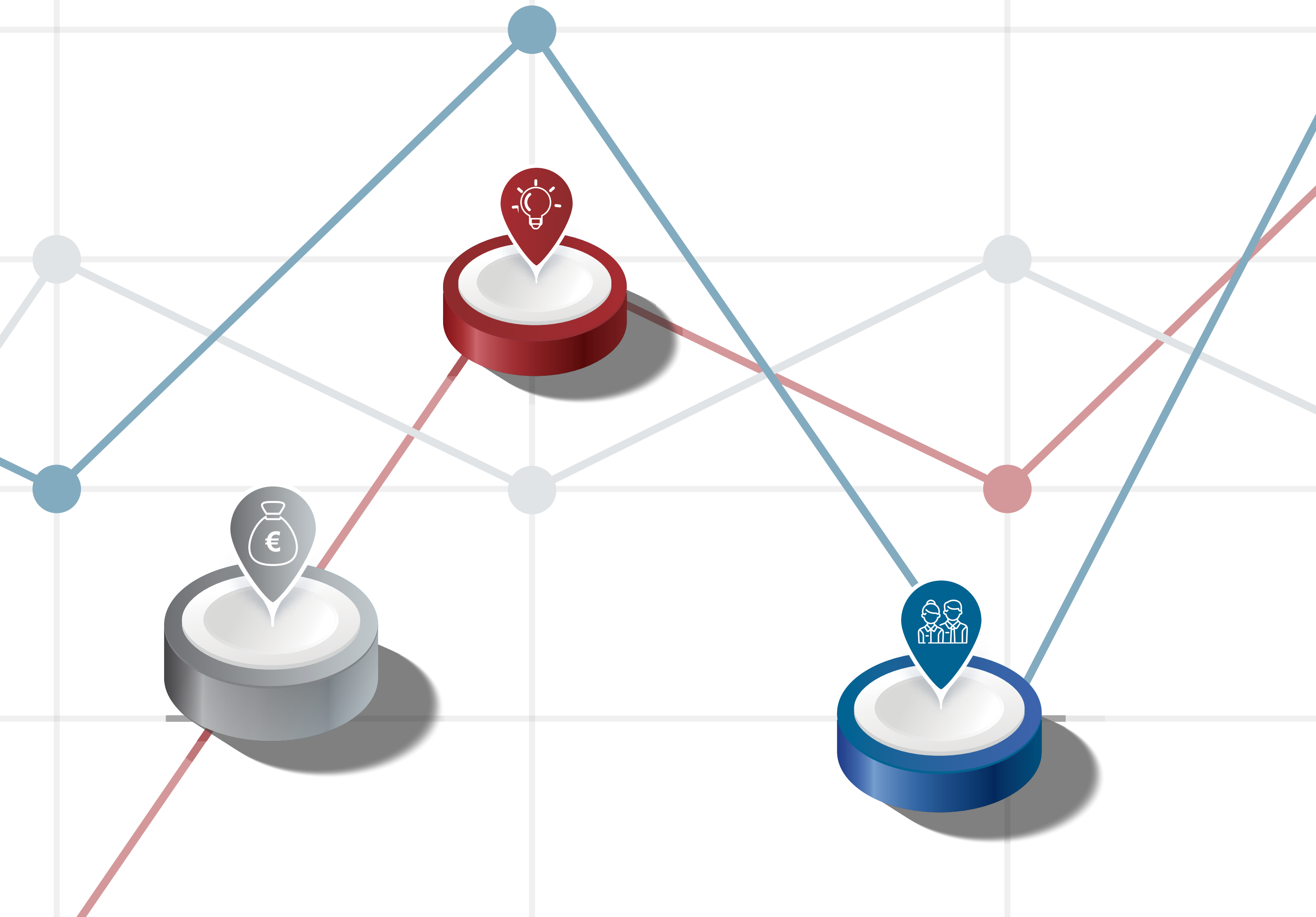

NEEDS ASSESSMENT REPORT (NAR) ON MUNICIPAL CAPACITY BUILDING

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This report assesses the municipal performance for 2018

May, 2020

Table of content

I EXECUTIVE SUMMARY **7**

1. INTRODUCTION **9**

2. METHODOLOGY **11**

2.1. Data analysis 11

2.2. Literature review 12

2.3. Fieldwork activities 12

3. KEY FINDINGS **13**

3.1. Minimum conditions 14

3.2. Local democratic governance 20

3.3. Municipal management 37

3.4. Service delivery 51

4. CONCLUSIONS AND RECOMMENDATIONS **58**

4.1. Minimum conditions 58

4.2. Local democratic governance 59

4.3. Municipal Management 60

4.4. Service delivery 61

5. ANNEX 1: **62**

Table of figures

Figure 1. System of “traffic lights” 11

Figure 2. The number of municipalities qualified and not qualified for the grant .. 14

Figure 3. No. of municipalities on the auditor’s opinions 15

Figure 4. Percentage of spending of the capital investment budget by 14 municipalities. 17

Figure5. No. of municipalities on spending the capital investments budget 18

Figure 7. No. of municipalities that have (not) discussed the quarterly budget reports....23

Figure 8. No. of municipalities that have (not) discussed the performance report in the MA 25

Figure 9. No. of municipalities that have (not) discussed the reports of the external and internal auditors in the MA 26

Figure 11. No. of municipalities with the participation of mayor in MA meetings for previous years 29

Figure 12. No. of municipalities and % of women’s participation in public meetings 31

Figure 13. No. of municipalities and % of women’s participation in public meetings for previous years 31

Figure 14. No. of municipalities that have (not) consulted the public on local acts and policies 32

Figure15. No. of municipalities that have (not) consulted the public on local acts and policies 33

Figure 16. No. of municipalities that have (not) updated websites according to legal requirements 35

Figure17. No. of municipalities that have (not) discussed the integrity plan in the MA.. 36
Figure18. System of “traffic lights” for municipal management indicators 38
Figure 19. No. of municipalities that have (not) updated the property tax register.... 39
Figure 20. No. of municipalities that have (not) collected property tax without debts, interest and fines 40
Figure 21. Number of municipalities that have (not) addressed the NAO recommendations 42
Figure 22. No. of municipalities that have (not) implemented the procurement plan .. 45
Figure 23. No. of municipalities that have (not) created jobs according to the HRMIS 48
Figure 24. No. of municipalities that have (not) appointed women in political positions 50
Figure 25. System of “traffic lights” for service delivery 52
Figure 26. No. of municipalities that have (not) reviewed administrative requests within the legal deadline 53
Figure 27. No. of municipalities that have (not) included municipal territory in regulatory plans 55
Figure 28. No of municipalities that have (not) covered settlements with local public transport 56
Figure 29. No. of municipalities that have (not) implemented the local environmental action plan 57

