

2025

INTER-MUNICIPAL  
CO-OPERATION IN KOSOVO:

# Lessons Learned and Future Opportunities



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# ABBREVIATIONS

<b>AI</b>	Administrative Instruction
<b>AKM</b>	Association of Kosovo Municipalities
<b>CSO</b>	Civil society organisation
<b>CoE</b>	Council of Europe
<b>EU</b>	European Union
<b>IMC</b>	Inter-municipal co-operation
<b>MA</b>	Municipal Assembly
<b>MCMDV</b>	Municipal Coordination Mechanism on Protection against Domestic Violence
<b>MLGA</b>	Ministry of Local Government Administration
<b>MRD</b>	Ministry of Regional Development
<b>MoU</b>	Memorandum of understanding
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OSCE</b>	Organization for Security and Co-operation in Europe Mission in Kosovo
<b>POE</b>	Publicly-owned enterprise
<b>PPP</b>	Public-private partnership





# Foreword

For over twenty-five years, the OSCE Mission in Kosovo has worked in close partnership with institutions at all levels to advance democratic governance, strengthen institutional integrity, and promote inclusive decision-making. Central to this engagement has been the Mission's sustained support to municipalities in building transparent, accountable, and community-focused local administrations.

Inter-municipal co-operation (IMC) represents a strategic policy instrument for improving governance performance and service delivery. By fostering collaboration across administrative and community boundaries, IMC enables municipalities to leverage shared capacities, address common challenges, and deliver more efficient and equitable public services. It also serves as a mechanism for deepening trust between communities and enhancing social cohesion through joint problem-solving.

This report, *Inter-Municipal Co-operation in Kosovo: Lessons Learned and Future Opportunities*, consolidates the Mission's extensive field experience and research in this area. It analyses the current policy and legal environment, identifies structural and operational barriers to effective cooperation, and outlines practical recommendations to guide future reforms.

Looking ahead, strengthening IMC should remain a core, priority element of Kosovo's future local governance and decentralization agenda. As a proven approach to policy coordination, fiscal efficiency, and community resilience, IMC offers a pathway toward more sustainable and responsive local governance. The OSCE Mission in Kosovo remains committed to supporting institutional partners and stakeholders in embedding inter-municipal collaboration as a standard practice of effective democratic governance and ultimately building resilient communities.

*Ambassador*  
**Gerard McGurk**  
*Head of Mission,*  
*OSCE Mission in Kosovo*



# I. EXECUTIVE SUMMARY

Inter-municipal cooperation (IMC) refers to a formal or informal arrangement where two or more municipalities, as legally recognised entities, join efforts in achieving a shared goal. This can serve different purposes, ranging from modest local initiatives to addressing complex challenges. When formalised through binding agreements, IMC can be utilised to provide better services to the residents, create new funding opportunities, and strengthen ties between communities.

The IMC legislation in Kosovo is generally aligned with the frameworks developed by the European Union (EU), the Council of Europe (CoE), and the Organisation for Economic Co-operation and Development (OECD). While it aims to unlock the same benefits observed by these organisations, as this report points out, it remains largely underused in practice. This is primarily because IMC in Kosovo is still limited, often informal and unstructured, if it occurs at all. This underuse reflects both technical and political obstacles. The current legal process is seen as overly complex and bureaucratic. Municipalities often lack the capacity or incentives to navigate through it, while key institutions such as the Ministry of Local Government Administration (MLGA) are under-resourced. As a result, opportunities for stronger services, smarter spending, and inter-community co-operation are being missed.

This report draws on extensive fieldwork conducted between late 2023 and early 2024, including over 80 interviews with municipal and ministerial officials, international organisations, and representatives of civil society. It was complemented by consultations with municipal and institutional representatives until early 2025, whose feedback has been incorporated into these findings.

The report identifies a **major opportunity to invest in IMC** as a tool for inclusive, cost-effective, and sustainable local governance. At the same time, it offers the following key recommendations to the authorities:

- **Simplify and modernise the legal framework** by recognising different modalities of co-operation, such as simpler Memoranda of Understanding (MoUs) for smaller initiatives and requiring municipal approval only once, at the final stage of agreement.
- **Create meaningful policy incentives**, including a dedicated and accessible IMC fund, accompanied by strategic guidance, templates, and mentoring.
- **Strengthen institutional support**, particularly the MLGA's capacity to advise, monitor, and promote IMC efforts.
- **Promote IMC as a driver of inclusion**, supporting co-operation on gender-based violence response, youth services, and initiatives between municipalities with different community majorities.

If these reforms and investments are undertaken, IMC has the potential to evolve from a marginal practice into an essential tool for improving municipal performance in Kosovo.

*The OSCE Mission in Kosovo would like to express its gratitude to all interlocutors who kindly dedicated time to share their knowledge, expertise and invaluable insights, without which this research would not have been possible.*

## II. INTRODUCTION AND BACKGROUND

IMC is defined as a voluntary arrangement between two or more municipalities to work together, within the scope of their competences, in order to gain mutual benefits.<sup>1</sup> While it entails sharing costs, resources, and responsibilities, it does not envisage permanent transfer of authority.<sup>2</sup> In general, IMC can be established on an informal or formal basis.<sup>3</sup> While the former encompasses more flexible forms of co-operation, such as an MoU, the latter can be created through adopting IMC agreements.<sup>4</sup> This report argues that Kosovo has an established legal framework for IMC which is inadequately used, thus precluding better service delivery, development opportunities, and even improving community relations.

The scope of this thematic report is the comparison between the legal framework establishing IMC in Kosovo and the corresponding practice, particularly in relation to concluding formal IMC agreements.

It aims to provide recommendations for:

- i. potential amendments to the legal framework on IMC;
- ii. developing comprehensive policies to support IMC;
- iii. streamlining the assistance provided by international institutions and organisations.

IMC agreements are rarely concluded in practice. IMC tends to be initiated and maintained in an informal manner, relying predominantly on inter-personal relations between the mayors, and it can be influenced by their political affiliation. As a result, informal co-operation may change after an election cycle.

In addition, the inadequate policy support is insufficient to encourage the municipalities to formally conclude IMC agreements as they see no added value to engage in this process, which they describe as unnecessarily constraining, complex and bureaucratic. Moreover, there are instances where even adopted IMC agreements remain unimplemented because of a lack of funding or subsequent guidance.

Developing a structured form of IMC through formal agreements carries both political and economic significance. Politically, it plays a key role in fostering co-operation between municipalities in which different communities form the majority, thus encouraging mutual communication and collaboration without introducing an additional tier of governance. Economically, increased IMC supports local development by optimising resource use and reducing legal uncertainty, which can be particularly important when engaging with potential donors and investors. This is because IMC agreements clearly define the obligations of municipalities and include a dispute settlement clause. IMC agreements can incentivise municipalities to seek funding for larger-scale projects from international donors as well as to find innovative solutions to reduce their existing costs. In addition, IMC agreements allow the creation of joint administrative bodies and public institutions, thus improving local governance efficiency and improving the services delivered to residents.

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<sup>1</sup> Council of Europe, *Toolkit Manual Inter-municipal Cooperation*, 2010, at p. 7  
<https://rm.coe.int/imc-intermunicipal-co-operation/1680746ec3>.

<sup>2</sup> *Ibid.*, at p. 8.

<sup>3</sup> Organisation for Economic Co-operation and Development, *Inter-municipal co-operation in the Western Balkans*, 2024, at pp. 15-16.  
[https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/inter-municipal-co-operation-in-the-western-balkans\\_67efc50a/a78a01e6-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/inter-municipal-co-operation-in-the-western-balkans_67efc50a/a78a01e6-en.pdf).

<sup>4</sup> *Ibid.*



The IMC falls within the mandate of the OSCE Mission in Kosovo (OSCE) as it supports institution-building through the adherence to established international standards on good governance, all with the overarching component of promotion of human and community rights, gender equality, and increased public participation in decision-making processes. In this regard, within its municipal governance portfolio, the OSCE has already been implementing activities supporting IMC. This has allowed the opportunity to closely observe the implementation of the IMC legal framework in practice, which prompted the drafting of this report. Therefore, this document not only summarises the observations of OSCE staff and partners, but also provides guidelines on how to improve the legal and policy support of IMC in Kosovo.

The report is divided into eight (8) chapters. Chapter III elaborates on the methodology of the research. Chapter IV analyses the legal aspects of IMC in Kosovo, including its implementation in practice. In Chapter V, IMC is examined alongside other legislation that, while not directly governing IMC, can significantly affect the formation of IMC agreements. Chapter VI provides an overview of the existing policies on IMC support and development. Chapter VII assesses both the awareness and the capacities of the municipalities to engage in IMC. It also identifies opportunities for potential IMC, arguing how increased IMC can better gender equality, youth and the rights of non-majority communities. Finally, Chapter VIII provides conclusions and a comprehensive set of recommendations on possible changes to the legal and policy framework

### **III. METHODOLOGY OF THE RESEARCH**

The methodology of this report is based on a mixed-methods approach, combining qualitative and quantitative techniques through desk analysis and field research.

