killing of a fifteen year old boy. The division reached its nadir in March 2004 when three Albanian children drowned in the Ibar and, after television news gave the impression of Serb blame, there was a riot the next day around the main bridge in which four Albanians were killed and hundreds wounded. In response,

¹ Background to Kosovo: After the breakup of Yugoslavia, Kosovo remained as part of Serbia until conflict broke out in 1998, and was followed in May 1999 by seventy-eight days of NATO bombing. Subsequently, Serbian security forces pulled out and Serbia's administration of Kosovo was replaced, at first by a UN Transitional Administration (UNMIK) and eventually by Kosovo's own elected bodies in which the remaining minority population of Serbs sometimes participated, but generally did not. After declaring independence in 2008, Kosovo has been recognized by sixty-five countries but not its northern neighbour Serbia, whose refusal to grant recognition is supported by Russia, China and many other countries { CITATION Jud10 \t \l 2057 }

² Northern Kosovo encompasses the southern outskirts of the city of Mitrovica and which stretches east to the border with Montenegro and north and west to the border with Serbia. In total the area has a population of around 160,000 people: an estimated 80,000 Albanians live in south Mitrovica, and 40,000 Serbs living in north Mitrovica, with a further 40,000 Serbs living in the municipalities of Zvecan and Leposavic. { CITATION Eur04 \l 2057 } As the most populous and economically important part of this area, nearly all the major developments in the northern region focus on the town of Mitrovica. As such I refer to the situation in northern Kosovo as the "Mitrovica problem." The boundaries of North and South Mitrovica are marked by the river Ibar which flows through the centre of the town. During this paper the term north Kosovo, northern Kosovo and north Mitrovica in reference to the land north of the Ibar River; south Mitrovica refers to the land south of it. Unless otherwise stated Serbs, northern Serbs, K Serbs will be used in reference to Serbs living north of the Ibar. Albanian and Kosovo Albanian will be used in reference to Albanians living in south Mitrovica.

Albanian mobs torched the home of the few remaining Serbs living in south Mitrovica{ CITATION ICG05 \l 2057 }.

Today, northern Kosovo is still divided with the Ibar River marking the point at which the authority of the newly independent Kosovo ends and the Serb resistance begins. Few places in Europe have suffered from the same combined scourges of economic collapse, inter-communal violence and political contestation. This crisis in turn threatens the development potential of the rest of Kosovo and provides a thorn in the side of wider Balkan stability.

What to do with a situation like Northern Kosovo? The current approach pursued by the main international actors, notably the EU, can be described as one of containment; a policy which aims to provide enough political and financial input to prevent renewed ethnic conflict, rather than to aim for a comprehensive solution to the problem.³

Yet, not pursuing a comprehensive solution is counterproductive: it merely compounds the economic deterioration and institutional vacuum within the town, which in turn fuels persistent insecurity- economic and physical- amongst residents. The current approach therefore presides over a regressive dynamic which serves to foster a time bomb of mutual resentment and nationalist discontent, which is frequently expressed through low level violence, ranging from street scuffles and rock throwing to fire and bomb attacks.⁴

This is not just a problem for the citizens directly affected, but the failure to pursue a comprehensive solution is the largest obstacle to Serbia and Kosovo having productive bi-lateral relations and making advances in their now stalled EU ambitions. *A major policy shift aimed towards a comprehensive solution for northern Kosovo* is also in the interests of wider regional stability, and the EU and other international actors, who can no longer afford to pour resources into an area without tangible signs of progress.⁵

Serbia, Kosovo and the EU can pursue two conceivable options for a comprehensive solution: a partition of Northern Kosovo into Serbia or a final integration of the territory into Kosovo based on the Ahtisaari plan. This paper will be an attempt to extensively think through what may happen in each of these two possible scenarios. In doing so it will address the following questions: To what extent will these options provide for a comprehensive solution to the central problems faced in Northern Kosovo? What are the likely future risks in each scenario? How can these risks be mitigated? How much would it cost to mitigate these risks? As a first step, the next section will outline in more detail how these questions will be answered within a coherent analytical framework.

³ The current EU involvement in Mitrovica, aside from the presence of NATO troops and EULEX police, involves small scale micro finance projects, small short term employment projects such as environmental cleaning, or small businesses projects, such as building a small Rakia factory{ CITATION Off09 \n \l 2057 }. b

⁴ For a selection of some of the incidents in the last few months see: http://www.b92.net/eng/news/politics-article.php?yyyy=2009&mm=09&dd=03&nav_id=61530 ; <http://news.bbc.co.uk/2/hi/europe/8221226.stm>
http://www.b92.net/eng/news/crimes-article.php?yyyy=2009&mm=12&dd=28&nav_id=64070
<http://balkan-spezial.blogspot.com/2010/01/kosovo-northern-volatility.html>

⁵ Even though some member states do not formally recognise Kosovo, the EU has already invested over €2 billion into Kosovo and now has significant institutional presence on the ground. Most visible is the rule of law mission, EULEX, which is composed of around 2,500 staff and was established in 2008. In addition, the EU preside over the International Civilian Office (ICO), which has around 200 staff, and whose main role is to act as a “political big brother” of the Kosovan government to make sure they implement the provisions of the Ahtisaari plan. Though NATO and the OSCE still retain significant missions in Kosovo, it is the EU who is the prime international policy actor.

Part one: Analytical framework

There are two realistic options for a comprehensive solution in northern Kosovo.

- **Partition** Kosovo along the River Ibar. (**Partition scenario**)
- **Integrate** the northern region into Kosovo based on the formula set out in the Ahtisaari plan. (**Integration scenario**)

How do we define and test for a “comprehensive solution”?

What do we mean by a *comprehensive solution to Northern Kosovo*? A “solution” to northern Kosovo could of course be attempted by diplomats in the hallways of New York or Brussels using notions of political acceptability as the key criteria by which to judge a “good” policy option. Such narrow criteria may provide for a “solution”, but is hardly conducive for a lasting solution as it wouldn’t be rooted in a detailed assessment of the needs of the population. Hence, this paper will analyse the degree to which either of these scenarios will create a *comprehensive solution*; something which is sustainable *in reality*. The assessment of a comprehensive solution invites therefore much more analytical emphasis to be put on overcoming the deeply rooted socio-economic problems on the ground in Northern Kosovo.

What are these deeply rooted problems any comprehensive solution must overcome? Northern Kosovo represents a highly complex problem and exhibits many perilous conditions: interethnic tensions, a poor health environment, poverty, social instability and inadequate post conflict reconstruction. Indeed, one analyst pointedly states: “Mitrovica is a dying town”{ CITE Eur04 \l 2057 }. What then is Mitrovica dying from?⁶ My argument here is that Mitrovica is dying from the interrelated problems of dysfunctional governance and severe economic underdevelopment. As such, any *comprehensive solution* to northern Kosovo must be tested according to the extent to which they would address these two root causes of the “Mitrovica problem”.

