



Kolegji AAB

MASTER THESIS

TAX DECENTRALIZATION: GRAQANICE AND JUNIK

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CHAPTER ONE: INTRODUCTION

This paper is intended to contribute, even modestly, to the handling of an interesting and complicated topic - that of decentralization of powers, from central to local. It should be said that during this work and until its completion, many things have changed and improved, but my conviction and those who helped me with this work is that regarding the issue of decentralization, Kosovo is on the right track. A good part of the work has been done, the legal basis in general has been raised but remains good coordination of the situation on the ground.

Talking about decentralization means dealing with a pervasive and long-lasting problem, but in some respects, it is still enigmatic, and sometimes difficult to understand.

For this reason, in this paper we will briefly present the subject (what is decentralization), and we will focus more on the decentralization process since the creation of the two new municipalities - Gracanica and Junik, by trying to note the initial difficulties, but at the same time considering this process as an additional opportunity in the function of creating preconditions for the provision of municipal services closer to the citizens.

Acknowledgments for the important contribution and cooperation that have been offered to me for this work goes to all municipal officials, property tax attorneys and tax administrations, who provided important information, while also a special thanks to the mentor, professor Tefik Halili, for his valuable advice and suggestions on the subject.

CHAPTER FIVE: SUMMARY

Consolidation in Kosovo has started with major legislative changes. The transfer process, in the immediate post-war period, was characterized by a slow pace in some sectors. Later, the Ahtisaari proposal was the other major goal of the decentralization process. This was the basis of the new legislative framework, which led to constitutional changes after the declaration of Kosovo's independence. Three laws defined the basic institutional features of the municipal system: the law on local self-government, the law on municipal boundaries and the law on local government finances.

A decentralized local governance system was at the center of the reform agenda shortly after the declaration of Kosovo's independence. Implementation of decentralization on the ground shows that some steps have been achieved, but the work has not yet been completed and what has been promised in the paper requires additional support not only from a ministry (MLGA) but also from line ministries involved in the transfer of competencies which they had earlier.

Full and efficient enforcement of competencies by municipalities is having difficulty. Firstly, municipalities have limited capacities to cope with all the responsibilities established by law. Second, there was a lack of resources and support from the central government, including line ministries. As a result, proper and efficient delivery of services has been greatly challenged. International co-operation as a concept and tool that can enhance service delivery, resource mobilization and improvement of the planning process is not being properly used by local governments, although last year there have been some initiatives in this direction.

The former fears that the Serb community will not accept the new municipalities, in reality did not happen because their creation and functioning (one of them the municipality of Gracanica) has produced direct results both in terms of employment on one side and capital investments and infrastructure projects on the other. Concrete results with direct investment have slowly produced confidence for new leaders. In addition to these lines, parallel structures created earlier in these municipalities have started to decline, although they are still present, especially in the fields of education and health.

The municipalities for which we have researched to date, such as Junik municipality, which has had development but it was slow, still facing the challenge of change and where it needs to institutionalize a new way of thinking and performance, have adopted a new approach to management, which focuses on solving the problem, eliminating bureaucratic practices and long-term planning. During this phase, the municipality of Gracanica, despite obstacles influenced by centers outside Kosovo, has marked progressive growth in the area of own source revenues and can be considered an example for other municipalities. This level of budget makes the municipality of Gracanica one of the municipalities with the largest budget, compared to the territory and the number of the population.