LIST OF ABBREVIATIONS

AKM	Association of Kosovo Municipalities
TA	Technical Assistance
EU	European Union
BIRN	Balkan Investigative Reporting Network
HR	Human Resources
D+	Democracy Plus
D4D	Democracy for Development
DCSA	Department of Civil Service Administration
DEMOS	Decentralisation and Municipal Support
GIZ	German Society for International Cooperation
MPG	Municipal Performance Grant
KIPA	Kosovo Institute for Public Administration
MTEF	Medium Term Expenditure Framework
EC	European Commission
MA	Municipal Assembly
PFC	Policy and Finance Committee
PPRC	Public Procurement Regulatory Commission
MPA	Ministry of Public Administration
MLG	Ministry of Local Government Administration
MEST	Ministry of Education, Science and Technology
MoF	Ministry of Finance
MCYS	Ministry of Culture, Youth and Sports
MESP	Ministry of Environment and Spatial Planning
MIT	Ministry of Infrastructure and Transport
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PRB	Procurement Review Body
TP	Training Program
AFS	Annual Financial Statements
CSC	Citizen Service Centre
NAR	Performance Needs Assessment Report
SDC	Swiss Agency for Development and Cooperation
HRMIS	Human Resource Management Information System
MPMS	Municipal Performance Management System
PI	Performance Indicator
AI	Administrative Instruction
UNDP	United Nations Development Program
USAID	US Agency for International Development
NAO	National Audit Office

I EXECUTIVE SUMMARY

The DEMOS project supports municipalities through performance grants, and the better the performance, the higher the grant amount. Municipal performance is assessed using indicators whose source of data is the Municipal Performance Management System (MPMS) of the Ministry of Local Government Administration and the National Audit Office report "Analysis – Performance indicators for local governance level for 2018". Both of these reports provide data on the performance of municipalities for 2018.

The goal of the Municipal Performance Grant (MPG) is to provide grants to municipalities that will stimulate them to further improve their performance on specific themes: democratic governance, municipal management, transparency and integrity. The Municipal Performance Grant encourages municipalities in two ways: first, it encourages municipalities to meet the minimum legal criteria (basic criteria), and second, it encourages the improvement of 'real' performance that goes beyond 'mandatory' legal compliance.

The Ministry of Local Government Administration (MLG) has been working for more than 10 years in developing and advancing the Municipal Performance Management System (MPMS) and has granted incentive funds to reward municipalities with the best performance according to MPMS indicators. On the other hand, in 2018 MLG and the Swiss Agency for Development and Cooperation (SDC), through the DEMOS project, have established and now co-fund the MPG for municipalities, administered by MLG.

In order not to confuse the municipalities, MLG has decided that the incentive fund and MPG are merged into one scheme as both schemes use MPMS as a source of data. Therefore, during 2019, MLG and SDC, through the DEMOS project, have reviewed the MPMS and merged grant schemes by creating a single grant aimed at improving the performance of municipalities in certain fields. Thus, at the end of 2019, the evaluation of the municipal performance for 2018 was carried out for the 2020 grant.

This report analyses the needs assessment based on the measurement of municipal performance for 2018 in order to identify the municipal official capacity building needs and design a training program. MPG is the key point of the DEMOS project and the goal of the grant is to stimulate municipalities to further improve their performance in the following fields: (I) local democratic governance, (II) municipal management and (III) service delivery. Furthermore, the grant should stimulate municipalities in two ways: first, by encouraging municipal compliance with minimum legal standards (basic standards) and second, it should stimulate 'real' performance that goes beyond ('mandatory') legal compliance.

After evaluating the performance, the project designs a training program to increase work-related capacities and competencies of municipal officials in the fields where municipalities have performed poorly and are considered important according to the municipal grant each calendar year. The trainings aim to improve the capacities and competencies which are related to the skills, knowledge and behaviours that are "critical" to the successful performance of employees and/or municipal representatives [e.g. municipal civil servants, municipal directors and members of the municipal assembly]. However, this report also includes the analysis of policies, communication and other interventions needed to help municipalities gain a competitive advantage in grants and achieve better municipal performance.

The training program was originally designed based on a comprehensive analysis of municipal performance needs presented in this report, which identifies the priority needs that the project will address through technical assistance and other necessary tools such as research and policy support. This approach is directly related to the main outcomes of the DEMOS project which are: (i) improving municipal performance in the field of municipal governance and management, and (ii) the reform in policy framework, making it more "favourable" for decentralized local governance. In this way, the training program includes two dimensions: the first dimension is related to the themes of performance grant indicators and tries to explain what can be improved through trainings, while the second dimension goes beyond training needs by identifying other interventions needed for organizational and "behavioural" change.

In the context of the training program, this report has identified key/priority fields based on a comprehensive analysis for 2018, while also taking into account the analysis of secondary data and field research. For data analysis, both the number of municipalities and the weighted average of performance indicators have been used as the primary source of measurement. Secondary sources and field research have helped validate and interpret the primary data for setting the priorities. Based on this, the training will focus mainly on building the capacities of municipal officials on specific issues related to various performance indicators.

As stated in the Project Document, DEMOS will not provide training in fields and municipalities where other institutions and organizations are providing support for capacity building[1]. This refers to the Ministry of Local Government Administration (MLG), the Kosovo Institute for Public Administration (KIPA), the National Audit Office (NAO), the Association of Kosovo Municipalities (AKM) and many international organizations, including USAID, EU, GIZ, OSCE and UNDP. In these cases, where there is repetition of training, DEMOS may focus on research and policy support, for example, changing a particular policy or law may mean additional training activities for municipalities, in particular on the procedures for enforcing the amended legal provisions.

The purpose of the report on identifying the needs for municipal capacity building is for the DEMOS project to further design training plan for 2020 and the same plan be discussed with the interested parties such as: MLG, AKM, KIPA, etc. For certain performance indicators, where training and policy support does not meet the overall objective of improving municipal performance, other necessary tools will be used, such as support through various forms of communication. For example, inclusion of women - both in public meetings and in terms of holding political positions - constitutes one of the indicators having the lowest performance! Assistance to municipalities to ensure greater inclusion of women in both policy making and decision-making may not necessarily be achieved only through training or even policy change, as gender inequality is a product of historical, cultural and social norms. Given that Kosovo's policies and laws are generally gender-sensitive; DEMOS may focus its efforts on developing an effective communication or advocacy program to promote the inclusion of women.

Throughout the content of the document, conclusions will be drawn on the relevant themes and subthemes. The last section of this report consists of the recommendations and interventions proposed to address the key findings. The recommendations are designed to address the issues found. However, the implementation of the training plan will be affected by the situation with the COVID-19.

1 Project document. Decentralization and Municipal Support - Phase II. January 2018, p. 21-22.

1. INTRODUCTION

This report provides an overview of municipal performance needs as part of the Training Program (TP) based on the (i) analysis of performance-based indicators, (ii) literature review (iii) field research and (iv) recommendations or requests derived from the workshops organized by the project for assessment of needs with municipalities and from (v) expert reports from the trainings held during 2019.