Problem one: dysfunctional governance

There is no proper functioning system of governance in the territory north of the Ibar.⁷ This is the root cause of many of the problems in Mitrovica. For example, dysfunctional governance means instability and a shaky system of property and administrative rights which strongly disincentives investment and entrepreneurship. This partly explains why economic opportunities are virtually nonexistent, the city’s manufacturing base has all but disappeared and without extensive public financing, the economy in Mitrovica would collapse. Another negative outcome of dysfunctional governance is the undersupply of basic public goods. No

⁶ There is little clear conceptual understanding of the root of the problem presented either by practitioners or academics. Mitrovica has been variously called as “complex”{ CITE Eur04 \l 2057 }; “Kosovo’s albatross”{ CITE ICG05 \l 2057 }; “the Northern problem”{ CITE KIP08 \l 2057 }; or, most often (and superficially), the problem is framed in terms of an “ethnically divided city.”{ CITE Eur08 \l 2057 }.

⁷ The area can therefore be termed an area of limited statehood, meaning that the no state “has the capacity to implement and enforce central decisions or even lack the monopoly over the means of violence.”{ CITE Leh06 \l 2057 } A strong indicator of the extent of limited statehood is the widespread presence of organised crime which tends to thrive in these areas of limited statehood. One local think tank affirms that northern Kosovo is “a smuggler’s paradise and a haven for criminals.” Indeed, the fact that the price for fuel in Northern Mitrovica is a third below prices in the rest of Kosovo, testifies to the activities of smugglers and the absence of the rule of law{ CITE IKS08 \l 2057 }.

“state” has a monopoly of violence in north Mitrovica; so called “Bridge watchers”; Serbian police and a few brave Kosovan police compete to provide security in the north with the end result that the lack of security is considered to be the biggest problem for Serbian citizens { CITATION UND09 \l 2057 }. Furthermore, citizens do not know who to approach with issues or concerns, nor do they know who to hold accountable, while 21% of residents cannot name who is really in charge of municipal governance { CITATION IKS09 \l 2057 }. Without governance, serious health issues cannot be addressed and it is also very difficult to encourage ethnic co-operation if there is no one legitimate authority to mediate between the two groups.

Having isolated this problem, one must ask the more pertinent question: what is causing such dysfunctional governance? There are many explanations for why around two thirds of the globe have limited statehood, such as under development, technical or financial deficiencies or even as a result of a strategic decision made by elites (Zuercher 2005). But in Mitrovica none of these are relevant and the most convincing way of understanding why there is no properly functioning state is because statehood is fundamentally *contested*. In other words, to use what scholars Linz and Stepan’s explain as one of the root causes of limited statehood, there are “profound differences about what should constitute the polity and which demos or demoi shall be members of the political community” { CITATION Lin96 \p 16 \l 2057 }.

Hence, the root of the problem lies with these profound differences over what should constitute the state. On the one side, the Albanians in Mitrovica affirm *the entire north as politically within the newly independent borders of Kosovo*. On the other, the northern Serbs are fully oriented towards Belgrade and assert that the polity is *constituted by the Serbian political system*. To achieve this end, Kosovan Serbs have banned the Kosovan state north of the Ibar and have boycotted every election organised by Pristina. Most recently, there were demonstrations at the opening of a Kosovo civil services office in the Bosniak Mahalla on 2 July 2010, and a hand grenade was thrown, killing one person and injuring eleven { CITATION ICG10 \l 2057 }.

Furthermore, Kosovo’s Serbs have established parallel political structures in defiance of both the UNSC 1244 and Kosovan law. These are funded by the Serbian government who pressures Kosovo Serbs to use and staff the parallel institutions rather than anything sponsored by Pristina. The Serbian-backed structures include Serbian police in northern Kosovo, separate Serb-run courts, and health-care and educational facilities funded directly by the Serbian state, though very few of these operate properly { CITATION OSC07 \l 2057 }.⁸ The dispute over the state remains unyielding: “no surrender” hardliners are still firmly in political control of north Mitrovica, including the uncompromising Democratic Party of Serbia (DSS) - the former party of Slobodan Milosevic { CITATION ICG09 \l 2057 }

Problem two: severe economic underdevelopment

The “Mitrovica problem” is not just political but has an important, interrelated economic dimension. The local economy is moribund: the World Bank, for example, has concluded that Mitrovica has the highest unemployment rates and lowest employment rates nationally { CITATION Wor07 \l 2057 }.⁹ The number of people receiving social welfare

⁸ Even, the UN Secretary-General’s June 2009 report on Kosovo is at pains to admit: “The municipalities in the north of Kosovo, as well as northern Mitrovica / Mitrovica continue to operate largely separately from the rest of Kosovo.”

⁹ In the south, according to municipal figures, 37 vacancies have emerged since the beginning of 2009, while 23,756 people have registered as job seekers.

benefits from the state in south Mitrovica is nearly as high as the number of people employed. In the north, social transfers and work in the grey economy comprised a 60 percent of citizens' total income in 2008{ CITATION SPA08 \l 2057 }. For example, in Mitrovica there are huge deficiencies in physical capital, manifested by the very poor infrastructure. A post-war UNMIK study found that most enterprises are on a "survival level" with 30.8% of micro enterprises operating outdoors, 38.5% have no electricity and 46.2% have no water supply{ CITATION Eur04 \l 2057 }. Over the course of the decade, little has changed and most businesses do not have access to financial or physical capital and property rights remain shaky { CITATION Res094 \n \l 2057 } { CITATION Res093 \n \l 2057 }.¹⁰ More significantly, the World Bank has also concluded that if you are born in Mitrovica, then you are 35% likely to be born in extreme poverty than the rest of the country{ CITATION Wor07 \l 2057 }.

Economic development for northern Kosovo is vital because it will help resolve many of the perilous conditions. Economic development will improve well being amongst the traumatised population, "lock in" ethnic co-operation through economic incentives and increase tax revenues so that critical health and environmental hazards can be addressed. Yet it is even more essential because of how it links to the political side of the problem. Studies have shown the most important systemic mechanism to maintain political agreements and a functioning state in post conflict areas is economic development. The most important study in this respect is Collier's statistical analysis of a sample of 68 post conflict countries which concluded that economic growth- much more than democracy, troops or NGO projects- stabilises post conflict areas. Collier concludes that in order to maintain stability, post conflict efforts "should focus heavily upon economic recovery." { CITATION Col06 \t \l 2057 }

My diagnosis has shown that at the root of the problem in Mitrovica is dysfunctional governance and severe economic underdevelopment. To evaluate the extent to which partition or integration can provide for a *comprehensive solution* one must therefore judge each scenario according to the following goals:

Goal 1: *how likely is each option to end this contestation over what state should govern to enable a functioning state?* This will be evaluated by scrutinising the particular characteristics of the option and assess whether they are commensurate with the wisdom from the academic literature and analyse whether the options have worked in similar situations in the past.

Goal 2: *how likely is that each option will put northern Kosovo on a path to economic development?* To analyse this one has to work out which variables are important for economic development. Though this is hotly debated amongst academics, the conventional wisdom from the micro-economic literature suggests three basic variables are most likely to explain economic growth: the strength of institutions such as property rights; the scale of human, physical and natural capital; and the size of market access{ CITATION Red05 \l 2057 }. I assess how each scenarios affects these variables.