Desk analysis included: (i) analysis of the current legal framework on IMC in Kosovo as well as other corresponding legal acts; (ii) review of existing reports on IMC in Kosovo produced by different institutions and organisations; (iii) comparative analysis of different models and practices on IMC drawn from academic articles and reports on IMC produced by international organisations.

The field research was conducted in 2023 and early 2024. It entailed a set of semi-structured interviews with: (i) mayors, deputy mayors and/or advisors to the mayors; (ii) municipal assembly (MA) chairpersons; (iii) municipal legal officers; (iv) representatives of line ministries; (v) representatives of international donor organisations supporting IMC projects and activities. The questions for the interviews were drafted on the basis of a preliminary desk analysis, and following a set of meetings with MLGA representatives. The interviews were conducted in a semi-structured format, allowing both a detailed comparison of answers as well as the opportunity to explore additional issues with the interlocutors.

The research was conducted in 27 out of the 38 municipalities across Kosovo that expressed willingness to participate in the research and were able to schedule meetings within the research period. All of the 84 interviewees were guaranteed anonymity in the process. Considering this, neither the names of the interviewees nor their respective municipalities are mentioned in the report. The interview process also included representatives from municipalities with diverse community structures.

In addition to the field research, a short survey was also distributed to the municipalities for the purpose of collecting information on: (i) their internal capacities to engage in IMC; (ii) their views on the effectiveness of the policies supporting IMC; (iii) the number of already established IMC agreements (this also included MoUs even though, as further elaborated in the following chapter, they are not the legally specified form of IMC); (iv) interest to establish IMC, including the mapping of potential areas for future IMC agreements; (v) their awareness on the role of IMC in promoting gender, youth and non-majority communities' mainstreaming.

The survey led to the conclusion that municipalities have limited institutional memory when it comes to IMC agreements. This is particularly reflected during changes in political leadership of the municipality. Although the MLGA is obliged to maintain a database of IMC agreements, it is not comprehensive. Therefore, the research was unable to retrieve accurate and reliable statistical information on the concluded and implemented IMC agreements in Kosovo. Considering this, the report predominantly relies on qualitative over quantitative analysis.

The preliminary conclusions from the research have been presented to municipal representatives during four backstopping events organised in different areas of Kosovo in late 2023, as well as to representatives of the MLGA and the Association of Kosovo Municipalities (AKM) in early 2025. All representatives agreed with the findings, underlining that the presented issues are the most pertinent when it comes to assessing the complexities of IMC in Kosovo. Their inputs were also included in this report.

## IV. THE LEGAL ASPECTS OF IMC IN KOSOVO

### *A. Brief overview of the IMC legal framework*

IMC in Kosovo is enshrined in the Constitution as its Article 124 (4) grants municipalities the right to establish IMC “in accordance with the law”, which, according to Article 81 (1), is considered part of “legislation of vital interest.”<sup>5</sup> This is aligned with the European Charter of Local Self-Government which allows local authorities, “in exercising their powers, to cooperate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.”<sup>6</sup>

The specific legal and sub-legal framework on IMC in Kosovo was created in 2011 with the Law on Inter-Municipal Cooperation,<sup>7</sup> and the subsequent Administrative Instruction (AI) on the Stimulation of Inter-Municipal Cooperation adopted in 2013.<sup>8</sup>

The Law on IMC stipulates that IMC can take one of the following forms: (i) joint working body; (ii) joint administrative body; (iii) joint public institution; (iv) joint public enterprise; and (v) joint

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<sup>5</sup> Constitution with amendments I-XXV. <https://gzk.rks-gov.net/ActDetail.aspx?ActId=3702>.

<sup>6</sup> The European Charter of Local Self-Government, Article 10 (1), 15 October 1985.

<https://rm.coe.int/european-charter-of-local-self-government-eng/1680a87cc3>. Furthermore, it is noteworthy to emphasise that, according to Article 123 (3) of the Constitution, “shall observe and implement” the European Charter on Local Self Government to the same extent as that required of any signatory party, *supra* note 1.

<sup>7</sup> Law No. 04/I – 010 on Inter-Municipal Cooperation, 21 July 2011.

<https://mapl.rks-gov.net/wp-content/uploads/2017/10/Law-On-Inter-Municipal-Cooperation.pdf>

<sup>8</sup> Regulation No.09/2013 on the Stimulation of Inter-Municipal Cooperation, 27 March 2013.

<https://mapl.rks-gov.net/en/regulation-no-090013-on-the-stimulation-of-inter-municipal-cooperation/>

public-private partnership.<sup>9</sup> In addition to these five, it can be argued that there is a sixth form of IMC which is not expressly mentioned in Article 9, Article 15 stipulates that a municipality “may give mandate, based on the agreement, to another municipality to exercise their certain competences”, while, at the same time, remaining responsible for the actions of the mandated municipality, i.e. the municipality to which the mandate was given.<sup>10</sup>

The IMC can be established only through an agreement between municipalities, i.e. an IMC agreement,<sup>11</sup> which has to be concluded by following a strictly-defined procedure.<sup>12</sup> It is noteworthy that the Law on IMC does not recognise instruments for formalising IMC which are de facto used in practice, such as the MoUs and letters of intent.

The adoption of an IMC agreement can be proposed by: (i) the municipal assembly; (ii) the mayor; (iii) five per cent of the residents of the municipality concerned or; (iv) the government, in cases of “special interest.”<sup>13</sup> The AI on IMC clarifies that IMC agreement can be initiated by “the majority of members of the municipal assembly” and additionally gives this right to the Association of Kosovo Municipalities (AKM), the MLGA, and “non-governmental organisations dealing with local self-governance” without stating how the latter are being defined.<sup>14</sup>

The field research confirmed that, in practice, the vast majority of IMC agreements are proposed by mayors.<sup>15</sup> In this case, a written “justified opinion” submitted to the MA is required within a three-week deadline. Subsequently, the MA reviews both the initiative and the opinion in an open session held within 90 days from the submission.<sup>16</sup> If the initiative is approved by the MA, the mayor is authorised to engage in negotiating and preparing the IMC agreement, including notifying the respective municipality to which the IMC agreement is addressed. The MA of this municipality has 90 days to take a decision regarding the proposal.<sup>17</sup> However, after the final version of the agreement is negotiated, it needs to be submitted for final approval by the MAs of all concerned municipalities.<sup>18</sup> The IMC agreement is valid after the assessment of its legality by the MLGA and the publication in the Official Gazette.

The Law on IMC obliges the government to encourage and financially support IMC in priority areas determined by the MLGA. The funding can be provided through the Kosovo budget, municipal budgets, local and/or international donations, and other financial means allowed by the respective financial legislation.<sup>19</sup> Even though there is a legal framework to establish dedicated funding for IMC, as the report describes in the following sections, this is not the case in practice.

## ***B. Implementation of the Law on IMC in practice***

Despite the adoption of the Law on IMC in 2011 and the AI on the Stimulation of IMC in 2013<sup>20</sup>, inter-municipal cooperation in Kosovo remains mostly informal, relying heavily on human and political factors. The inconsistent application of the IMC legal framework decreases legal

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<sup>9</sup> Supra note 7, Art. 9.

<sup>10</sup> Ibid, Art. 15 (1).

<sup>11</sup> Ibid, Art. 3(1).

<sup>12</sup> Ibid, Art. 6-8.

<sup>13</sup> Ibid, Art. 6.

<sup>14</sup> Supra note 8, Section 5.

<sup>15</sup> During the field research, not a single IMC agreement initiated by anyone other than the mayor has been identified.

<sup>16</sup> Supra note 7, Art. 7.

<sup>17</sup> Ibid, Art. 7 (4).

<sup>18</sup> Ibid, Art. 8 (2).

<sup>19</sup> Ibid, Art. 16.

<sup>20</sup> Supra note 7 and 8.

certainty and hampers the institutional support necessary for the continuous development of this type of co-operation.

The main reason for this, as argued by almost all interviewed municipal representatives, is that this legal framework establishes a process which is too burdensome and demanding for the municipalities to see the added value necessary to conclude formal IMC agreements.

As one of the interviewed municipal officials stated, “the municipalities need to know better how they should conclude an IMC agreement as well as why they should do this in the first place [emphasis added].”