The main sources of information for drafting this Municipal Performance Needs Assessment Report (NAR) include MPG data. A thorough review of the literature was particularly useful in interpreting MPG data and setting the priorities for drafting the TP. Various sources have been consulted as part of the literature review, starting with the Project Document “Decentralisation and Municipal Support - Phase II”, and data and information published by the Government and international and local organizations in Kosovo.

Using this report, the project aims to identify the general needs of municipalities and assess the potential for change, assuming that there is a fundamental question about whether or not municipalities need on-going technical assistance. From a project perspective or the “theory of change”, municipalities need to improve their governance and management capacities in order to improve the quality of services so that citizens are satisfied with municipal services. Technical Assistance (AT) for municipal official capacity building is determined on the basis of a number of the following criteria: (i) if the problems identified for indicators are technical, not political, (ii) if another tool or systematic change would be more effective, (iii) if the trainings are held by other projects, (iv) the weight of performance indicators, and finally (v) municipal performance based on the number of municipalities (i.e. best performers versus worst ones).

This report also assumes that “each municipality” sees training more broadly as a way to create intellectual capital, earn a modest financial reward, and be ranked higher than the competitors. In the context of MPG, there are three minimum conditions as preconditions that make municipalities eligible to participate in the competition and perform with 27 indicators distributed on three themes: (I) democratic governance, (II) municipal management, and (III) service delivery. In addition to signing an agreement for participation in the MPG, the minimum conditions require that the municipality have at least a clean or unmodified auditor’s opinion with emphasis of the matter and that the municipality has spent at least 75% of its municipal budget for capital investments.

The analysis of the data presented in this report consists of a detailed quantitative analysis, which described the performance of municipalities by theme and indicator, based on the “weighted average of performance indicators” and “the number of municipalities that have shown poor, sufficient/average or good performance.” Most importantly, MPG data analysis has helped to understand the extent of backwardness of municipalities in terms of municipal performance and the extent of those that are improving. Good indicators have only helped the project review its approach by shifting priorities in fields where support is most needed.

Based on the analysis of municipal performance for 2018, it can be said that municipalities as a whole need to build their capacities. When we analyse the performance of municipalities in the field of local democracy we can say that trainings are necessary especially in the two sub-fields which have to do with the relationship of the municipality with the citizens because it is about transparency, inclusiveness, consultations, public participation, access to information, etc.

Regarding the performance of municipalities individually in the entire field of democratic governance, the highest average is 97% (Junik/Junik).

In terms of municipal management, municipalities need a lot of training. Even in this field, some of the indicators have the lowest overall performance compared to all indicators, especially the following indicators: appointment of women to management positions, the property tax register and the addressing of the auditor’s recommendations.

In the field of service delivery, most municipalities have shown poor performance in indicator 24 ‘extension of municipal territory included in regulatory plans’ because 28 municipalities have less than 30% of municipal territory included in regulatory plans for 2018. Other indicators regarding service delivery show better performance.

2. METHODOLOGY

Municipal training needs assessment is an annual process. Each year, after public institutions such as the MLG and the National Audit Office (NAO) publish the annual performance report, the DEMOS project analyses the municipal performance and compiles the municipal needs assessment report. The report contains information regarding the indicators that have shown poor performance, how many municipalities in which indicators have had good or poor performance, thus giving recommendations for training. Part of the report is other analyses such as expert reports and evaluation sheets from trainings held during 2019. All these analyses are part of this report and, after the finalization of its first version, the report is coordinated with stakeholders such as MLG, AKM, KIPA and others in order not to duplicate the same training topics for the same groups and not to burden municipal officials with countless or repetitive trainings.

However, due to the pandemic situation with the COVID-19 virus and the Government's decisions regarding movement restrictions, the training plan could change based on the latest developments in the situation with COVID-19.

2.1. Data analysis

Data on municipal performance are data from the Municipal Performance Management System (MPMS) and the National Audit Office (NAO), by the respective fields, sub-fields and indicators. The addressed topics are then analysed from the point of view of various secondary sources that are mainly data of public institutions but also reports of other local and international organizations. At the beginning of each field is given a visual presentation on the position of an indicator based on the performance of municipalities in that indicator. The corresponding visualization is presented through a traffic light where the indicators farthest to the left/on red show the poorest performance. Indicators farthest to the right/ on green represent the best performance. So the "**red**" colour reflects the number of municipalities that have shown poor performance. The "**yellow**" colour reflects the number of municipalities that have shown average performance, while the "**green**" colour reflects the number of municipalities that have shown good performance. See below the example of the traffic light system and the position of indicator 24 which has shown poor performance in the MPMS (in the direction of full red colour) in most of the municipalities analysed.

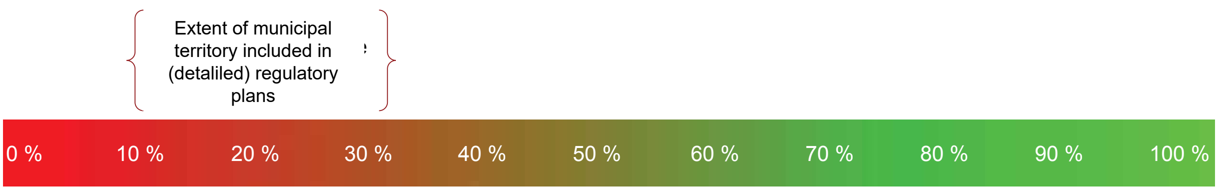


Figure 1. System of "traffic lights"

Data analysis was performed for each field separately and for each indicator.

2.2. Literature review

Literature review is also part of the process of identifying municipal training needs. This process was completed before field research. Having as many sources of literature as possible, there is an opportunity to evaluate and control the findings of public institution resources versus those of local and international organizations. Most importantly, they have helped to understand and interpret performance indicators that have been reported in numerical/percentage terms. Finally, they have helped to understand the connections between numbers and to identify gaps and needs where capacity building interventions are most needed.

Therefore, in order to understand the municipal performance in more detail, an additional step has been taken by going beyond “raw data” and tracing secondary sources from local and international reports. Such resources have not only helped validate and interpret the primary performance grant data, but also their conceptualization for the design of the training program. The main secondary sources in addition to the general auditor’s reports that have been consulted include: Municipal Capacity Assessment Report (MLG/UNDP, 2018), Report on the Functioning of Municipalities of the Republic of Kosovo (MLG, 2018), Capital Investment Analysis (MLG), 2018), Public Administration Reform (SIGMA), Progress Report (EC), Managerial Accountability in the Western Balkans Report by SIGMA/OECD and studies conducted by local organizations such as GAP, Ec Ma Ndryshe, etc.

2.3. Fieldwork activities

In addition to the training program, the project holds regular and special meetings with municipalities to closely inform municipalities of their performance, to identify problems and needs of municipalities to improve performance. This information is also used to analyse the needs of municipalities.