¹⁰A 55 year old Albanian resident commented: "Open my own business? No way! You cannot make money around here. You can only lose money. Maybe if things were more stable and solid I would think about it. Albanians have a business spirit, and we can be determined and organized, but building a successful business here is like trying to grow watermelons in the desert." { CITATION Res094 \n \l 2057 }

What are the risks within each scenario?

The expected returns need to be weighed against the costs of each option. On the surface, these options do not really have many intrinsic costs. Partition for example would require just redrawing the map. To find the *true costs* one must broaden the analytical scope and take into account *expected risks* which in public policy can be defined “as uncertain future events with an (negative) impact on the objectives set by people and institutions.”{ CITATION Hab08 \p 1 \l 2057 }

Risks therefore can be conceptualised as *costs* which are *extrinsic* to the policy formula but nevertheless are intimately related to the objectives set by the policy option. *Each policy options changes dynamics in different ways and therefore each entails its own unique risks.* In this analysis risks will mainly refer to negative “spill over effects” or changes to certain trends generated by the difference policy formulas. For example, one risk of integration is that it will intensify the already detectable trend of a Serb flight out of Mitrovica which is a cost extrinsic to the policy but produced by it. By then crafting the most efficient policies which can mitigate this risk, one can roughly work out the *true costs* of each option which will, in the final analysis, be weighed against expected returns.

My risk analysis of the scenarios will therefore involve three phases{ CITATION Hab08 \l 2057 }:

Phase one: Risk identification is about identifying the most important risks and possible consequences which flow from it. It is based on analysing trends, facts in Mitrovica based upon my experience of field research and academic literature.¹¹

Phase two: Risk assessment evaluates the probability of the risk occurring.

Phase three: Risk mitigation policy and cost involves crafting and costing the most efficient policies to mitigate the risk based on a thorough diagnosis of the cause of the risk and also on successful policies which have worked in similar situations. Costing them is based upon the best available data and therefore they do not profess to be exact. The costs of these policies will especially be of interest to the EU who are likely bear the brunt of the risk burden.

Analytical framework

	Goal Analysis:		Risk Analysis	
Option	1.Functioning state	2.Economic development	Risk Identification and assessment	Risk Mitigation Policy and Cost
1. Partition scenario	Indicator: How likely is it scenario will end the	Indicator: How likely is it scenario leads to	Based on: Analysis of trends.	Based on: thorough diagnosis, reasoned rationale and policies from other
3.Integration				

¹¹ In recent years, these strategic policy options to manage ethnic conflict have received much more scholarly attention. Most prominent in shaping the broader debate has been O’ Leary and McGarry who have presented a taxonomy of the “macro-political forms of ethnic conflict regulation” to either manage or terminate differences which have been pursued in prior efforts around the world. { CITATION McG94 \t \l 2057 } This taxonomy is a classification of possibilities based on experience and it offers different macro regulations ranging from options to *eliminate* differences- genocide, forced mass population transfers, partition and assimilation- to ways to *manage* differences- hegemonic control, arbitration, cantonisation and consociationalism

scenario	contestation over which state should govern?	economic development (as measured by three variables)?		areas.
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Policy Option 1: Partition Kosovo along the River Ibar.

Policy Description

Partition can be defined as a fresh border cut through at least one community's national homeland, creating at least two separate political units under different sovereigns or authorities { CITATION OLe07 \t \l 2057 }. The partition scenario would therefore involve a new international border being drawn along the Ibar River so that the predominantly Serbian northern region becomes part of Serbia, with the predominately Albanian south Mitrovica remaining in Kosovo.



Partition Scenario:
New International Border (red line) would partition northern Kosovo into Serbia.



The partition border would cut through the town of Mitrovica splitting it into Serbian and Kosovan sections.

Partition has been on the table ever since the end of the bombing in 1999. This is certainly an option that a Russian backed Serbia, who prefer to talk of “an internal adjustment of administrative boundaries leading to a new external border”, will put to the EU, possibly as

part of their protracted EU accession negotiations. In contrast, Kosovo would reject a partition limited to its own territory { CITATION ICG10 \l 2057 }. Suspecting this, Belgrade has begun to float the idea, though not yet in public, of trading a large part of the Preševo Valley for the North of Kosovo, coupled with mutual recognition.

The EU has indicated that the area of north Kosovo should not be partitioned into Serbia proper. For example, the conclusions of the 2005 European Council meeting affirmed, “there will be no partition of Kosovo, nor any union of Kosovo with another country or with part of another country.”{ CITATION Bru05 \l 2057 }. However, while publicly their stance seems clear there are signs that in private the EU may reconsider. On August 28, 2007, the Dutch foreign minister, Maxime Verhagen, for example became the first European foreign minister to state that partition of Kosovo into majority Albanian and Serb political territories would be an acceptable outcome.{ CITATION Bal \l 2057 }

Goal Analysis: Expected returns

Goal One: How likely is it that partition would end the contestation over which state should govern?

On paper, this option envisions ending the contestation over statehood by allowing an official divorce between Serbs and Albanians to enable two states to function; a Serbian one operating north of the Ibar, and a Kosovan one south of it. Yet partition has failed to achieve a smooth divorce on numerous occasions and from this past experience we know that the partition of Kosovo must fulfil two basic criteria in order to be successful.¹²

Firstly, there must be a mutual desire for a divorce and it is highly likely that this criteria will be fulfilled{ CITATION Nic09 \l 2057 }. Nearly all the Serbs of northern Kosovo clearly want to become part of Serbia and have indicated as such in Mitrovica by displaying Serbian flags, statues of fallen Serbian heroes as well as continued use of the Serbian dinar. Albanians meanwhile express sadness at the possibility of the town being lost forever but there seems little desire for reconciliation { CITATION Res096 \n \l 2057 }. Illustrative of this is the fact that nearly all Albanians in Mitrovica would currently disagree to have marital relations with Serbs { CITATION UND09 \l 2057 }.

Secondly, scholarly learning also suggests that partition can only be fully effective if there is no large ethnic minority within the relevant region affected by the proposed partition { CITATION McG94 \l 2057 }. The population figures suggest this will not be the case as the area for proposed partition area is over 95% Serb { CITATION OSC07 \l 2057 } which indicates that partition has a high chance of achieving this goal.¹³

¹² The best-known theoretical argument for partition is elaborated in two influential articles by Chaim Kaufmann, who claims that partition is a good solution if it is impossible for groups to live together in an ethnically heterogeneous state{ CITATION Kau96 \t \l 2057 } { CITATION Kau98 \t \l 2057 }. Kaufmann’s argument is based on the theoretical claims that ethnic power sharing is particularly unstable because ethnic identities, which harden during war and are thought to be more easily identifiable than other social identities, make individuals vulnerable to targeting for violence in the event of a failure of the peace process. Partition can help, according to Kaufmann, because it resolves the ethnic security dilemma: by dividing territory and physically separating warring groups, it reduces the threat that each ethnic group poses for the other. As a means of regulating conflict, partition has gained some recent currency and is currently being discussed in reference not just to northern Kosovo but to Bosnia, Iraq, Cyprus and many other places.