Municipalities often decide to sign MoUs instead of formal IMC agreements. This is mainly because MoUs do not undergo the extensive legal review and political scrutiny as the IMC agreements. They are very general in nature and, as such, neither adequately define the necessary details of the intended relations between the parties nor effectively use the available legal and institutional tools. Notwithstanding this, the interlocutors indicated three main reasons for adopting this practice:

- **First**, MoUs entail a more straightforward drafting process, as they do not require the inclusion of all elements mandated by the legal framework governing IMC.
- **Second**, MoUs are considered as more flexible because they can be amended with relative ease should adjustments become necessary.
- **Third**, MoUs allow municipalities to bypass the lengthy procedures for adopting IMC agreements, including the legal review by the MLGA and at least two approvals by the MA. In practice, mayors often submit only the final version of the MoU for approval or, in some cases, avoid MA approval altogether. This is especially the case when political disagreements exist between the mayor and the MA chairperson.

The fact that MoUs are not a legally specified form of IMC does not make them illegal as such. Rather, IMC concluded through MoUs does not fully utilise the advantages of the formal IMC agreements. More specifically, MoUs have shortcomings which make the established IMC less sustainable:

- **First**, MoUs are only short-term arrangements, usually lasting for one year, whereas IMC agreements can be established for longer durations, providing greater continuity and stability.
- **Second**, MoUs are often missing some important elements which would have to be included in the IMC agreements. In other words, the practice points out that some MoUs are so general in content that they more resemble letters of intent rather than an actual instrument regulating mutual co-operation. In particular, there is lack of clarity regarding:
  - i) defining the mutual rights and obligations of the signatory parties, i.e. the *quid pro quo* of the agreement;
  - ii) potential budget implications of the established co-operation and;
  - iii) opportunity to add a dispute settlement clause, including the use of non-judicial options such as, for example, mediation.
- **Third**, result, public participation is precluded, as well as any additional oversight added during the MA approval process.

Considering this, potential legal changes have to focus on balancing the required flexibility in establishing IMCs with the need to secure the institutional and legal sustainability of the entire process.

This can be done if the new or amended Law on IMC were to incorporate MoUs as a legally specified form of IMC through establishing a threshold for MoUs. The current legal framework requires the same procedure for adopting an IMC agreement regardless of its complexity. In other words, whether the municipalities engage in co-operation over a one-off and low-budget activity or a major infrastructural project with a longer timeframe and financial commitment, they must undergo the same process. The threshold for MoUs can be established through the duration of the proposed IMC activity and/or its budget implications. Including MoUs as a legally specified form of IMC would give the municipalities better flexibility in defining the terms of their co-operation while, at the same time, ensuring that the legal standards are being observed and that an adequate process is being followed.

Over 80 per cent of municipal executive representatives interviewed for this report stated that the MA's approval should be required only once, i.e. at the final stage. In their view, there is no need for the MA to vote merely to authorise negotiations. Instead, approval should be given after the IMC agreement has been drafted and concluded by the municipal executive bodies.

It should be noted, however, that the ultimate approval by the MA cannot and should not be waived since this would clash with the Law on Local Self-governance. This law stipulates that the MA cannot delegate its responsibility for decisions concerning IMC.<sup>21</sup> In addition, the approval process in the MA provides additional legal, political, and public scrutiny. As such, it ensures the overall transparency of the IMC agreements' drafting and implementation process.

Despite the research not finding any instance of IMC agreement being initiated by "five per cent of the residents", even with provisions on this in the Law on IMC,<sup>22</sup> further activities on raising public participation in IMC processes are necessary. These include finding adequate modalities for institutionalising the co-operation between the municipalities, especially the MAs, and the civil society sector. In this regard, civil society organisations (CSOs) can be instrumental in: (i) raising awareness on IMC; (ii) proposing IMC agreements to the MA; (iii) public oversight in the drafting and implementation of IMC agreements.

Finally, during the conducted interviews, more than two-thirds of the municipalities expressed an interest in the provision of mutual services through furnishing mandates as stipulated in Article 15 of the Law on IMC. It was observed, in particular, among the smaller, usually poorer and rural municipalities which would require assistance from their more developed neighbours. Moreover, as some of these municipalities consist of residents from different communities, this type of co-operation has the potential to foster the improvement of inter-community relations, as further argued in Chapter VII(c) below. This provision of the Law on IMC is not adequately utilised, in part because, as argued by the municipal legal officers, granting mandates is not expressly mentioned in Article 9 of the Law of IMC. Considering this, the new Law on IMC should explicitly include mandates as the sixth form of IMC, and this type of co-operation should be stimulated in providing more accessible municipal services to the residents.

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<sup>21</sup> Law No. 03/L-040 on Local Self-Government, 20 February 2008, in particular Art. 40.2 (j). <https://mapl.rks-gov.net/wp-content/uploads/2017/10/Law-On-Local-Self-Government.pdf>.

<sup>22</sup> Supra note 7, Art. 6.

### *C. Implementation of the AI on the Stimulation of IMC in practice*

More than 90 per cent of the interviewed legal officers stated that the current AI on the Stimulation of IMC does not provide them with the necessary guidance on important aspects of the IMC drafting and implementation process. The AI only paraphrases the Law on IMC without giving additional directions.

It was emphasised that municipalities would benefit if instructions were provided on five general aspects:

- **First**, clearly defining the specific steps that municipalities have to follow from the approval of the IMC initiative to the submission of the final IMC agreement to the MA for adoption. In particular, adding a requirement to establish a working group responsible for drafting the IMC agreement, specifying its composition, the responsibilities of its members, and the internal deadlines they must adhere to. This would be especially important for complex IMC agreements, such as those involving public-private partnerships.
- **Second**, regulating the relations between the IMC drafting structure and the MLGA. This would entail setting a stronger obligation upon the MLGA and the respective municipalities to be proactive in the pre-consultation process, as well as facilitating the co-operation between the municipal officers, especially the municipal legal officers.
- **Third**, monitoring and evaluating the implementation of IMC agreements. This includes establishing municipal structures responsible for providing regular reports to the municipalities and, if requested, to the MLGA or other ministries.
- **Fourth**, providing guidance for establishing specific IMC agreements on complex issues, especially publicly-owned enterprises (POEs) and public-private partnerships (PPPs). This can be done either through amending the current AI or adopting separate ones, depending on the type of IMC agreements.
- **Fifth**, setting the modalities for future amendment of an IMC agreement, which would include, among other things, the possibility to additionally clarify/specify its provisions through annexes, action plans, protocols and/or other instruments.

The possibility of amending an already concluded IMC agreement is important as neither the Law on IMC nor the AI on the Stimulation of IMC specifies the procedure for making amendments or annexes. In practice, it is considered that the same approval process must be initiated again in such cases. In addition, municipal legal officers noted a narrow interpretation of the IMC legal framework. It is usually understood that only a single topic can be included in an IMC agreement, even though this is not explicitly prohibited.<sup>25</sup> On the other hand, when municipalities attempt to draft complex, i.e. “framework” or “umbrella” agreements, they often struggle to include information that is unavailable at the time, would require significant effort to obtain, or may subsequently change.

Considering all of this, all interlocutors interviewed for this report emphasised the need for increased flexibility in establishing formal IMC agreements.

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<sup>23</sup> Supra note 6.

<sup>24</sup> Supra note 5.

<sup>25</sup> Supra note 7, Art. 8.

## CASE STUDY I

### *Framework IMC Agreement and Its Possible Implementation*

One of the modalities for a potential change which would allow for a more flexible legal framework on IMC can be based on the experience from the implementation of the IMC agreement signed between the six (6) municipalities of Prishtinë/Priština, Podujevë/Podujevo, Lipjan/Lipljan, Fushë Kosovë/Kosovo Polje, Graçanicë/Gračanica, and Obiliq/Obilić. In this case, the municipalities decided to conclude a general IMC agreement including multiple issues/areas. However, considering that many aspects needed further clarification, including the different budget implications which may change over time, they decided that this “umbrella” or “framework” agreement should be supplemented by action plans for each specific issue it covers. In this case, the MAs of the respective municipalities would authorise the mayors to sign these action plans. They will be discussed and prepared by the relevant municipal directors, and there is no requirement to seek another approval from the MAs.