The training plan is designed once the capacity building report is finalized. Meetings are then held with targeted groups to specify more precisely what the most concrete training topics would be. Due to the announced pandemic and the Government’s decisions regarding movement restrictions, it will not be possible to deliver these meetings.

3. KEY FINDINGS

> **“The number of municipalities reporting “no data” has declined over the years. In 2018, 36 out of 38 municipalities reported data to MPMS, but there are municipalities that did not report on all indicators.”**

The analysis to design the training program is done for both the minimum conditions and the performance indicators. In addition, it should be noted that for topics on which it is not possible to conduct formal training, this is done through other forms of communication, which are part of the DEMOS communication strategy. For a municipality to qualify for a grant, it must first meet the minimum conditions. To qualify for the 2020 Municipal Performance Grant, municipalities must meet all three minimum conditions.

During the analysis and evaluation of performance for 2018, twenty-three (23) municipalities have qualified and another 15 have not qualified for this grant. If we look in more detail regarding the fulfilment of the three minimum conditions, 36 municipalities have met the auditor’s opinion criterion and 24 municipalities have met the criterion related to spending over 75% of the budget on capital investments, while the third criterion, i.e. signing of the grant agreement, has been met by all 38 municipalities.

The average performance of 38 municipalities according to the points obtained in 18 performance indicators[2] is 45% (26 points out of a total of 58 possible points), while the average performance of municipalities that have qualified for the municipal performance grant is 48% (25 points out of a total of 58 possible points). Also, 8 out of 38 municipalities have achieved an overall performance between 24 and 29 points (40-50%). 18 municipalities have achieved a performance of over 50%. The Municipality of Leposaviq/Leposavić has the lowest average score on 18 performance indicators. The overall score of the performance of the Municipality of Leposaviq/Leposavić is 2 points out of 58 possible points (3%). This score may be low due to non-reporting of data to the MPMS by the Municipality of Leposaviq/Leposavić, just like the Municipality of Zubin Potok/Zubin Potok whose overall score of performance is 3 points out of 58 possible points (5%).

The average performance of 38 municipalities according to the score in the source in 18 performance indicators is 39%. If we look at the 18 indicators individually according to the performance of the municipalities based on the score as in the source, we can divide them into three groups: indicators with the highest, average and lowest performance.

The indicators with the highest performance are: indicator 22 “cases of administrative requests reviewed within the legal deadlines” with 87%, indicator 17 “implementation of the procurement plan” with 84% and indicator 10 “regular update of the municipal website according to legal (specific) requirements with 81%.

Indicators with an average performance of about 30-40% are indicator 16 “level of addressing the recommendations of the NAO” with 30%, indicator 6 “participation of citizens in public consultations, disaggregated by gender” with 35% and indicator 4 “discussion of the external auditor’s report and action plan for addressing the recommendations in the Municipal Assembly (MA) and discussion of the internal auditor’s work report in the MA” with 36%.

Indicators with the lowest performance of 20-30% are: indicator 24 “extension of the municipal territory included in the (detailed) regulatory plans” with 20%, indicator 21 “women appointed to political positions in the municipality” with 20%, and indicator 14 “property tax register updated annually, according to legal requirements” with 26%.

It is worth mentioning that the performance of municipalities in these indicators has been weaker during 2016 and 2017.

2 Out of a total of 30 indicators, because 12 are frozen.

3.1. Minimum conditions

The Municipal Performance Grant (MPG) has five minimum conditions which shall be met by municipalities in order to become beneficiaries to this grant. Of these five conditions, the scoring for this year is to be made only in three of them while the other two conditions highlighted in rose, or the minimum conditions 1 and 2, remain frozen:

> **"Municipal performance on the three minimumconditions has marked a decline in2018 compared to 2017 and 2016."**

1. Municipalities must have reported for all MPMS indicators;
2. Municipalities should have adhered to the legal obligation to review municipal acts deemed illegal by oversight bodies;
3. The audit opinion for 2018 must be at least unmodified with emphasis of the matter;
4. Municipalities must have spent 75% or more of their 2018 capital investment budget; and
5. Municipalities must have signed a tripartite participation agreement (the municipality, MLG and HELVETAS Swiss Intercooperation).

As regards the third condition (3), the requirement is for the municipality to have received at least an unmodified opinion with emphasis of the matter in order to be qualified for a grant. Regarding the fourth condition (4), the requirement is for the municipality to have spent at least 75% of the budget from the category of capital investments in order to be qualified for the grant, and the fifth condition (5), which is an administrative condition, requires signing the cooperation agreement for participation in the municipal performance grant.

For the performance of 2018, 36 out of 38 municipalities have received positive opinions (unmodified opinion with emphasis of the matter) from the NAO, while 24 out of 38 municipalities have spent more than 75% of the capital investment budget and 38 municipalities have signed agreements for participation in MPG. If we calculate the municipalities that have met all the conditions cumulatively, it results that 23 of them are qualified and 15 others are not qualified for MPG.

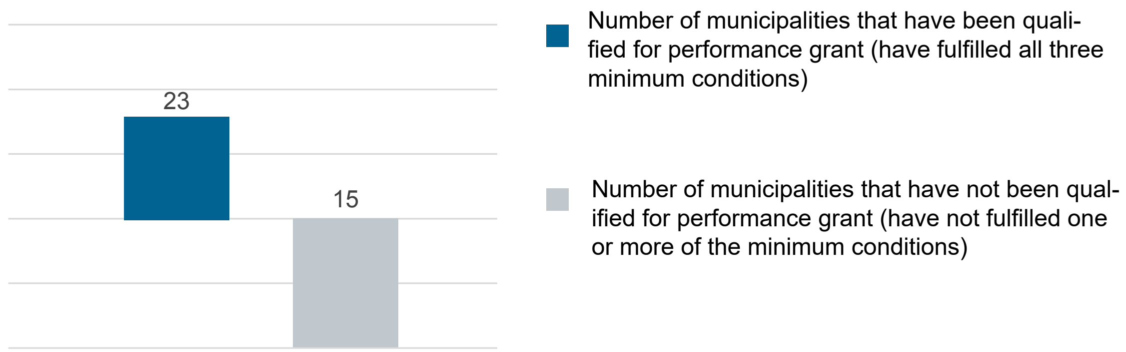


Figure 2.The number of municipalities qualified and not qualified for the grant

If we compare meeting of the minimum conditions by the municipalities for the performance of 2016, 2017 and 2018, we notice that 25 municipalities were qualified for the performance of 2016, 19 municipalities were qualified for the performance of 2017 and a total of 23 municipalities were qualified for the performance of 2018. In 2018, the number of municipalities meeting the minimum conditions increased by four municipalities more compared to 2017. However, compared to 2016, we have two municipalities less qualified for grants. Thus, 2016 has been a better year compared to 2017 and 2018 in terms of the number of municipalities that have met the minimum conditions to be qualified for a grant.