¹³ The remaining population is 3% Albanian and 2% Roma 3% .The Albanians do however represent a “risk” within this scenario. More later.

Goal two: How likely is it that partition would put Northern Kosovo on a path to economic development?

To answer this, one has to assess how the establishment of a new international border can affect economic development. Important insights in this regard come from the new economic geography literature whose basic premise is that the size of market access determines spatial variations in economic activity { CITATION Kru91 \l 2057 }. Redding and Sturm have exploited the division of Germany during the Cold War as a natural experiment to provide evidence of the importance of market access for economic development. { CITATION Red05 \l 2057 } In their experiment they scrutinise economic developments of cities in West Germany close to the East West border in order to test the thesis that the institution of a border precipitated a substantial economic decline in these cities because they were cut off from markets in the East from which they had been integrated with for centuries. Controlling for other competing reasons such as differences in industrial structure or the degree of war related destruction, they find that the drop in market potential caused by the new border does explain the economic decline of cities such as Kassel and Kiel. Most importantly, they find this negative effect could be disproportionately higher for smaller cities, such as Mitrovica.

Applying this insight to Mitrovica, then one can see partition comes with a high cost to economic development. Markets will not be entirely cut off, but costs of access will be higher due to tax revenues demanded by border custom regimes. These costs will be most strongly felt by the Serbs living in the north who will lose easy access to 2 million customers in Kosovo. For northern Serbs, the nearest market would be Novi Pazar which is a 90 minute journey away meaning that, for example, a specialist wedding dress maker will have to pay a draining €15 in petrol each time to enter into the market { CITATION Res092 \n \l 2057 }. These “costs of remoteness” will be felt for the town of Mitrovica as a whole, with businesses in the south also foregoing easy access to 40,000 customers north of the Ibar.

While partition may provide for functioning states and so solid property rights, dividing an economic area into two will also reduce the human, natural and physical capital available to the citizens of this once economically integrated area. The most striking example of this would be the Trepca mining complex which, in this scenario, would see the mine being placed in Serbia, while the processing plant over the border in Kosovo. { CITATION ICG99 \l 2057 } Divided by an international border, the region will lose this vital piece of the economic jigsaw.

Risk Analysis:

In this section, the risks involved in a partition scenario will be identified and costed.

Risk 1: Albanian insecurity north of the Ibar leads to demand for relocation

Risk Identification: The partition scenario would leave around 2,000 Kosovan Albanians who live north of the Ibar River permanently in Serbia. These five hundred or so families “on the wrong side of the track” live in three main areas: in the three tower blocks which straddle the northern bank of the river; in the so called mixed neighbourhood of Bosniak Mahalla and then in a more remote village to the west { CITATION ESI04 \l 2057 }. The risk is that these Albanians feel deeply insecure in a Serbian state and demand to be relocated.

Risk Assessment: The risk is high deducing from current trends. For example, Albanian residents of Bosniak Mahalla in the north already feel insecure and some live in constant fear of violence { CITATION Res098 \n \l 2057 }.¹⁴ It should also be noted many of these families were subject to over a decade of “apartheid” while living in the Serbian state during the 90s and even the previous UNMIK administrator in the north has suggested that there is a real possibility of ethnic cleansing if Kosovo was partitioned { CITATION CTN06 \l 2057 }.

Risk Mitigation Policy

Rationale: One risk mitigation policy could be to ensure that Serbia adheres to its human rights obligations but this is unlikely to satisfy the Albanian population, who are likely to demand permanent protection. Relocation is ethically dubious given it seems to echo the Lausanne principle: the idea of negotiated exchanges of populations common in post conflict settlements in the Balkans throughout the 20th century, which have seemed to cause more suffering than good.{ CITATION Kum97 \l 2057 } However, relocation in this context is only small scale involving around 500 families, and the costs of relocation are less than the potential costs of an uprising or persecution. This option is therefore the best risk mitigation policy “out of all the worst possible options.”

Policy: Implement a relocation plan in which 500 families are relocated into new specially built homes in Kosovo and are further compensated for loss of businesses and other losses.

Cost: €60 m

The cost to build a house in Kosovo is €60,000 including construction and land{CITATION Res096 \n \l 2057 }. Each will need to build a new house: 60,000 x 500= 30 million. It is likely that these families will need to be compensated and although it is difficult to say what the compensation costs should be we do know from the Israeli experience of relocation from Gaza that compensation was around double the cost of a house.¹⁵

Risk 2: Partition opens a “Pandora’s Box” of regional instability.

Risk Identification: The risk is that partition sends a signal to secessionist groups in the region that if enough pressure is exerted, the international community will give in to secessionist demands. Partition would also signal an end to multi-ethnicity as the normative basis for nation states in the Balkans, which could spur other secessionist groups to either call for their own states or to be joining other states. This domino effect could mean a “Pandora’s box” of Balkan instability will be opened with negative consequence for the political and economic development of the region. The possible unrest is likely to focus on three main areas: Presovo in southern Serbia, Macedonia, and Mitrovica itself.

Risk Assessment: The probability of partition prompting a full blown conflagration is low. However, the possibility of disturbances and ruptures within political agreements is reasonably high, judging from how groups in the Balkans have reacted to similar signals in

¹⁴ In interviews conducted in Bosniak Mahalla, Albanian residents said that generally relations were okay but that they lived in fear of a few rogue elements within the Serb community. One resident said that he blamed these rogue elements for the burning down of his shop.{ CITATION Res098 \n \l 2057 }

¹⁵ It is estimated that the 1,500 Israeli settler families in Gaza would received \$500,000 each to move into Israel. The average house price was US\$211,036 at the time. Compensation logic amounted to therefore double the house price { CITATION Gid06 \l 2057 }.

the past. For example, Albanian nationalists in the Presovo valley see their future status as a corollary of what happens with Serbs in north Kosovo { CITATION ICG06 \l 2057 }. Consequently, they reacted to the NATO bombardment of Serbian forces in Kosovo by creating the self-proclaimed Liberation Army of Presevo, Medvedya, and Bujanovac (UCPMB) to take up arms against the Serbian state. { CITATION CRS04 \l 2057 }. Though the situation in Presovo was provisionally resolved in 2001, some analysts suggest that a partition of Kosovo is likely to rejuvenate Albanian calls to become part of Kosovo as the area's Albanian population. Likewise, the signal of the "victory" of the KLA in Kosovo encouraged Albanian factions to rise up in Macedonia in 2001. The risk now is that delicate 2001 Ohrid Agreement between Macedonia's Slav majority and its large Albanian minority might rupture in the face of the partition of Kosovo. { CITATION ICG06 \l 2057 } Partition would also signal to Albanian nationalists a loss of Kosovo's territorial integrity which could see continued unrest in Mitrovica. Albanian nationalists have accepted Serb domination of north Mitrovica, from which thousands of Albanians were expelled, only in the context of a unified, independent Kosovo. "If partition is drawn along the River Ibar, Serbs will not be able to live in peace in north Mitrovica", said a local Albanian politician in 2006, reflecting a widespread view that the Serb half of the city could be made unliveable by frequent rocket and mortar attacks. As a result, Mitrovica could revert to low-intensity warfare in which reintroduced Serbian security forces would regularly clash with Albanians across the river. { CITATION ICG06 \l 2057 }

Risk Mitigation Policy

Rationale: The international community would need to send a signal back to these groups that they are prepared to act to maintain stability. Such signalling has worked in the past. For example, the insurgency in Presovo was nullified by the presence of 300 NATO troop patrolling the border, while in Macedonia instability was quashed by the presence of a 1000 NATO peacekeepers.