*Even though this particular legal approach is still in the process of implementation, its lessons learned can be potentially considered if there is a possible change of the IMC legal framework. This is especially important because IMC agreements require flexibility, allowing for continuous updates, when necessary.*

## V. IMC AND RELATED LEGISLATION

In addition to the Law on IMC as *lex specialis*, there is important correlating legislation which touches upon different aspects relevant to establishing the IMC. This refers, in particular, to the Law on Local Self-Government as *lex generalis*, as well as to the Law on Publicly-Owned Enterprises,<sup>27</sup> the Law on Public-Private Partnership,<sup>28</sup> and the new Law on Balanced Regional Development.<sup>29</sup>

### *A. IMC and the Law on Local Self-Government of 2008*

The terminology of the Law on Local Self-Government is not completely consistent with the Law on IMC. Namely, Chapter V of the Law on Local Self-Government is titled “Inter-municipal cooperation and intra-municipal arrangements.” In this context, the term “inter-municipal arrangements” refers to villages, settlements and urban quarters established within a single municipality, as envisaged in Article 34. On the other hand, “inter-municipal cooperation” is described under the general title of “municipal partnerships.” The Law does not use the specific term “inter-municipal cooperation agreements”, which is the one used in the Law on IMC.<sup>30</sup> Regardless, these “municipal partnerships” can be established within “the areas of their own and enhanced competences” with the exception of those listed in Article 40(2) of the

<sup>26</sup> Supra note 22, in particular Art. 28-29.

<sup>27</sup> Law No. 03/I-087 on Publicly Owned Enterprises, 13 June 2008; and Law No. 04/I-111 on Amending and Supplementing the Law no. 03/I-087 on Publicly Owned Enterprises, 20 April 2021. <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2822&langid=2>

<sup>28</sup> Law No. 04/I-045 on Public-Private Partnership, 21 October 2011. <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2784&langid=2>

<sup>29</sup> Law No. 08/L-190 on Balanced Regional Development, 13 July 2023. 26.10.2022. <https://gzk.rks-gov.net/ActDetail.aspx?ActID=79080>

<sup>30</sup> Supra note 22, Art. 28, 29 and 34, respectively.



same Law.<sup>31</sup> The decisions to form “municipal partnerships”, i.e. IMC agreements, are subject to mandatory legal review.<sup>32</sup> Both the Law on Local Self-Government and the Law on Inter-Municipal Cooperation prohibit the establishment of IMC agreements concerning delegated competences, even with prior government approval.

Considering this, it is important that the municipal competences are not only clearly defined in the legal framework, but also respected in practice. This is particularly important, as over two-thirds of the municipal representatives interviewed reported significant government involvement in municipal competences, which they perceived as limiting their effective exercise. During the interviews conducted in 2023 and 2024, it was pointed out that the government sometimes interprets the exclusive and enhanced competences of municipalities as delegated, thus effectively undermining them. As a result, the number of negative legal reviews and even court cases filed due to disagreement over municipal competences is proliferating. Even though this is a more general issue, and not one pertinent solely to IMC, it should be considered in the following period, as it has significant legal and political implications.

### *B. IMC and the Law on Publicly-Owned Enterprises of 2008*

The Constitution stipulates that a publicly-owned enterprise (POE) providing services to a specific municipality or a limited number of municipalities shall be owned by the concerned municipality or municipalities, and that all obligations arising from such ownership rest with them.<sup>33</sup> Considering that the Law on Publicly-Owned Enterprises was adopted before the Law on IMC, it does not explicitly refer to IMC or IMC agreements. Still, it specifies that, when a local POE provides services to more than one municipality, each municipality’s ownership share is determined according to the proportion of registered customers in that municipality.<sup>34</sup> In line with this, municipalities are required to establish municipal shareholders’ committees, which define overall municipal objectives regarding the ownership of a local POE or their role in the case of a central POE.<sup>35</sup> Where more than one municipality holds shares in a local POE, their respective municipal shareholders’ committees must cooperate to develop a joint ownership policy.<sup>36</sup>

Considering this, IMC agreements can be used to further regulate issues arising from the Law on POEs. The Law determines the ownership percentage of POEs based on data available at the time of its adoption. However, this data no longer accurately reflects the situation on the ground, leading to dissatisfaction among municipalities regarding the ownership structure. In particular, several larger municipalities - especially those experiencing rapid population growth due to urban development - consider that they invest disproportionately more than other municipalities but do not receive equivalent services in return. As a result, many POEs

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<sup>31</sup> Ibid, Art. 29(1). According to Article 40 (2), the municipal assembly cannot delegate its responsibility for decisions concerning: (i) the adoption, amendment or repeal of key municipal regulations such as the statute and the rules of procedure; (ii) the approval of the budget and investment plans; (iii) the approval of other financial matters which, according to the statute or the rules of procedure are reserved for the municipal assembly; (iv) the annual work plan and annual report; (v) the establishment of the committees required by the Law on Local Self-Government; (vi) the election of the chairperson and deputy chairperson of the municipal assembly; (vii) the level of fees and charges; (viii) the creation and use, in accordance with applicable legislation, of municipal symbols, decorations and honorary titles; (ix) the naming and renaming of roads, streets and other public places; (x) the making of inter-municipal and intra-municipal agreements; (xi) the making of decisions to join representative associations of municipalities of Kosovo; and (xii) other responsibilities required by the Law.

<sup>32</sup> Ibid, Art. 29(4).

<sup>33</sup> Supra note 5, Art. 160 (2).

<sup>34</sup> Supra note 29, Art. 3 (3).

<sup>35</sup> Ibid, Art. 6 (2). In general, local POE is an enterprise providing services either to less than (3) three municipalities or in the field of waste collection, otherwise it is considered a central POE, see Ibid, Art. 3 (3).

<sup>36</sup> Ibid.



face challenges related to limited investment, which in turn affects their ability to consistently deliver services at the expected standard for residents. This situation also affects smaller municipalities, putting them at a disadvantage, with some facing difficulties in ensuring the provision of even basic services. For example, some municipalities do not have any waste management system at all.

Therefore, IMC agreements can also be instrumental in renegotiating different aspects related to the current POEs or establishing completely new POEs, either of which can lower their overall costs because they would cover multiple municipalities, i.e. they would be using the cost advantages of economies of scale. In addition to this, the development of the “joint ownership policies” of POE can also be adequately addressed through IMC agreements.

## **CASE STUDY II**

### ***Regulating IMC and Mutual Obligations***

Local POE on waste collection covers multiple municipalities. Due to outdated ownership data and the resulting underinvestment and service shortcomings, as already argued, the municipalities were dissatisfied with the services it provided. As a result, two of these municipalities decide to conclude an agreement which regulated their mutual responsibilities and investments in this POE, with the aim to improve their performance. However, the agreement did not pass the legal review due to a “lack of privity.” The review concluded that, by signing the agreement, the municipalities had effectively created obligations for the POE itself. Since this POE also serves other municipalities not party to the agreement, the arrangement would have effectively imposed obligations on these third, non-signatory municipalities without their consent.

*The conclusion from this case study indicates that an IMC agreement could be used to regulate aspects of the existing POE, but only if written consent is provided by all of the included municipalities*

## ***C. IMC and the Law on Public-Private Partnership of 2011***

Even though the Law on IMC explicitly lists the establishment of public-private partnership (PPP) as one of the forms of IMC, it does not directly refer to IMC or IMC agreements. It defines municipalities and municipal authorities as one of the “public authorities” entitled to act as “contracting authorities”, i.e. to conclude PPPs.<sup>37</sup> This also refers to “an association of one or more such authorities”<sup>38</sup> which, can also mean multiple municipalities. As “contracting authorities”, the municipalities can identify PPP projects and, for that purpose, carry out the necessary preparations such as undertaking “feasibility studies” as well as “viability and bankability analyses.”<sup>39</sup> The Law also stipulates that PPP’s Inter-ministerial Steering Committee

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<sup>37</sup> Supra note 30, Art. 4, definitions of “contracting authority” and “public authority”, respectively.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid, Art. 18 (1-2).

“shall be established to control and coordinate PPP projects in all economic and social sectors, including the “identification of the contracting authority.”<sup>40</sup> In the case of a project involving the transfer of rights which are within the competency of more than one public authority, the Inter-ministerial Steering Committee will identify the contracting authority or authorities for the corresponding agreement and “establish procedures for the coordination of [their mutual] responsibilities.”<sup>41</sup> It also has the power to preclude the formalisation of a potential PPP agreement, including those on all projects on rehabilitation of land and forests, but excluding municipality works, except if the project entails financial commitment in an amount higher than five (5) per cent of the annual budget of the respective municipality (for the year when the project was contracted).<sup>42</sup>

Considering this, two general observations can be made.

- **First**, IMC agreements can be an important tool in identifying and carrying out the necessary preparations for the development of potential PPPs. This can be done, for example, through the establishment of joint working bodies.
- **Second**, municipalities can also use IMC agreements to regulate their mutual responsibilities in the process of drafting and implementing PPP projects, including the co-ordination with and within the PPP Inter-ministerial Steering Committee. This especially refers to PPP projects on municipal works with financial implications of less than five (5) per cent of their annual budget.

Regardless, neither the Law on PPP nor other sub-legal acts define these aspects or provide the necessary guidelines for the use of IMC agreements in case of PPPs.