Table1.Number of municipalities qualified and of those disqualified for the grant for 3 years

Year	Qualified	Disqualified	Total
2016	25	13	38
2017	19	19	38
2018	23	15	38

3.1.1. Auditor's Opinion

The municipalities that have received qualified opinion with emphasis of the matter for 2018 are the municipalities of Ferizaj/Uroševac and Novobërdë/Novo Brdo. 33 other municipalities received auditor's opinion at least unmodified with emphasis of the matter, whereas 3 municipalities received an unmodified opinion. This equals to 36 municipalities assessed positively, i.e. those with unmodified opinion and those with unmodified opinion but with emphasis of the matter. If we compare the data for this minimum condition with 2017, there is some progress made. In 2017, this condition was met by 29 municipalities, which, compared to 2018, shows an increase in performance by seven municipalities more. Also, when we compare the number of municipalities that have received qualified opinion with emphasis of the matter, there is an improvement. From nine municipalities that have received qualified opinion with emphasis of the matter in 2017 (Kllokot/Klokot, Suharekë/Suva Reka, Rahovec/Orahovac, Mamushë/Mamuša, Malishevë/Mališevo, Leposaviq/Leposavić, Klinë/Klina, Ferizaj/Uroševac and Dragash/Dragaš), the number has decreased to two municipalities in 2018.

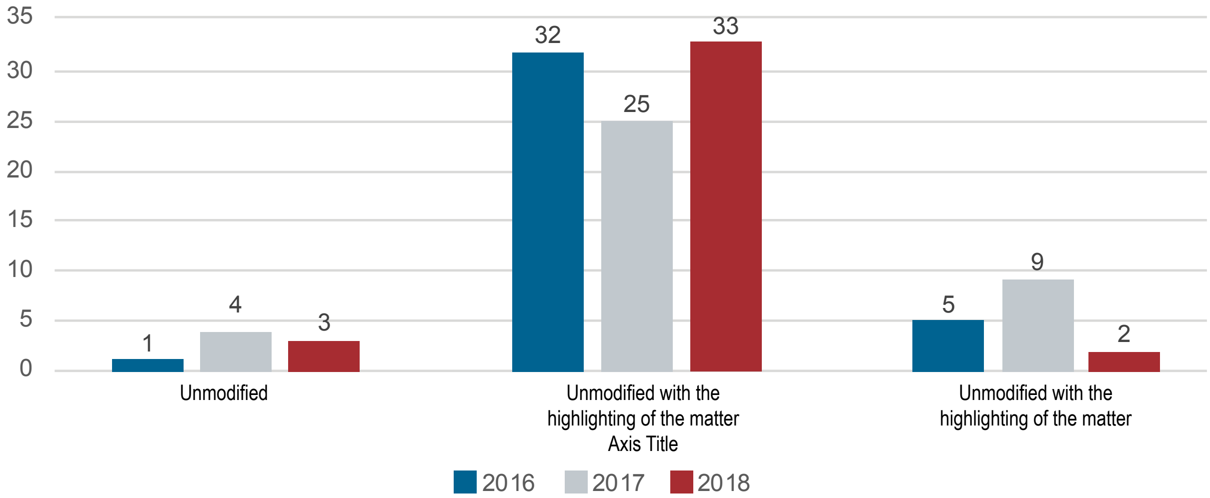


Figure 3. No. of municipalities on the auditor's opinions

The main problems due to which the two municipalities have not passed this minimum condition for the 2018 performance are diverse. According to the NAO audit report for 2018 for the municipality of Novobërdë/Novo Brdo, the findings are related to the poor preparation and disclosure of the Annual Financial Statements (AFS). In this context, some of the shortcomings highlighted in the report relate to:

1. Overstatement of the budget for revenues;
2. Incorrect presentation of the final budget of designated donor grants;
3. The balance of assets, accounts receivable and liabilities not presented correctly in AFS;
4. Expenditures on salaries without evidence for attendance at work in the education sector;
5. Classification of expenditures in inadequate categories;
6. Delays in paying the invoices;
7. Weaknesses in asset management;
8. Lack of documentation and non-compliance with procedures when allocating subsidies, etc.

According to the report in question, the auditor found lack of professional competence of officials who were assigned these responsibilities.

Regarding the municipality of Ferizaj/Uroševac, we are also dealing with shortcomings/problems in terms of preparation and disclosure of AFSs and some of the shortcomings identified in the report are:

1. Lack of proper budget planning;
2. Poor classification of expenditure;
3. Non-documentation of payments from capital investments and goods and services categories;
4. Registration of revenues in inadequate codes;
5. Irregularities in the calculation of property tax revenues, etc.

According to the report in question, the auditor found lack of professional competence of officials who were assigned these responsibilities.

On the other hand, in 2018 there are three municipalities[3] that have received a clean audit opinion, namely "an unmodified opinion". However, if compared to 2017, we observe that the number of municipalities with this opinion is lower by one (four municipalities in 2017 and three municipalities in 2018).

"In 2018, three municipalities have received an unmodified opinion from NAO"

Thirty-three (33) other municipalities have received "unmodified opinion with emphasis of the matter". Matters that have been emphasized by the auditor for the vast majority of municipalities include the following: Poor classification of expenditure, non-documentation of payments, underestimated accounts receivable, underestimated capital assets, non-registration of capital assets in KFMIS, unregistered properties; inaccurate disclosures, overestimated capital assets, etc. According to investigations, specific actions need to be taken to address the causes systematically in order to rectify the auditor's findings such as poor classification of expenditure; accurate assessment of outstanding liabilities and capital assets, appropriate disclosures under Treasury regulations, etc.

3 Shtime/Štimlje, Viti/Vitina and Ranillug/Ranilug.

3.1.2. Budget expenditures

According to the 2018 data analysis findings, 24 municipalities have spent at least 75% of their budget on capital investments, while 14 others have spent less than 75% of their budget on capital investments. This implies that 14 municipalities have not met the minimal condition associated with spending more than 75% of the capital investment budget. The number of municipalities that have achieved this condition has decreased in 2018 compared to 2016 and 2017 as this condition was met by 25 municipalities in 2017 (one more than in 2018) and 27 municipalities in 2016 (or three more than in 2018). On the other hand, in terms of the overall average of spending the capital investment budget, there is a slight increase in 2018 compared to previous years. Thus, the average in 2016 was 75%, in 2017 78% while in 2018 the overall average of spending the capital investment budget was 79.24%.

To see the level expressed in percentage (%) of the budget spent for capital investments for each of the 14 municipalities that have not met this condition, see the following figure.