Policy: At the very least in Mitrovica the 700 strong NATO presence and EULEX should be retained to secure against this risk. In Presovo and Macedonia, NATO troops may need to be dispatched but presumably they could come from the 10,000 strong force operating in Kosovo.

Cost: €250m (KFOR 208m and EULEX 42m)

The total cost of EULEX currently stands at €265m for the initial mandated 18 month period { CITATION EC09 \l 2057 } which represent €170m per year. Based on interviews with EULEX officials, I know that the Mitrovica presence makes up around 25% of the total EULEX force from which one can approximate that maintaining EULEX in Mitrovica costs around €42million per year. There are currently 700 KFOR troops in Mitrovica. { CITATION NAT10 \l 2057 } But it is very difficult to cost them as the information is not publicly available. But one knows that \$936 m was given to a 2,500 US force in 2004 { CITATION CRS04 \l 2057 } which per troop amounts €297,165 based on 2004 exchange rates. The best estimate is therefore that maintaining KFOR in Mitrovica costs around €208 m per year.

Risk 3: Permanent loss of welfare services causes Albanian flight out of south Mitrovica.

Risk Identification: Drawing a border through Mitrovica would mean that the services once offered by Mitrovica as a whole will be denied to both communities. This permanent loss of welfare provision will affect the citizens of the south especially hard because they will lose access to vital educational and health facilities as most of the schools, the university and the

hospital would be located over the border in the north. The risk therefore is that, without this provision, families of south Mitrovica would fear for their future, which could lead to a flight out of Mitrovica which will put enormous pressure on other Kosovan cities.

Risk Assessment: Judging from current trends, the risk of a “ghost town” in south Mitrovica emerging is high. Due to the problems of going to the north of the city, many Albanians are already feeling the strain of this loss of welfare services. For example, with difficult access to the hospital 30 metres over the river in the north part of the town, the 80,000 citizens living in the south must travel 35km to Pristina. This is especially problematic when it is an emergency situation as only one ambulance is responsible for transporting patients from Mitrovica to Pristina{ CITATION IKS09 \l 2057 }.¹⁶ In terms of educational provision, currently, 20,000 Albanian school children are crammed into the roughly the same number of schools as 4,000 Serbs { CITATION ICG05 \l 2057 }. There is a vast shortage of classrooms, equipment and textbooks and the length of classes has shortened due to this deficiency. { CITATION IKS09 \l 2057 } Families are already worried about this loss of welfare provision and many are responding by leaving Mitrovica altogether to live with family members in other cities, such as Pristina and Prizren, which foreshadows a stronger flight out within a partition scenario{ CITATION Res098 \n \l 2057 }.¹⁷

Risk Mitigation Policy

Rationale: The policy should address these deficiencies by offering a “welfare perspective” for the predominantly Albanian citizens living in the south.

Policy: Build a new hospital, university and three new schools to offer the citizens of the south a “welfare perspective” based upon normal Kosovan standards.

Cost: 12m

A new university will cost 5m based upon the expected costs of a 2000 capacity university built in the similar sized city of Prizren. { CITATION New09 \l 2057 }. A new hospital will also cost 5m based upon the amount the Norwegian Development Agency has committed to building a 212 bed hospital just outside Pristina.{ CITATION IKS09 \l 2057 } Three new schools will be required and these will cost 2m in total based upon a USAID donation for one school in Kranidell. { CITATION USA09 \l 2057 }

Policy Analysis Option 2: Results

Option	Goal Analysis		Risk Analysis	
PARTITION	Functioning state	Economic development	Risk identification and assessment	Risk Mitigation Policy and Cost (€)

¹⁶ If the ambulance is occupied or en route to Pristina, other patients must organize their own transport. Hospital staff members are not surprised anymore when patients die on the way to Pristina { CITATION Res096 \n \l 2057 }

¹⁷ The flight out is a recurring theme in interviews. “Every day the squares are emptying because no one believes that they can have a happy future” says the Director of the Employment Agency.{ CITATION Res096 \n \l 2057 }

	HIGH	LOW	1. Albanian relocation 2. Regional instability 3. Albanian flight out	Total: 322 m KFOR: 208m EULEX: 42m Relocation: 60m Welfare perspective: 12m
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Policy Option 2: Integrate northern region into Kosovo based upon the provisions of the Ahtisaari plan

Policy Description

This option involves generating a scenario in which all political and administrative links the north of the Ibar Serbs have with Belgrade, especially the parallel structures, are dissolved and the Serbian population is re-orientated towards Pristina. To do this, integration would involve establishing a distribution of power envisioned in the Ahtisaari plan which involves two elements. First it affords substantial political autonomy to the Serbs north of the Ibar and secondly it involves some degree of local power sharing as the north and south Mitrovica municipalities will resolve city wide issues through an international mediated “Joint Board.” { CITATION Aht07 \l 2057 }¹⁸

Goal Analysis: Expected returns

Goal One: How likely is it that integration would end the contestation over which state should govern?

The aim of power sharing/ autonomy arrangements, such as the Ahtisaari plan, is to ensure that separatist minorities remain in a common state based on the idea of ethnic pluralism as well as making the minorities less apprehensive about their future in a majority, dominated state. { CITATION Jen09 \l 2057 }. In order to work, scholarly learning suggests settlements must aim to secure enough “rights, identities, freedoms and opportunities of all ethnic communities, and to create political and social institutions which enable them to enjoy the benefits of equality without forced assimilation.”{ CITATION McG94 \p 36 \l 2057 }

From this insight, one should test whether the Ahtisaari integration formula would achieve an end to the contestation over which state governs and therefore establish a functioning state, by evaluating whether the formula affords the northern Serbs enough secured rights and political power so that they can agree that their political future lies linked to Serbia but ultimately within a Kosovan constitutional order.

Scrutinising the Ahtisaari formula closely, it is clear that on paper at least, this option has a high chance of securing an agreement. Indeed, analysts have concluded that this formula provides minority rights for Kosovo Serbs which go *far beyond* European standards { CITATION ICG06 \l 2057 }. They include the creation of more and expanded Serb-majority

¹⁸ This is the preferred option of the EU and, much more grudgingly, the Kosovan establishment

municipalities, including a new north Mitrovica municipality, with extended competencies and the right to link with one another and benefit from Serbian government assistance; special protection zones and prerogatives for the Serbian Orthodox Church; and additional parliamentary seats and double-majority rules to prevent Serbs from being outvoted on vital interest questions. The provision of even more rights could undermine the functionality and survival of a future state, and create a highly unusual environment in which the small minority of Serbs would have significantly greater rights than the majority{ CITATION ICG06 \l 2057 }.