#### *D. IMC and the Law on Public-Private Partnership of 2023*

When it comes to the third of the mentioned laws, the Law on Balanced Regional Development, it should be noted that, for the purpose of supporting balanced regional development, the government has envisaged opening seven balanced regional development centres throughout Kosovo.<sup>43</sup> Each of these centres will be established through inter-municipal co-operation agreements in accordance with the legal framework on IMC.<sup>44</sup> They will implement a programme focusing, among other things, on the improvement of inter-municipal co-operation on issues of common interest, “in accordance with the relevant Law on IMC.”<sup>45</sup> Their funding will be provided through the new Ministry of Regional Development (MRD).<sup>46</sup>

Initial observations point out that the relations between the MRD and the MLGA need to be regulated in order to: (i) prevent the MLGA from having their competences on supporting IMC effectively undermined; (ii) avoid possible overlaps and/or unnecessary duplication of the responsibilities and the programmes implemented by the two ministries; (iii) ensure adequate co-ordination in the process of negotiating, drafting, and subsequent legal review of the potential IMC agreements resulting from the programmatic work of the centres for balanced regional development. In addition to this, over 90 per cent of the municipalities stated that they

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<sup>40</sup> Ibid, Art. 11 (1) and Art. 12 (2.5), respectively.

<sup>41</sup> Ibid, Art. 14 (4).

<sup>42</sup> Ibid, Art. 12 (5).

<sup>43</sup> These centres will cover the municipalities of the seven “statistical regions”, supra note 31, Art. 6 (3).

<sup>44</sup> Ibid, Art. 3 (1.7) and Art. 16 (2).

<sup>45</sup> Ibid, Art. 10 (9.12).

<sup>46</sup> Ibid, Art. 10 (2).

had not been consulted during the process of drafting the new Law on Balanced Regional Development, and that they would require assistance even during the process leading to adopting the basic IMC agreement establishing these centres.

## VI. POLICIES ON IMC SUPPORT AND DEVELOPMENT

Kosovo has not yet developed a strategy and action plan for the advancement of IMC. The interviewed municipal officials assessed the policy support to IMC as inadequate, arguing that they are not sufficiently incentivised to establish formal and long-term co-operation through adopting agreements.

Moreover, the research also revealed that, even when IMC agreements are adopted in accordance with the Law on IMC, most of them remain unimplemented in practice. This is predominantly due to two reasons:

- **First**, some IMC agreements are drafted in a very general manner without specifying the exact rights and responsibilities of each of the municipalities.
- **Second**, the concluded IMC agreements are often left without the necessary financial support, i.e. no funds are allocated for their implementation by the government.

The existing governmental funding scheme for the municipalities envisages two components: one for single municipal projects, and the other for joint IMC ones. The legal obligation for financial support of IMC is formally created through the Law on IMC, but it is not adequately implemented in practice. In that regard, majority of the interviewed municipal officials stated that, instead of the IMC component, they usually apply to individual projects even when it comes to actual IMC initiatives. In these cases, rather than making one application together, every municipality submits a separate proposal for their portion of the IMC activity. In other words, as one mayor puts it, “rather than a joint scheme, it is like a mosaic that we need to put together.”

Moreover, even in past cases with operational funding for IMCs, a significant portion of municipal officials stated that the application process should have been clearly defined and streamlined more efficiently. During the interviews, the answers of the municipal officials were inconsistent regarding their understanding of the IMC project application process. For example, some of them claimed that having an IMC agreement was a necessary precondition before applying, while others stated that this was not the case, i.e. that an MoU or a letter of intent, was sufficient. This only indicates the lack of knowledge of the municipal bodies as well as the inconsistent application of the overall IMC funding process.

In the questionnaire delivered as part of the research process, representatives from 92 per cent of responding municipalities underlined that creating a separate fund dedicated only to IMC would be a necessary first step towards incentivising this type of co-operation. This aspect was further discussed during the interviews, where the interlocutors from the institutions of local governance pointed out five key considerations:

- **First**, the fund should be established on a competitive basis. This would entail supporting larger-scale projects and prompting municipalities to compete with creative initiatives, instead of allocating smaller grants to all or the majority of them.

- **Second**, not to allow funds dedicated for IMC to be re-allocated for other purposes. For this reason, the MLGA should consider advocating for a separate budget code for IMC.
- **Third**, the application process for these funds should be streamlined in a straightforward and comprehensive manner. This may include, for example, allowing the municipalities to apply with a concept note and, in case this concept note is approved by the MLGA, the line ministry to provide advice to the municipalities in developing the pre-selected concept notes into full project proposals. In other words, this approach would put emphasis on the idea over the form of application. Regarding the required IMC arrangement during the application process, it was proposed that, for the preliminary application, the municipalities should submit an MoU or a letter of intent. Following this, if the project is approved, the MoU or the letter of intent should be transformed into a full IMC agreement in accordance with the existing legal framework.
- **Fourth**, extensively increasing the municipal capacities on project design and management process, as well as on negotiating, drafting and adopting IMC agreements.
- **Fifth**, increase the overall institutional support of the MLGA, not only during the grant application process, but in every aspect of the IMC project cycle as well.

Regarding the last issue, upgrading the capacities of the MLGA through increasing their human, technical, and financial resources would be instrumental to establishing comprehensive support for IMC in Kosovo. This line ministry is responsible for coordinating the entire process of inter-municipal cooperation and regional development.<sup>47</sup> In this context, preliminary consultations with the MLGA indicate that it does not regularly produce annual reports on the implementation of the Law on IMC despite having the legal responsibility to do so.<sup>48</sup>

The principal institution in charge of IMC is the Department of Local Democracy and Inter-municipal Cooperation, Division for Inter-municipal Cooperation. At the time of writing, this institution consists of only three (3) staff members. Considering this, the MLGA is understaffed to even efficiently respond to the obligations which may possibly occur as a result of the current legal framework. In its current formation, the MLGA would be unable to thoroughly and timely review a potentially increased number of IMC agreements, nor could it provide adequate assistance to municipalities should the IMC funding scheme become operational. Moreover, in this situation, the MLGA would not be able to implement the new legislative changes or policies in order to additionally incentivise IMC.

Considering that the second preferred response in the referred survey with municipalities pointed out the need for “better technical assistance”, any potential legal and policy changes would have to be accompanied by significant intra- and inter-institutional support for the relevant department of the MLGA. The ministry should be adequately equipped to be able to assist the municipalities during the entire stage of IMC agreement drafting, adoption and implementation process. The MLGA should also produce regular reports, research, and needs assessments relevant to the stimulation of IMC in Kosovo.

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<sup>47</sup> Supra note 8, Section 9.

<sup>48</sup> Supra note 7, Art. 19.

For the purpose of this report, the OSCE also conducted interviews with international organisations which have implemented projects and activities on IMC. When assessing their experience, their observation is that the current institutional support is very centralised, recommending that a horizontal approach should be developed instead. This would entail that the promotion and advancement of IMC has to be the task of all line ministries, in co-ordination with the MLGA. It would also include cross-institutional support by appointing IMC co-ordination officers in every ministry, and developing their capacities along with those of the MLGA staff itself.

Finally, municipalities maintain different levels of interest in IMC activities. In that regard, smaller and rural municipalities have complained that their initiatives are often ignored by their wealthier and urban counterparts. This challenge can be effectively mitigated either by facilitating larger-scale projects developed through extensive communication and co-ordination among the municipalities concerned, or by initiating IMC projects between

## VII. MUNICIPAL CAPACITIES AND AWARENESS TO ENGAGE IN IMC

### *A. Awareness of IMC and the opportunities it brings*

In general, local governance institutions have a limited understanding of the importance of IMC agreements and the opportunities they offer. In this context, four key aspects should be communicated to the municipalities to incentivise them to formally structure their co-operation through agreements:

- **First**, IMC agreements, if concluded according to the Law on IMC, can strengthen de facto co-operation between the municipalities by ensuring legal certainty and sustainability of the entire process. The municipalities should be encouraged and assisted, whenever possible, to transform the existing MoUs into full IMC agreements. In this regard, more than 60 per cent of the interviewed municipal officials stated that they are ready to do this, provided that technical expertise is provided in the process.
- **Second**, IMC agreements can create opportunities for obtaining new funds and investments, especially from large donor organisations and/or private companies. For this purpose, the municipalities can be incentivised to explore the opportunities for public-private partnerships through using IMC agreements, as one of the modalities to attract these types of investments.
- **Third**, municipalities can provide new and better services to their residents as well as reduce the costs of existing ones through the modalities outlined in Articles 9 and 15 of the Law on IMC, especially when creating joint administrative bodies, joint public institutions, and joint public enterprises. Regarding the latter, the interviewed municipal legal officers described the current legal framework regulating publicly-owned enterprises as “rigid”, based on “outdated data” and “difficult to harmonise” with the other legislation. Considering this, during the interview process, selected interlocutors were asked if certain aspects of the publicly-owned

enterprises could be adjusted and/or renegotiated through IMC agreements. In response, all interviewees supported this idea, provided that there is mutual consent and technical advice is provided in the process.