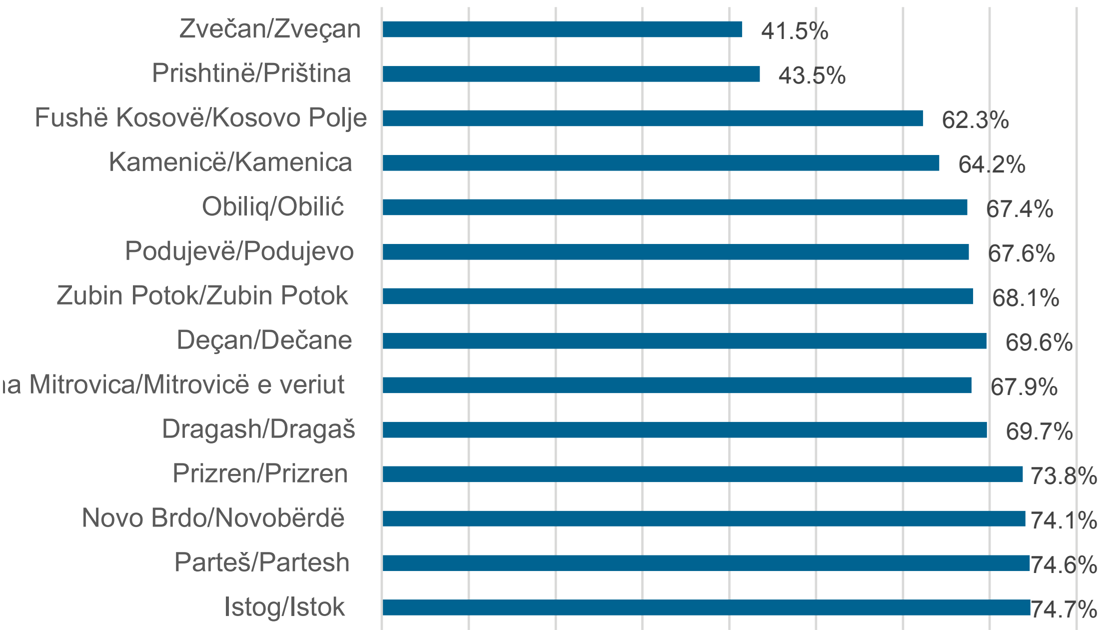


Figure 4.Percentage of spending of the capital investment budget by 14 municipalities[4]

On the other hand, to see the comparison between the years of the number of municipalities that have passed versus those that have not passed the condition of spending the capital investment budget more than 75%, see the following figure.

4 According to the Municipal Performance Report, MLG 2018.

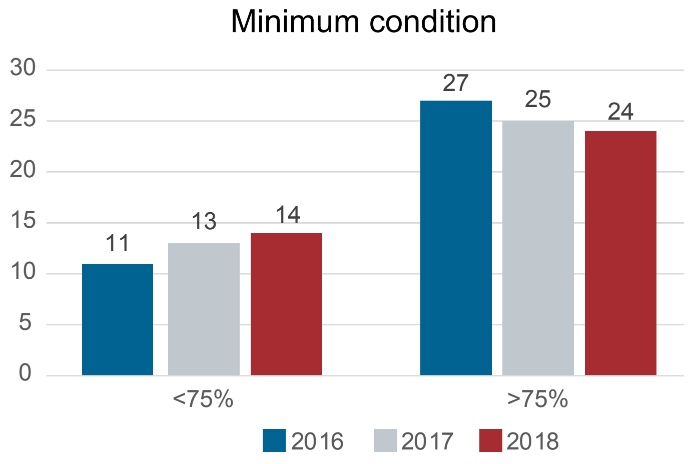


Figure5. No. of municipalities on spending the capital investments budget

Among the main reasons why municipalities have failed to spend 75% or more of their capital investment budget are: shortcomings in the public procurement process and contract management, weaknesses in capital investment planning, lack of adequate budget planning and other, centralized procurement, lack of budget review, etc.[5] The poor performance of municipalities has also been affected by the non-utilization of own-source revenues, which was only 54% at the level of all municipalities.[6] The 2018 Annual Audit Report also finds that, due to over-extended procurement procedures, operators' complaints with the Procurement Review Body (PRB), unresolved property issues, the rate of budget execution in this category continues to be the lowest for years now. If we analyse matters one by one regarding the capital investments which the NAO has raised as shortcomings in the reports in these 14 municipalities, it turns out that Deçan/Dečane, Kamenicë/Kamenica, Podujevë/Podujevo and Zveçan/Zvečan had one matter each. For Deçan/Dečane[7], "shortcoming in the public procurement process" was emphasized, for the Municipality of Kamenicë/Kamenica[8], "overstatement of capital investments and advance payments before the completion of the project" was emphasized, and for the Municipality of Podujevë/Podujevo[9], the "delay in carrying out projects" was emphasized. On the other hand, the municipalities that have had findings the most on capital investments from the NAO audit report are the municipalities of Zubin Potok/Zubin Potok, Mitrovicë e Veriut/Severna Mitrovica, Partesh/Parteš and Istog/Istok, which have had somewhere between four and six matters. Capital investments in the Municipality of Zubin Potok/Zubin Potok[10] in 2018 were characterized by: 1) systematic weaknesses in the management of payments and acceptance of works for capital investments, 2) initiation of procurement procedures without sufficient funds, 3) commitment of funds without receiving the bills, 4) lack of execution project, 5) lack of evidence during the evaluation of the criteria for providing houses for poor families and 6) delays in the execution of contracts.

Capital investments in 2018 in the Municipality of Mitrovicë e Veriut/Severna Mitrovica[11] were characterized by: 1) poor planning of amounts in contract, 2) weaknesses in contract management, 3) delays in the implementation of projects, 4) performance of works without contracts and 5) shortcomings in the tender evaluation process. Capital investments in 2018 in the Municipality of Partesh/Parteš[12] were characterized by: 1) weakness in procurement procedures, 2) shortcomings in procedures for additional work, 3) non-application of the construction book, 4) delays in the implementation of projects and 5)

5 Focus Group/Workshop on the topic: Public Finance, held in Prishtina, 16 May 2018.
6 2018 Annual Audit Report, NAO, p. 30
7 National Audit Office (NAO), Audit Report for the Municipality of Deçan/Dečane, 2018.
8 National Audit Office (NAO), Audit Report for the Municipality of e Kamenicë/Kamenica, 2018
9 National Audit Office (NAO), Audit Report for the Municipality of e Podujevë/Podujevo,2018
10 National Audit Office (NAO), Audit Report for the Municipality of Zubin Potok/Zubin Potok, 2018
11 National Audit Office (NAO), Audit Report for the Municipality of Mitrovicë e Veriut/Severna Mitrovica, 2018
12 National Audit Office (NAO), Audit Report for the Municipality of Partesh/Parteš, 2018

separation of tenders and the use of minimal procedures. In the Municipality of Istog/Istok[13], capital investments for 2018 according to the audit report of the NAO for this municipality were characterized by: 1) lack of execution project in 15 signed work contracts, 2) exceeding additional work (annex contracts amounting to greater than 10% of the total value of the contract), 3) non-compliance with the criteria set out in the tender dossier and 4) payment in the absence of sufficient evidence. Among the eight municipalities with the smallest and the largest number of matters identified in the individual NAO audit reports are six other municipalities which have had between 2 and 4 matters which belong to the group of the matters mentioned for the other eight municipalities.