Another reason why one can conclude that this option has a high chance of success is that very similar ethnic reintegration formulas have worked to good effect in comparable areas in the Balkans, notably in Brcko in Bosnia. Brcko represents a striking example because this integration formula aimed at resolving a situation very similar to Mitrovica. Both Brcko and Mitrovica suffered from bitter ethnic divisions in the 1990s; both have a similar population, with similar ethnic proportions; and both suffered from post war economic decline and the absence of a functioning state { CITATION CTN06 \l 2057 }. Integration has been particularly successful in Brcko where, once considered a “black hole of chauvinism, intransigence, criminality and despair,” there is now even a multi ethnic police force, a clear sense of security and relative economic prosperity { CITATION ICG04 \l 2057 }.

Goal two: How likely is it that integration would put Northern Kosovo on a path to economic development?

An assessment of the most relevant variables suggests that this option is most likely to put Mitrovica on the path to economic development. Firstly, with a high likelihood of a functioning state emerging, we can assume property rights and micro economic governance will improve. Secondly, market access will be enhanced as integration will “reopen” the markets now closed by the ethnic division. In addition, it is possible that an integrated, multi ethnic Mitrovica will have a competitive advantage as a market interlocutor between Serbs and Albanians of the wider Balkan region. { CITATION Off09 \n \l 2057 }.

Most importantly, this option would mean that all the advantages coming from northern Kosovo’s natural, physical and human capital can be realised. An example of this is represented by the possibility of developing the fine countryside north of the Ibar into a tourism site for the region.{ CITATION Res093 \n \l 2057 } One of the major reasons preventing growth of tourism in this area is that Serbs, in contrast to Albanians, do not speak the requisite languages to entice more tourists. Hence, the absence of integration means that there is not an efficient allocation of human capital in northern Kosovo. In an integration scenario however, Serbian entrepreneurs could address this deficiency by employing Albanians, who by virtue of a diaspora as well as a decade of interaction with an army of international officials are very capable multi linguists{ CITATION Mit09 \n \l 2057 }.

Risk Analysis

Risk 1: A Serbian flight out of north Mitrovica.

Risk Identification: While a partition scenario may prompt an Albanian exodus, integration could intensify an equally negative trend already detectable north of the Ibar which is the flight out of Serbs. This Serbian “exodus” would not only be damaging to social and political life, but the drain of citizens will also have negative economic consequences due to the human and financial capital they depart with.

Risk Assessment: The likelihood of some form of exodus in this scenario is high. Many Serbs are already pre-empting integration into Kosovo by buying apartments in Serbia to avoid the “tragedy” of becoming “Kosovan” citizens{ CITATION KSe09 \n \l 2057 }.¹⁹ There are also warning signs from other areas where integration led to a sizeable Serb flight. For example, 75,000 Serbs fled from Eastern Slavonia between 1995-1999 even though integration was undertaken with considerable international supervision{ CITATION CTN06 \l 2057 }.

Risk Mitigation policy

Rationale: How to avoid a Serbian exodus? Given that this risk is high, any risk mitigation policy should be extensive and as a starting point one should first question is to ask what motivates the average Kosovan Serb to depart from northern Kosovo? As discussed, within the integration formula on offer Serbs will be afforded rights higher than European standards and so an exodus cannot be explained by “grievance.” Following on from their famous “Greed and Grievance” concept to explain motivations behind civil wars, Collier and Hoeffler have investigated specifically what motivates secessionist behaviour by testing the thesis that “the robust and ancient cause of economic self interest” determines whether a group wants to join another state{ CITATION Col062 \p 40 \t \l 2057 } The authors’ multiple regression analysis finds a strong correlation between economic advantage and the desire to join other or form new states. This finding is not only convincing from a theoretical perspective, as evidence from the Serbia enclaves suggests that the less money being paid by Belgrade to Serb public workers, the more likely they are to co-operate with the Kosovan state{ CITATION ICG091 \l 2057 }.²⁰

Hence, economic self interest matters and though my analysis suggests that integration is likely to yield economic development in the long term; in the short term visible and proactive measures are vital. Any risk mitigation policy must focus on providing a robust economic perspective based on creating jobs and opportunities for northern Serbs who may feel that their economic well being, especially public sector pay, is threatened by integration into Kosovo{ CITATION Res093 \n \l 2057 }.²¹ An economic perspective would be too expensive to construct a new but rather must be based on the natural economic advantages of northern Kosovo. Two policies are critical to establishing an economic perspective:

Policy one: Reactivate Trepca mining complex within a public/ private partnership

Mitrovica was historically a one-industry mining town dominated by the huge Trepca mine complex that employed both Serbs and Albanians but which now lies dormant due to war damage.²² An economic perspective should involve reactivating Mitrovica’s largest natural asset, especially since manufacturing in the town has all but disappeared.²³ Trepca will never recover its former glory but it is reasonable to assume that if reactivated it could

¹⁹ A 35 year old Serb man said: “We are not stupid here in Mitrovica. We know there soon will be a tragedy and I personally have already bought a place in Novi Pazar {Serbia} for my family.” A 21 year old Serbian woman told me: “Serbs here will never be ruled by Albanians. Look around this is Serbia, not Kosovo. No one will stay if they try to put the Kosovan flag here.”{ CITATION KSe09 \n \l 2057 }

²⁰ For example, the ICG cites the example a Serb hospital specialist in the enclave of Strpce who refused to sign a contract with the Kosovo authorities in July 2008 but agreed when offered the opportunity again in January 2009 because Serbia had reduced his pay by 50% due to Belgrade’s spiralling budget deficit.

²¹ Public sector workers will be paid about twice as less from Pristina as they would get from Belgrade.

²² In 1988, the Trepça employed 22,885 workers, representing nine percent of Kosovo’s labour force sector.{ CITATION ESI04 \l 2057 }

²³ In south Mitrovica, only one percent of the population works in manufacturing. { CITATION ESI04 \l 2057 }

provide around 7-10,000 jobs²⁴{ CITATION ICG99 \l 2057 }. Trepca's economic revival is obstructed by many things, such as legal wrangling over ownership, damaged infrastructure, and the high costs of re activation { CITATION IKS09 \l 2057 }. The EU should try to court major mining companies to engage in some sort of public private partnership whereby the EU guarantees the costs of clear up and reconstruction of the site, in exchange for significant private investment into operations.

Cost: €100m

The cost of cleaning the site so that it can match European standards is estimated to be €100m { CITATION UNM04 \l 2057 }.

Policy two: Transform Mitrovica into a regional “centre of excellence” for service provision.

This policy is aimed at creating an economic perspective for white collar workers, especially professors, teachers and doctors, who are most likely to constitute the exodus. Such a policy should focus on expanding, transforming and modernising two major institutions already placed in Mitrovica: the hospital and university. Establishing Mitrovica as a regional “centre of excellence” for health and educational services would guarantee these workers attractive employment opportunities and allow them to practise their profession to the highest level. Another advantage is that this will also create economic multiplier effects: universities and hospitals employ many workers, spend a substantial amount of money and can have much wider effects through the outputs they produce such as knowledge, skills and healthy workers.