- **Fourth**, the municipalities could establish joint working bodies which would address issues of mutual concern and, if necessary, engage in advocacy and lobbying.

## ***B. Capacities of the municipalities in Kosovo to establish IMC***

Interviewees from all represented municipalities unequivocally expressed their overall support for enhanced IMC. However, they did not find added value in formally establishing IMC through adopting agreements under the current legal framework. As concluded by a high-level municipal official, “IMC in Kosovo is not structured at all, despite the fact that there is a will to actually engage in this type of cooperation.”

Municipalities are not fully aware of the benefits that formal IMC agreements provide. For instance, during interviews, while most municipal legal officers stressed the need for enhanced legal certainty in the implementation of IMC projects, they did not identify the conclusion of formal IMC agreements as a means to address this issue. This report already outlined that the current legal framework imposes significant bureaucratic burdens for concluding such agreements, while the absence of funding schemes leaves adopted agreements without the resources and support needed for effective implementation. In addition, the limited institutional memory across different levels of governance is prompting municipalities to initiate new co-operation initiatives or agreements, rather than further developing and improving those previously adopted.

Therefore, the development of capacities of the municipalities should go in parallel with raising their awareness about the formally established IMC agreements.

When it comes to the municipal capacities to draft/conclude IMC agreements, the municipal officials underlined that they would benefit from specialised trainings, especially when negotiating and technically drafting IMC agreements. This particularly refers to more complex agreements as those on joint institutions and administrative bodies, POEs and PPPs. In addition to this, creating a pool of experts on developing and drafting IMC agreements and projects has been indicated as a short- to medium-term solution for an increasing number of IMC projects and initiatives. This pool can be managed either by the MLGA or the AKM.

On a more general level, the research pointed out that there is a need for enhancing the municipalities’ strategic planning capabilities. In this context, one of the detected issues was the absence of a co-ordination platform. Namely, it has been underlined that there are rarely planning and co-ordination meetings on potential IMC projects. While neighbouring municipalities tend to naturally know better their mutual interests, this is not the case for those that do not share a boundary. For example, two local governance representatives were not aware that they were also able to establish IMC with non-neighbouring municipalities. Even though some efforts have been facilitated in this direction by the AKM, and in co-ordination with the MLGA, the interlocutors from the smaller and predominantly rural municipalities claim that they are left out of these mechanisms.

One of the possibilities to address this is to appoint IMC officers or focal points in every municipality. While this was highlighted as a crucial step during one of the events organised by the OSCE, the success of such an initiative would be limited if not followed by a structured

approach to enhancing IMC. Therefore, creating a platform for communication and exchange on IMC - combined with raising awareness and building institutional capacities - would be more effective than merely assigning responsibilities to a few municipal employees. Previous practice illustrates that the appointment of different institutional focal points has not always achieved the desired goals.

The issue of insufficient institutional memory on IMC agreements has been identified both among the municipalities and the MLGA. In that direction, the latter should produce annual reports on IMC with clear recommendations, and keep a transparent and fully-functioning registry of all IMC agreements in Kosovo. The availability of these agreements can allow other municipalities to use them as “templates” for their own purposes while, at the same time, ensuring that the residents are fully informed about the IMC established by their respective local administration.

During the research process, the municipalities were asked to express their ideas on potential areas where they would like to increase IMC. In this direction, most of the answers focused on developing large infrastructural projects, especially ones with strong environmental components. Particular emphasis was put on waste collection and management, water supply and wastewater management, and eco-tourism. It can be argued that, to an extent, this was encouraged by international donors who have already supported projects in these areas. On the one hand, this has strongly incentivised the municipalities and, at least somewhat, raised their awareness of the opportunities offered through enhanced IMC. On the other hand, it should also be noted that, as stated by our local governance interlocutors, in many cases, the donor organisations provided the municipalities with pre-drafted IMC agreements which they only needed to formally adopt. While this inevitably sped up the process and made sure that donor requirements were being followed, it did not contribute towards building the capacities of these municipalities on developing IMC agreements.

In addition, smaller municipalities highlighted the need to conclude agreements with wealthier, typically larger urban neighbours on services they are unable to provide to their own residents. In general, during the interviews, municipal representatives of the urban municipalities expressed willingness to accommodate these requests. This is as long as they are not prompted to increase their spending for hiring new staff in order to process the potentially higher workload.

## CASE STUDY III

### IMC and Financial Transfers

Two municipalities, one urban and one rural, have initiated a joint infrastructural project for which they plan to apply for funding from an international donor organisation. They started the preparatory work which needed to be done within the territory of both municipalities. However, the rural municipality did not have sufficient funds at its disposal. Therefore, they concluded an agreement which stipulated that the rural municipality would conduct the technical preparations on its territory, but that the costs would be covered by its wealthier, urban neighbour. Still, the agreement did not pass legal review by the government because, as it was pointed out, the regulations on municipal budgeting do not allow that type of transfer from one municipality to another.

*The conclusion from this case study indicates a narrow interpretation of both municipal competences and the regulations on municipal budgeting. Therefore, easier transfer of funds should be allowed between municipalities in case of a legally concluded IMC agreement.*

### C. IMC and gender, youth and non-majority communities mainstreaming

Part of this research also examined if, and to what extent, enhanced IMC can improve the opportunities for gender, youth, and non-majority communities' mainstreaming.

The municipalities showed particularly high awareness of the opportunities for gender mainstreaming. For example, they have acknowledged the efforts made by the OSCE in supporting the establishment of the Municipal Coordination Mechanisms on Protection against Domestic Violence (MCMDVs). The municipalities also noted the great impact of initiating MoUs for financing the functioning of the domestic violence shelters, which have been opened in Kosovo. The MCMDVs have been incorporated in the new Law on Prevention and Protection from Domestic Violence, Violence against Women and Gender-based Violence which states that "all municipalities are obliged to create local coordinating mechanisms for protection from domestic violence and allocate sufficient financial and human resources" in order to co-ordinate the implementation of the provisions of the Law and the Kosovo Strategy for Protection from Domestic Violence.<sup>50</sup> The MCMDV are municipal bodies that reflect the composition of the municipal institutions with the aim of "*supporting greater inter-municipal and institutional cooperation* and response in assisting victims of domestic violence."<sup>51</sup> It should be noted, however, that Kosovo is currently in the process of drafting the sub-legal acts to this *lex specialis*, and that one of these bylaws will *de jure* regulate the work of MCMDVs and synchronise the work on the prevention of violence against women across Kosovo. Considering that it will elaborate on the legal obligation to establish these mechanisms in

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<sup>50</sup> Law No. 08/I-185 on Prevention and Protection from Domestic Violence, Violence against Women and Gender-based Violence, September 2023, Article 25 (1). <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2691>

<sup>51</sup> Guidelines for Effective Performance of Municipal Coordination Mechanisms Against Domestic Violence (Pristinë/Priština: OSCE Mission in Kosovo), Annex III, p. 38 [emphasis added]. <https://www.osce.org/files/f/documents/8/0/543843.pdf>.



every municipality, the experience of the municipalities which already have functional MCMDVs can serve as a good practice for the other municipalities.

The shelter centres for victims of domestic violence have been *de facto* established through IMC. As a result, there is a functional shelter in every area in Kosovo, except in the municipalities of Zubin Potok, Zvečan/Zveçan, Leposavić/Leposaviq and Mitrovica/Mitrovicë North. However, it should also be noted that their financing, in most cases, goes through MoUs signed between the individual municipalities and the shelter centre itself. These MoUs are renewed on an annual basis. The new Law states that the funds for the functioning of the shelter centres will be provided from the Kosovo budget.<sup>52</sup> In order to strengthen the sustainability of these shelter centres, the municipalities should consider committing to additional long-term financing and mutually co-ordinating their overall support by adopting formal IMC agreements. These IMC agreements would be concluded between the municipalities financing the shelter centres, instead of between an individual municipality and the centre itself, as is the current practice. The IMC component is particularly important in order to adjust the services of each shelter in line with the needs of a specific area.

During the research, the municipalities also showed interest in concluding IMC agreements on women's empowerment, particularly focusing on rural and women from non-majority communities, in collaboration with the civil society sector. It is crucial for municipalities to work together in the economic support of hard-to-employ women. This is because one municipality may have the employment demand, while another can provide the workforce. The IMC might support such co-operation by actively engaging the private sector through the local institutions.