Secondary sources and field research mainly confirm the findings of the data analysis regarding the level of spending of capital investment budget. In the report *"Municipal Capacity Assessment (2018)"*, MLG has indicated that budget planning and allocation is the main concern for municipalities. Therefore, municipal budgets are not always in line with their needs.[14] As a result, there are numerous discrepancies between central and local government priorities, starting with strategic and budgetary documents (e.g., Medium-Term Expenditure Framework - MTEF). NAO report[15] finds that the MTEF is not adequately addressed to ensure budget planning in line with strategic priorities

Also, budget ceilings "embedded in budget circuits constitute an obstacle to achieving municipal objectives"[16],while municipalities in Kosovo depend on government support in capital investments. This in particular becomes a bigger problem in the case of discretionary financing or financing that municipalities receive from line ministries for specific sectors (this excludes operational grants), which are granted without clear criteria and mainly on a political basis. According to SDC/DEMOS data analysis[17],the total value of investments by line ministries averaged 311 million Euros or 44.47 million Euros per year. The largest investor was the Ministry of Infrastructure and Transport (MIT) with 148 million Euros or 47% of the total value invested, followed by the Ministry of Education, Science and Technology (MEST) with 70 million Euros or 22% and the Ministry of Culture, Youth and Sports (MCYS) with 28 million Euros or 9% of the total.

The largest municipal beneficiary of investments made by line ministries was the Municipality of Skenderaj/Srbica, which received 43 million Euros or 13.9% of the total value invested in municipal competencies. The second municipality is that of Prishtinë/Priština with 21.7 million Euros or 6.9% and the Municipality of Pejë/Peć in the third place with 20.8 million Euros or 6.7% of the total. Regarding investments per capita, the largest beneficiary was the Municipality of Skenderaj/Srbica with 822 Euros per capita, followed by the Municipality of Shtime/Štimlje with 385.5 Euros and the Municipality of Hani i Elezit/Elez Han with 363.3 Euros per capita.

According to the Law on Budget for 2018[18], the total capital investments planned by the municipalities amounted to 146,115,081 Euros. Of this amount, 60.2% were planned to be financed by the government grant and 39% by own-source revenues. Property tax revenues constitute the largest own-source revenues or 30% of all revenues and are an important part of this category. Property tax collected for the billing of 2018 accounts for 16% of all own-source revenues. Non-collection of property tax can have a direct impact on the degree of realization of capital expenditures. According to the Law on Budget for 2017, the total capital investments planned by the municipalities amounted to 130,838,116 Euros. Of this amount, 54% were planned to be financed by the government grant and 46% by own-source revenues.

13 National Audit Office (NAO), Audit Report for the Municipality of Istog/Istok, 2018
14 MLG, Municipal Capacity Assessment, 2018, p. 21-22.
15 Performance Audit Report "Medium-Term Expenditure Framework 2018 - 2020 in the Education and Infrastructure Sectors", December 2019.
16 MLG, Municipal Capacity Assessment, 2018, p. 4.
17 SDC/Helvetas DEMOS, Capital Investments by Line Ministries in Municipal Competencies for the period 2011-2017, February 2019.
18 Law No. 06/L-020 on the Budget of the Republic of Kosovo for 2015.

We do not have an exact estimate from the secondary reports, but according to the new law, the land (parcel) tax is included in the tax, where it is considered to have increased the tax amount by up to 10% of revenues for 2019 (e.g. in a medium-sized municipality such as the Municipality of Lipjan/Lipljan). With this, it is considered that there has been a gradual increase in municipalities. Since there is a lack of reference, it is difficult to make any estimates for all municipalities, and as a result we do not have an assessment in this regard!

Certain problems identified by the NAO that may be related to poor performance of municipalities in planning and spending on capital investments may require systematic changes, not necessarily only capacity building. As a systematic change we can mention the more detailed planning of projects by the municipalities, continuous monitoring of projects, placement of competent (professional) staff in monitoring, as well as application of penalties in case of non-performance of works according to the predetermined deadline. The law on public procurement may also be mentioned as a systemic change, but we do not have an analysis that proves that amending this law will improve the planning and spending of the capital investment budget.

It should also be taken into account that during 2019 there was a change in the legislation that could have an impact on the problems found during the investigation, knowing that these analyses are related to the performance of 2018. The Ministry of Finance (MoF) has prepared an Administrative Instruction (AI) on the selection criteria and prioritization of capital projects that begins to be implemented as of January 2020 and the AI on the definition and classification of capital project costs. These instructions present new requirements in the preparation of capital projects. It should also be taken into account that other projects are engaged in the training of municipal officials (e.g. the USAID/TEAM program for capacity building in the field of public procurement, budget planning) and care should be taken to avoid possible overlapping.

3.2. Local democratic governance

Democratic governance at the local level is the first field of municipal performance assessment. The assessment is done for 38 municipalities and the respective field is divided into three sub-fields which in total has 13 indicators according to the following table.

The first sub-field has five indicators, the second sub-field has three indicators and the third sub-field has five indicators. However, each of the three sub-fields has frozen indicators. Out of 13 indicators in total for the whole field, five of them are frozen and the analysis and scoring is done for eight indicators only. Frozen indicators are presented in rose on the following table to make it clear which of them are part of the analysis and scoring of municipalities in this filed.

Table2. The field of democratic governance, sub-fields and indicators

Field: Local democratic governance	
Sub-field 1: Role of the Municipal Assembly as an oversight body	
1.	Timely submission and approval of the Municipal Budget to the Municipal Assembly
2.	Discussion of quarterly budget reports by the Municipal Assembly
3.	Discussions of the municipal performance report by the Municipal Assembly
4.	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly
5.	Reporting of the Mayor to the Municipal Assembly

Sub-field 2: Participation, consultation and inclusiveness of citizens	
6.	Participation of citizens in public consultations, disaggregated by gender
7.	Municipal acts and local policy documents consulted with the public
8.	Public hearings on MTBF and municipal budget (proportional to # residents)
Sub-field 3: Transparency, access to information and integrity	
9.	Meetings of the municipal assembly made public and live-streamed
10.	Regular update of the municipal website according to legal (specific)requirements
11.	Publication of public procurement documents and contracts
12.	Publication of minutes for public consultation processes
13.	Reporting on the Annual Integrity Plan presented to the Municipal Assembly

Indicators in this field are mainly related to legal obligations, with the exception of indicator three (3) "discussion of the municipal performance report by the Municipal Assembly (MA)" and indicator 13 "reporting on the Annual Integrity Plan presented to the Municipal Assembly" which represent a good practice in terms of local government. On the other hand, other indicators are part or requirement of some laws related to: local self-government[19], public finance management[20], auditor general[21]and sub-legal acts on transparency in municipalities and minimum standards of public consultation in municipalities.[22]

Prior to analysing the performance of municipalities according to the relevant sub-fields and indicators, the following is an overview of the performance of municipalities in the field of democratic governance.