Cost: €50m: Renovation of university (40m) and hospital (10m).

Currently the university in north Mitrovica is in a state of disrepair { CITATION Res093 \n \l 2057 } and the renovation of the university should be based upon the standards set by the best higher educational facilities in the region. The South East European University established in 2001 in Tetovo, Macedonia, just as Tetovo was on the brink of civil war, offers a good example. This university is considered to be one of the best in the region and it has brought together students from both Macedonian and Albanian communities, helping to stabilise the town and provide much-needed jobs and capital. The university took a year to build at a cost of 40 million but the institution is now self financing. { CITATION Eur \l 2057 }.

The 700 bed hospital in the north is also somewhat in a state of disrepair and will need some renovation and overhaul to have a competitive advantage over other hospitals in the region { CITATION Mit09 \n \l 2057 }. The model of excellence it should follow is represented by the new TMC hospital built in Sofia which is the most technologically advanced in the region. Local economic experts working on the ground would put the cost at renovation to around €10m {CITATION Off09 \n \l 2057 }.

Risk 2: The creation of “spoilers” who incite medium level violence.

Risk Identification: A particular risk in the integration scenario is that “spoilers” are generated. Spoilers aim to “spoil” political agreements and emerge when “leaders and parties who believe that peace emerging from negotiations threatens their power, worldview, and interests, and use violence to undermine attempts to achieve it.”{ CITATION Ste07 \p 1 \l 2057 } There is clear evidence of potential “spoilers” in Mitrovica who can be described as powerful “intertwined political-clan-criminal networks” { CITATION Pon08 \l 2057 } In particular, some Serbs complain of the nefarious influence of a "Kolasin group" from a village

²⁴ In Mostar, the re-start of the aluminium manufacturing plant, which now enjoys a major contract with automobile manufacturer Daimler-Benz, significantly boosted the local economy { CITATION CTN06 \l 2057 }

deep in northern Kosovo { CITATION ICG05 \l 2057 }. The risk is that this group of potential spoilers place themselves outside of the integration process in order to disrupt or destroy it. The most likely method they will use is to incite medium level violence in Northern Kosovo, ranging from the intimidation of “collaborators” to the use of force against EULEX and KFOR.

Risk Assessment: An integration scenario would bring about a functioning, multi ethnic state, which would represent a threat to spoilers’ interests because they will lose the political power and the benefits flowing to them from limited statehood. For example, many of these potential spoilers currently reap benefits from VAT, customs and excise collection due to Pristina's lacks of effective control over the administrative boundary line with Serbia. Moreover a functioning state threatens their power base as it makes it more difficult for them to sustain their essentially illegal patronage networks and makes it more difficult to use the intimidation and violence to get their own way.²⁵ These potential spoilers have also shown a marked tendency to react with violence to unfavourable political developments in the past. For example, they reacted to Kosovo’s declaration of independence by burning down the custom and border posts with Serbia proper as well as raiding the UNMIK supervised court, which led to a three day gun battle with NATO troops { CITATION ICG09 \l 2057 }.

Risk Mitigation Policy

Rationale: In his review of peacemaking in the 90s, Stedman argues the crucial difference between success and failure of spoilers is the role played by international actors as custodians of peace. What precaution can one take against these spoilers? The basic rationale should be that in order eradicate them, it is critical to deny them the resources upon which they thrive: political control and lawlessness.

Policy one: Institute an interim “European Administration Mitrovica.”

Other experiences of post war integration in the Balkans suggest that it is very important to sideline “spoilers” through strong external arbitration. In Mitrovica, this would require the EU to neutralise disruptive agents by denying them political power through a short term administration, which while not being *in* power could shape certain political outcomes. For example in Mostar, the initial international engagement was not assertive enough to ensure that legitimate authority took root and illegitimate agents were disenfranchised mainly due to poor financial backing and disorganisation. In response, strong EU representation was set up for over two years in order to promote moderate elements, and through some degree control of resources, was able to strengthen the power sharing elements of the new local political system { CITATION CTN06 \l 2057 }.²⁶

Cost: € 6m

This is based on the costs of the 60- strong EUAM in Mostar.

Policy two: Maintain EULEX presence and NATO presence.

²⁵Two potential spoilers, Mario Jaksic and Milan Ivanovic, are currently senior managers at the hospital. Medical staffs are reportedly expected to show political loyalty by attending anti Albanian demonstrations and nursing and non-medical staff are on short term contracts in order to discourage dissent { CITATION ICG05 \l 2057 }.

²⁶ Two EU offices, the European Union Administration Mostar (EUAM) and, for the final six months, the European Union Special Envoy Mostar (ESEM), administered Mostar from July 23, 1994, to December 31, 1996 { CITATION CTN06 \l 2057 }.

A vital lesson learned from the successful sidelining of spoilers in Eastern Slavonia is that a security presence is needed to swiftly embed the rule of law as well as to contain any possible violence perpetrated by spoilers. In Eastern Slavonia, the 5,000 troops of UNTAES were able to exert a high degree of control and coordination over the region while the integrationist political formula was rooted and a smaller KFOR force would be needed to do the same in Mitrovica { CITATION CTN06 \l 2057 }. In addition, EULEX will be vital to train local police forces, as well as in the interim to ensure that the rule of law is entrenched, which will shrink the spoilers' room for manoeuvre.

Cost: €250m

Risk 3: A lack of social interaction produces polarised ethnic politics.

Risk 3: A system of politics based on ethnic compromise is vital to this integration scenario. A risk is that an absence of general social interaction leads to a negative political dynamic common in post conflict areas in which ethnic politicians try to “outbid” each other as defenders of an ethnic group’s interest (Nordlinger, 1972). Politicians therefore compete over who is the strongest champion of the group’s national interests, rather than campaign on a platform of ethnic moderation, which could threaten the workings of the integrationist formula, envisioned in the Ahtisaari plan.

Risk Assessment: This dynamic of “ethnic outbidding” thrives in contexts in which there is no interaction between the ethnic groups because the ensuing social void perpetuates negative stereotypes which “uncompromising” politicians spin to their own electoral advantage { CITATION Nor72 \l 2057 }. Trends in social interaction between Albanians and Serbs suggest that the probability of this risk occurring is high. For example, 80% of Albanians and 70% of Serbs in Mitrovica would not live in the same street or town as the other ethnic race and virtually no families interact socially { CITATION Res093 \n \l 2057 }.²⁷ As a result, stereotypes reign: Albanians sometimes believe that the Serbs across the river are fascist criminals, while Serbs are encouraged to believe Kosovo proper is an Albanian badland governed by “terrorists” { CITATION Res098 \n \l 2057 }

Risk Mitigation policy

Rationale: Any risk mitigation policy should be extensive and focus on encouraging interaction between Albanians and Serbs in order to facilitate the creation of a “Mitrovica” identity to undermine potential ethnic polarisation. Critical here is the concept of “social capital” which refers to “instances in which people cooperate for common ends on the basis of shared informal norms and values.” { CITATION Fuk02 \p 24 \l 2057 } Given the ethnic divide in Mitrovica it is necessary to create “bridging social capital” which spans *different* identities, histories and viewpoints. One scholar notes that the experience of post conflict zones has shown that the creation of bridging social capital is necessary for a functioning democratic state because it helps to dismantle exaggerated, exclusionary ethnic identities { CITATION Mer06 \l 2057 }. At the moment, there are few common institutions- marriage, learning, language or cultural- which could help cultivate social capital in Mitrovica and so they must be created.