Regarding youth, one of the approaches considered by the line ministry is establishing larger youth centres throughout Kosovo, which would cover multiple municipalities.<sup>53</sup> Creating larger youth centres, instead of several smaller centres, would ensure that they are better equipped due to the optimisation of resources, offer more services to their beneficiaries, and enable increased interaction of youth from different municipalities. From a logistical perspective, however, their sustainability can be strengthened if municipalities conclude formal IMC agreements, which would regulate their funding as well as some technical issues regarding their functioning. This refers to, for example, the allocation of land for the youth centre, sharing staff, and other operational costs, as well as arranging transport of youth from remote areas to and from the youth centres. The latter would be especially important in enabling young people from rural and remote areas to use these facilities. Moreover, allowing school children from one municipality to study in schools in different municipalities, arranging school bus routes across municipal boundaries, and investing in student dormitories were indicated as areas where concluding IMC agreements can improve the accessibility of education for young people. The municipalities also expressed interest in engaging in co-operation on social and family services, which is in line with the provisions of the new Law on Social and Family Services.<sup>54</sup>

Finally, it should be highlighted that increased IMC can be instrumental in improving inter-community relations and the rights of non-majority communities. In the period between

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<sup>53</sup> Supra note 56, Art. 24 (8).

<sup>54</sup> As stated by a high-ranking representative of the Ministry of Culture, Youth and Sports during the event marking the International Youth Day at the Assembly of Kosovo on 12 August 2022, and monitored by the OSCE Mission in Kosovo.

<sup>54</sup> Law No. 08/L-255 on Social and Family Services, 14 December 2023, Art. 12 (2).

<https://md.rks-gov.net/desk/inc/media/800963F3-7B87-4F20-A43C-B9E64D03A8A6.pdf>. In this regard, on 15 May 2024, the OSCE facilitated the workshop on the role of the consultative committees for persons with disabilities with members from Gjakovë/Dakovica and Rahovec/Orahovac municipalities, allowing municipal representatives to exchange good practices and coordinate future activities.

2013-2018, supported by the OSCE, 29 municipalities across Kosovo signed joint inter-municipal declarations to promote inter-community dialogue.<sup>55</sup> In these declarations, among other things, they have expressed commitment to appoint representatives of each municipality to regularly communicate and design activities which will be aimed at actively promoting inter-community dialogue and interaction, further stating that they hope these types of initiatives will be implemented throughout Kosovo in order to actively promote reconciliation.<sup>56</sup> In this period, until the COVID-19 pandemic started, a range of activities were implemented by the respective municipalities.

Inter-municipal co-operation has been expressly mentioned in the Strategy for the Protection and Promotion of the Rights of Communities and their Members 2023 – 2027 as one of the tools to achieve the “Strategic Goal I” on “return, reintegration and opportunities for a sustainable solution for displaced persons and non-majority voluntary returnees.”<sup>57</sup> Namely, for the “Specific Goal 1.3” focusing on “strengthening coordination between local and central government in terms of sustainable solutions”, the indicators are: (i) an established inter-departmental and inter-municipal co-ordination group for sustainable solutions for displaced persons; and (ii) the number of organised inter-ministerial and inter-municipal co-ordination meetings.<sup>58</sup> Certainly, this does not mean that the reaching of the other three strategic goals cannot also be supported through enhanced IMC.

During interviews, the municipal officials pointed out that IMC can have a significant impact on improving inter-community relations in Kosovo, especially if it is established between municipalities with different majority communities. As stated by a municipal representative from a non-majority community, this type of IMC agreement can serve as a good example which can be replicated throughout Kosovo. Therefore, considering that the OSCE identified several instances where informal IMC has been established between municipalities with different majority communities, officials were asked whether they would be interested in formalising this de facto practice and/or upgrading the existing MoUs into full IMC agreements. All interlocutors answered positively, but requested external expertise in the process. In addition to this, supporting IMC agreements between municipalities with exclusive and enhanced competences can also contribute in increased interaction between different communities.

The OSCE inquired about the potential areas for new IMC agreements between these municipalities. They include:

- **First**, infrastructure projects, in particular water supply and waste management.
- **Second**, providing and/or sharing municipal services, especially when it comes to healthcare and emergency response, such as firefighting.

<sup>55</sup> Namely, on 27 May 2013, the Declaration was signed by the municipalities of Gjiilan/Gnjilane, Novo Brdo/Novobërdë, Ranilug/Ranillug, and Kamenicë/Kamenica. On 11 May 2015, the Declaration was signed by the municipalities of Ferizaj/Uroševac, Štrpce/Shtërpçë, and Klokot/Killokot. On 13 April 2016, the Declaration was signed by the municipalities of Prishtinë/Prishtina, Gračanica/Graçanicë, Lipjan/Lipljan, Shtime/Štimlje, Obiliq/Obilić, and Fushë Kosovë/Kosovo Polje. On 19 June 2017, the Declaration was signed by the municipalities of Prizren, Dragash/Dragaš, Suharekë/Suva Reka, Rahovec/Orahovac, Mamuşa/Mamushë/Mamuša, and Malishevë/Mališevo. On 28 May 2018, the Declaration was signed by the municipalities of Pejë/Peć, Gjakovë/Đakovica, Deçan/Dečani, Klinë/Klina, Istog/Istok and Junik. On 18 July 2019, the Declaration was signed by the municipalities of Podujevë/Podujevo, Vushtrri/Vučitrn, Mitrovicë/Mitrovica South, and Skenderaj/Srbica.

<sup>56</sup> Copy of the declarations on-file with the OSCE Mission in Kosovo.

<sup>57</sup> Strategy for the Protection and Promotion of the Rights of Communities and their Members 2023 – 2027, December 2023, especially p. 8.

[https://www.refworld.org/policy/strategy/natlegbod/2023/sq/147576?prevDestination=search&prevPath=/search?sm\\_document\\_source\\_name=National+Legislative+Bodies+%2F+National+Authorities&sort=score&order=desc&result=result-147576-en](https://www.refworld.org/policy/strategy/natlegbod/2023/sq/147576?prevDestination=search&prevPath=/search?sm_document_source_name=National+Legislative+Bodies+%2F+National+Authorities&sort=score&order=desc&result=result-147576-en)

<sup>58</sup> Ibid, pp. 70-71.

- **Third**, leveraging IMC agreements to attract new donors or investors, in particular in sectors like tourism.

Notably, some municipalities with a Kosovo Serb majority expressed scepticism over the potential governmental distribution of funds to them for increased IMC. Therefore, in parallel with supporting inter-community co-operation through increased IMC, raising awareness, ensuring full transparency of the process, and overall sensitisation of the institutions across different levels of governance is also necessary.

## VIII. CONCLUSIONS AND RECOMMENDATIONS

The recommendations below are grouped under three main categories: (i) legal aspects, (ii) policy and institutional support, and (iii) municipal awareness and capacity building.

### A. LEGAL ASPECTS UNDERPINNING IMC

The potential legal changes should focus on **balancing the required flexibility in establishing IMC and the need to secure the institutional and legal sustainability** of the entire process. Considering this, this report suggests the following recommendations:

#### 1. Potential changes to the Law on Inter-municipal Cooperation:

- Fully aligning the provisions of the Law on Local Self-governance and the Law on IMC**, in particular when it comes to ensuring consistency of the terminology.
- Incorporating MoUs as a legally specified form of IMC**. This can be done by establishing a threshold for MoUs either through the duration of the proposed IMC activity and/or its budget implications. Including MoUs as a legally specified form of IMC would give the municipalities better flexibility in defining the terms of their mutual co-operation while, at the same time, ensuring that the legal standards are being observed and that an adequate process is being followed.
- Requesting approval by the MA only once**. There is no need for the MA to vote on the initiative to establish an IMC agreement solely to grant permission to the municipality to enter into negotiations with another municipality. Instead, the MA approval can be required at the final stage of the process, i.e. after the IMC agreement has been drafted and concluded by the municipal executive bodies.
- Including mandates as the sixth form of IMC**, further using them for providing more accessible services to the residents.

#### 2. Improvement of the AI on the Stimulation of Inter-municipal Cooperation

The AI on the Stimulation of Inter-Municipal Cooperation does not provide sufficient guidance, leading to inconsistent implementation in practice. Therefore, it can be recommended to provide specific instructions on the following aspects:

- Determining the concrete steps that need to be implemented in the process following the approval of the IMC initiative until the final IMC agreement is established** a working group on drafting the IMC agreement, as well as defining its composition, the responsibilities of its members, and the internal deadlines they are restricted to. This would be especially important in the case of complex IMC agreements.

- b. **Improving the relations between the IMC-drafting structure and the MLGA.** This would require setting a stronger obligation upon both the MLGA and the respective municipalities to be proactive in the pre-consultation process and in facilitating the co-operation between the municipal officers, especially the municipal legal officers. **Monitoring the IMC agreement implementation process**, including the possibility of establishing municipal structures responsible for this assignment. They can provide regular reports to the municipalities and, if requested, to the MLGA or other ministries.
- c. **Monitoring the IMC agreement implementation process, including the possibility of establishing municipal structures responsible for this assignment.** They can provide regular reports to the municipalities and, if requested, to the MLGA or other ministries.
- d. **Providing guidance for establishing specific IMC agreements on complex issues**, especially joint administrative bodies, joint POE, and the joint PPP. This can be achieved either through amending the current AI or by adopting separate ones depending on the type of IMC agreements.
- e. **Setting the modalities for future amendment of an IMC agreement**, which would include, among other things, the possibility to additionally clarify/specify its provisions through annexes, action plans, protocols and/or other instruments. In this regard, one of the modalities for a potential legal change can be based on the experience from the implementation of the IMC agreement, which has been signed between the municipalities of Prishtinë/Priština, Podujevë/Podujevo, Lipjan/Lipljan, Fushë Kosovë/Kosovo Polje, Graçanicë/Gračanica, and Obiliq/Obilić.

### 3. Harmonisation with correlating legislation

The correlation between the Law on IMC and other relevant legislation needs to be defined. This refers to the Law on Publicly Owned Enterprises, the Law on Public-Private Partnership, and the Law on Balanced Regional Development. In this regard, it can be recommended to:

- a. **Using IMC agreements to renegotiate different aspects related to the current POEs or establishing completely new POEs**, either of which can lower their overall costs as they would cover multiple municipalities by using the cost advantages of economies of scale. Additionally, aspects regarding developing “joint ownership policies” of POE can be adequately addressed through IMC agreements.
- b. **Using IMC agreements as an important tool in identifying and carrying out the necessary preparations for the development of potential PPPs.** This can be done, for example, through the establishment of joint working bodies.
- c. **Using IMC agreements to regulate mutual municipal responsibilities in the process of drafting and implementing PPP projects**, including the co-ordination with the PPP Inter-ministerial Steering Committee.
- d. **Regarding the new Law on Balanced Regional Development, initial observations point out that the relations between the MRD and the MLGA need to be regulated** in order to: (i) prevent that the MLGA does not have their competences related to supvaporiting IMC effectively reduced; (ii) avoid possible overlaps and/or unnecessary duplication of the responsibilities and the programmes implemented by the two ministries; (iii) ensure adequate co-ordination in the process of negotiating, drafting and subsequent legal review

of the potential IMC agreements resulting from the programmatic work of the centres for balanced regional development.

- e. **Allowing transfers of funds between municipalities in case of a legally concluded IMC agreement.** This also implies, if necessary, amending the relevant regulations on municipal finance and budgeting

## **B. POLICY AND INSTITUTIONAL SUPPORT**

**There is neither adequate institutional support nor enough incentives to motivate the municipalities** to formalise their co-operation through agreements. Considering this, the report proposes:

### **1. Strategic and financial incentives**

- a. **Adopting a Strategy and Action Plan on the Support of IMC by the government.** This document should cover a period of three to five years, and should be drafted through a transparent and inclusive process where inputs from local and international experts, as well as representatives of all relevant stakeholders, will be considered.
- b. **Creating a separate fund by the government dedicated only to IMC needs as the necessary first step towards incentivising this type of co-operation.** In this regard, the following aspects are important: (i) the fund should be established on competitive basis, supporting larger and more attractive projects; (ii) setting a separate budget code for IMC; (iii) the application process for these funds should be streamlined straightforwardly and comprehensively; (iv) extensively increasing the municipal capacities on project application and management process as well as on negotiating, drafting and adopting IMC agreements; (v) increase the overall institutional support of the MLGA, not only during the grant application process, but in every aspect of the IMC project cycle as well.

### **2. Institutional capacity of the MLGA and the line ministries**

- a. **Improving the capacities of the MLGA through increasing its human, technical and financial resources is instrumental in establishing comprehensive support for IMC.** The MLGA should be adequately supported in order to assist the municipalities during the entire stage of IMC agreement drafting, adoption and implementation process. It should also produce regular reports, research and needs assessment relevant for the promotion of IMC. This can also include public awareness-raising campaigns.
- b. **Keeping a transparent, fully-functioning and updated registry of all IMC agreements in Kosovo by the MLGA.** The availability of these agreements can allow other municipalities to use them as specific templates for their purposes while, at the same time, ensuring that the residents are fully informed about the IMC established by their respective local administration.
- c. **Developing a horizontal approach in supporting IMC by the government,** meaning that the promotion and advancement of IMC should be the task of all line ministries, conducted in co-ordination with the MLGA. It should also include cross-institutional support by appointing IMC co-ordination officers in every ministry, and developing their capacities along with those of the MLGA staff itself.

## C. MUNICIPAL AWARENESS AND CAPACITY BUILDING

The municipalities do not see added value in formally establishing IMC, through adoption of agreements in accordance with the current legal framework. The current legal framework establishes a significant bureaucratic burden to formally conclude an IMC agreement, while, at the same time, the lack of funding schemes leaves even the adopted agreements without the financial support necessary for their effective implementation. In addition, institutional memory is absent among the relevant bodies from across different levels of governance when it comes to IMC. As a result, municipalities are initiating new co-operation initiatives and/or agreements, instead of building upon and upgrading the ones which are already adopted. In relation to this, it can be recommended to:

### 1. Capacity development and knowledge sharing

- a. **Raising the capacities of municipal officers to draft/conclude IMC agreements through specialised trainings**, especially when it comes to negotiating and technically drafting IMC agreements.
- b. **Enhancing the municipalities' strategic planning capabilities through the creation of an IMC co-ordination platform**. Municipalities can also **use IMC to engage in planning and needs assessment** of issues of mutual interest.
- c. **Creating a pool of experts on developing and drafting IMC agreements and projects** can be implemented as a short- to medium-term solution for increasing the number of IMC projects and initiatives. This pool can be managed either by the MLGA or the AKM.
- d. **Assessing the possibility of appointing IMC officers or focal points in every municipality**. Although this was highlighted as an important step during one of the events organised by the OSCE, it can be argued that the success of this type of endeavour would be limited without a structured approach to enhancing IMC
- e. **Increasing the institutional memory of the municipalities** when it comes to IMC established through agreements.

### 2. Awareness raising and community engagement

- a. **Raising municipalities' awareness on the importance of IMC agreements and the opportunities they can offer**. In this context, the municipalities should be encouraged and assisted, whenever possible, to transform the existing MoUs into full IMC agreements as well as to explore the opportunities to increasingly use IMC agreements to attract new donors/investors and/or to improve their governance performance.
- b. **Finding adequate modalities for institutionalising the co-operation between the municipalities**, especially the MAs, and the civil society sector. In this regard, civil society organisations (CSOs) can be instrumental in: (i) raising awareness on IMC; (ii) proposing IMC agreements to the MA; (iii) establishing public oversight in the drafting and implementation of IMC agreements.

### 3. Thematic IMC support

- a. **Strengthening the sustainability of the shelter centres for victims of domestic violence through IMC agreements**, which can secure additional long-term financing and mutually coordinate their overall support by adopting formal IMC agreements. In this case, the IMC component is also important in order to adjust the services of each shelter in line with the needs of a specific area.

- b. **Supporting IMC agreements on women's empowerment**, particularly focusing on rural and women from non-majority communities, in collaboration with the civil society sector.
- c. **Supporting IMC agreements on youth mainstreaming, youth work and youth participation**, especially when it comes to access to education and social services for disenfranchised youth.
- d. **Supporting IMC agreements on achieving the “Strategic Goal I” of the Strategy for the Protection and Promotion of the Rights of Communities and their Members 2023 – 2027** when it comes to “return, reintegration and opportunities for a sustainable solution for displaced persons and non-majority voluntary returnees.”
- e. **Supporting IMC agreements established between municipalities with different communities in the majority**, and advocate for their replication throughout Kosovo as good examples. This also includes IMC agreements between municipalities with regular and enhanced competences. For this purpose, it is important to **carefully identify the areas where such IMC agreements can be established**. This also includes the formalisation of already-existing de facto practices and upgrading the existing MoUs into full IMC agreements.
- f. **Ensuring the meaningful participation of non-majority communities in IMC**. This entails that the support of inter-community co-operation through IMC should be done in parallel with awareness raising, maintaining full transparency of the process, and the overall sensitisation of the institutions across different levels of governance.