²⁷ A 28 year old Albanian explained: “Before the war, my family was good friends with our neighbours who were Serbs. We used to go on picnics together but now we never see them. I have no idea what is going on in their lives.” { CITATION Res096 \n \l 2057 }

Policy: Creating bridging social capital involves developing mutual interpersonal trust which is created and maintained by interactions with others, especially within formal organizations and informal groups { CITATION Nel04 \l 2057 }. Small scale activities can help create mutual interpersonal trust like joint cultural activities, or by putting a moratorium on teaching local history which was done successfully in Eastern Slavonia. From a more long term perspective, the policy I recommend is to reaffirm the importance of building a multi-lingual, multi ethnic university based on the Tetovo model because a common learning space on this scale provides an effective arena in which mutual interpersonal trust can develop. The experience of Tetovo is instructive as when the university was set up in 2001, Macedonian and Albanians were on the brink of civil war. Yet, the university has fostered far greater social interaction between the two groups with the result that tensions are now reduced and Tetovo is now considered an appealing university town { CITATION Eur \l 2057 }.

Cost: N/A as this policy also pursued as part of policy to address risk one.

Policy Analysis Option 3: Results

Option	Goal Analysis		Risk Analysis	
Integration	Functioning state	Economic development	Risk identification and assessment	Risk Mitigation Policy and Cost (€)
	HIGH	HIGH	1 Serbian flight out of north Mitrovica 2. “Spoilers” attempt to destroy agreement 3. Political polarisation.	Total: 406 m Trepca reactivation:100m Hospital renovation:10m University renovation:40m EU Administration: 6m EULEX: 42m KFOR: 208m

Conclusion and Recommendations

A thorough thinking through of the two conceivable options for a comprehensive solution to the problem in Mitrovica produces the following results.

Summary of Analysis:

Option	Goal Analysis		Risk Analysis	
	Functioning state	Economic development	Risk identification and assessment	Risk Mitigation Policy and Cost (€)
Partition	HIGH	LOW	1. Albanian relocation 2. Regional instability 3. Albanian flight out	Total: 72 m (322m) Relocation of Albanians: 60m Welfare perspective in south: 12m (EULEX: 42m KFOR: 208m)
Integration	HIGH	HIGH	1 Serbian flight out of north Mitrovica 2. "Spoilers" attempt to destroy agreement 3. Political polarization	Total: 156 m (406m) Trepca reactivation: 100m Hospital renovation: 10m University renovation: 40m EU Administration: 6m (EULEX: 42m KFOR: 208m)

*in the final analysis, I have put the costs of security (EULEX and KFOR) in parenthesis. This because they are the same in each scenario, they are based on very rough estimates and the financing for EULEX and KFOR over the next few years is most likely to have been accounted for already and so they do not represent "additional costs."²⁸

Recommendations:

Three recommendations flow from this analysis:

Recommendation 1: Pristina, Belgrade and the EU should seek an immediate comprehensive solution to the situation in Northern Kosovo and in doing so should reject outright any proposal to partition northern Kosovo.

The urgent choice is therefore between partition and integration. Based on my analysis, the partition option would incur about €84m less in costs than integration, which could prove an attractive saving in today's budgetary climate.

Yet, if we scrutinise the policy more closely, it is clear partition is inferior and should be rejected. Firstly, my analysis shows partition is likely to prompt an economic decline in

²⁸ EULEX's mandate is highly likely to be renewed in the summer of 2010 and NATO has confirmed that although they are to reduce troop numbers to 10,000, they are certain to stay in Kosovo for the next few years.

Mitrovica, which means it will fail to achieve a precondition of a *comprehensive solution*. Moreover, as discussed, this could directly threaten the stability of the partition agreement. Secondly, the nature of the risks seems far more serious than with integration, especially because it may involve ethnic cleansing as well as possible instability in other areas. In other words, even though the financial costs may be lower, more importantly *the human costs* of partition will be a lot higher. Finally, the policies needed to mitigate the risks produced by partition are essentially “fire fighting” policies; that is they contain problems, for example by relocating citizens, and will not directly yield any gains in the future. These evidence based arguments should be used in negotiations to counter possible Serbian claims that partition represents a “fair solution.”

In contrast, though the costs of integration are higher, the necessary risk mitigation policies are *fundamentally more productive*: the policies create an economic perspective, they produce stability and they build social capital. Crucially, this policy is also highly likely to achieve the goals necessary to resolve the Mitrovica problem and so spending an extra €84m is certainly a good investment.

Recommendation 2: The EU should pursue integration of the northern region into Kosovo based upon the Ahtisaari formula and in order to fully mitigate risks, it should implement these four policies:

1. Reactivate Trepca mining complex within a public/ private partnership.
2. Transform Mitrovica into a regional “centre of excellence” for service provision
 - I. Renovate hospital
 - II. Overhaul university
3. Institute an interim “European Administration Mitrovica.”
4. Maintain a EULEX and KFOR security presence.

Recommendation 3: The EU should use all available diplomatic means within Serbia’s EU accession negotiations to gain Serbia’s support for the integration of Northern Kosovo.

If we discount the security costs (EULEX and NATO at €250m per annum) which we can assume are already budgeted for, the risk mitigation policies involved in integration require €156m to be found. To put this in perspective, this is just short of the €187.4m which the EU instrument for pre-accession assistance (IPA) allocated for the *entire* Kosovo { CITATION Zau09 \l 2057 }. With the EU’s current financial predicament as well as internal divisions over Kosovo, it remains to be seen whether the EU will be willing to raise this money.

In order to save costs, the EU should engage with the most important stakeholder: Serbia. The €156m was factored on the well grounded assumption that Serbia would continue to resist Kosovo’s independence.²⁹ If Serbia were to accept the integration of the northern region, this would certainly reduce risks and therefore costs. For example, without backing from Belgrade, fewer Kosovan Serbs would leave Kosovo; “spoilers” would be weakened; and hardline politicians would have a less reliable political “big brother.” The best channel to get Serbia to support this policy is through EU accession negotiations as it is clear that the overwhelming goals of President Tadic’s administration in Serbia is join the EU { CITATION Jud10 \t \l 2057 }. Whether, Serbia will ever be willing to lend support to the EU’s goal in Kosovo is unknown, but considering the benefits, the EU should use all its diplomatic muscle to try to win support.

²⁹ For example, in January 2010 debates in the UN Security Council, Serbia made it clear that they still deem Kosovo’s independence as illegal { CITATION Bal \l 2057 }.

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