The average of all municipalities in all measurable indicators in this field is over 59% while in the three sub-fields they have reached the following average:

- in the sub-field of Role of the Municipal Assembly as an oversight body they have reached over 58%,
- in the sub-field of Participation, consultation and inclusiveness of citizens over 49% and
- in the sub-field of Transparency, access to information and integrity over 65%.

Based on this, it can be said that municipalities in general need capacity building, particularly in the two sub-fields which have to do with the municipality's relationship with citizens because it talks about transparency, inclusiveness, consultation, public participation, access to information, etc.

Regarding the performance of municipalities individually in the entire field of democratic governance, the highest average is 94% (Junik/Junik).

In order to better understand the municipal performance in the field of "democratic governance", a "traffic light system" has been created. The system is used to identify essential priority needs to help municipalities improve their performance. The colour chart presented in the following figure explains in which indicators the municipalities have shown poor, average or good performance on a scale of 0 to 100 percent. The "**red**" colour represents poor performance, the "**yellow**" colour represents average performance, while the "**green**" colour represents good performance. The **red colour** indicators are of a higher importance in terms of designing and delivering training. The importance by colour is determined based on the number of municipalities that have shown poor, average or good performance.

19 Law No. 03/L-040 on Local Self-Government in terms of indicators 2, 4, 5, 6, 7 and 10.
20 Law No. 04/L-048 on Public Financial Management and Accountability in terms of indicators 2 and 4.
21 Law No. 05/L-055 on the Auditor General and the National Audit Office in terms of indicator 4.
22 AI (MLG) No. 06/2018 on Minimum Standards of Public Consultation in Municipalities in terms of indicator 6 and AI (MLG) No. 04/2018 on Transparency in Municipalities in terms of indicators 7 and 10.

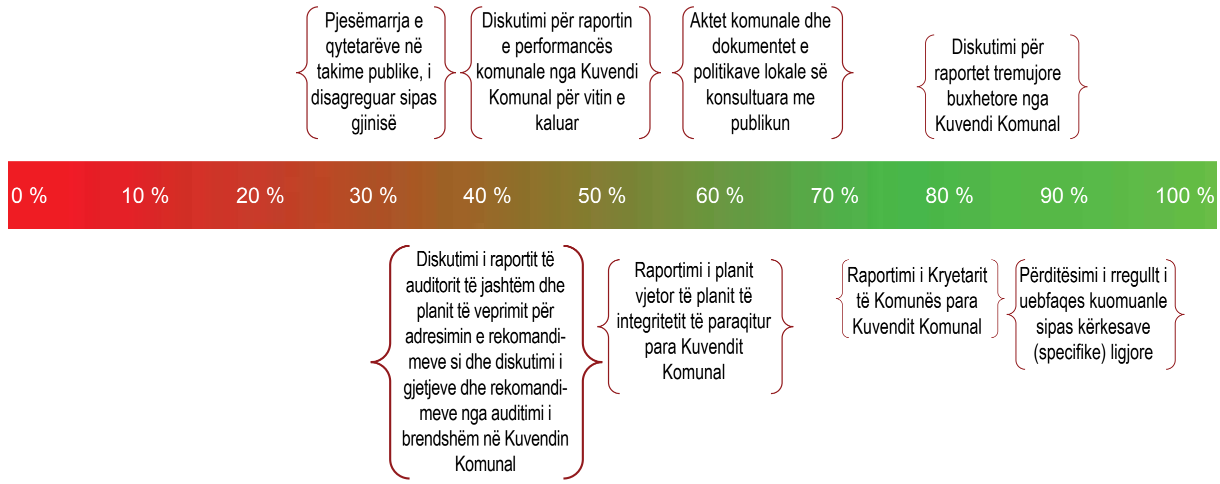


Figure 6. System of “traffic lights” in the field of local democratic governance

3.2.1. Role of the Municipal Assembly as an oversight body

According to the table above, the role of the Municipal Assembly is the first sub-field which is addressed below. This sub-field has five indicators, of which four are measurable[23] and the maximum points that the municipality receives in these indicators is 13. The performance of each municipality in this indicator will be analysed/evaluated below. According to the Law on Local Self Government, the MA is the highest body in the municipality, is directly elected by the citizens and represents the legislative body in the municipality.[24] The MA has a number of functions defined by the relevant law which are related to the drafting and approval of the statute of the municipality, municipal regulations, approval of the budget, plan and annual work report. It holds the mayor accountable through periodic reports to the Municipal Assembly, establishment of the assembly commissions and others which, within the law, are determined by the statute of the municipality. The Municipal Assembly, through its members, holds the executive responsible through requests for information on municipal issues, approval of the municipal budget and discussions of quarterly budget reports, reporting of the mayor to the Municipal Assembly on general economic and financial situation in the municipality, coordination of agenda between the mayor and the chairperson of the Municipal Assembly, etc.

3.2.1.1. Discussion of quarterly budget reports by the Municipal Assembly (MA)

Discussion of budget reports by the MA is required four times a year, i.e. the reports should be sent by the executive to the Municipal Assembly for discussion on a quarterly basis. Based on this request, municipalities are ranked depending on how many times their Municipal Assemblies have discussed budget reports on a quarterly basis. Municipalities are grouped according to this formula: municipalities that have discussed the report four times in Municipal Assemblies receive 100%, municipalities that have discussed three reports receive 75%, municipalities that have discussed two or less quarterly reports receive 50% and municipalities which have never discussed the report receive 0%. Based on the data collected in the Municipal Performance Management System (MPMS), 24 municipalities have fully achieved this indicator by discussing municipal reports four times a year, seven other municipalities have discussed reports three times a year thus receiving 75%, five other municipalities have discussed the quarterly budget report once or twice a year and received 50% and two municipalities have not sent any data on whether they have discussed the relevant reports during the year (municipalities of Zveçan/Zvečan and Leposaviq/Leposavić).

23 Indicators 2, 3, 4, and 5 are measurable and are analysed in the text, while indicator 1 is frozen.
24 Law No. 03/L-040 on Local Self Government, Article 40.

Regarding the comparison between 2018 and previous years (2016 and 2017), the number of municipalities that have met the condition to the extent of 100% is the same as 2016 (24) and higher compared to 2017 (20 municipalities). The number of municipalities that have met the condition of 75% is higher in 2018 (seven municipalities) than in 2016 and 2017 with four municipalities. The number of municipalities that have discussed two or fewer reports (at 50%) in 2018 is the same as 2016 (five municipalities), but this number was higher in 2017 (so 12 municipalities have discussed the quarterly reports to the extent of 50%). The last group includes the municipalities that have no reported data and their number in 2018 is the same as in 2017 (two municipalities), while their number had been even higher in 2016 (five municipalities). Thus, it is noticeable that the number of municipalities that do not report any data has decreased and that is a good sign.

The grouping of municipalities according to this criterion and the comparison between the years is given in the following figure.

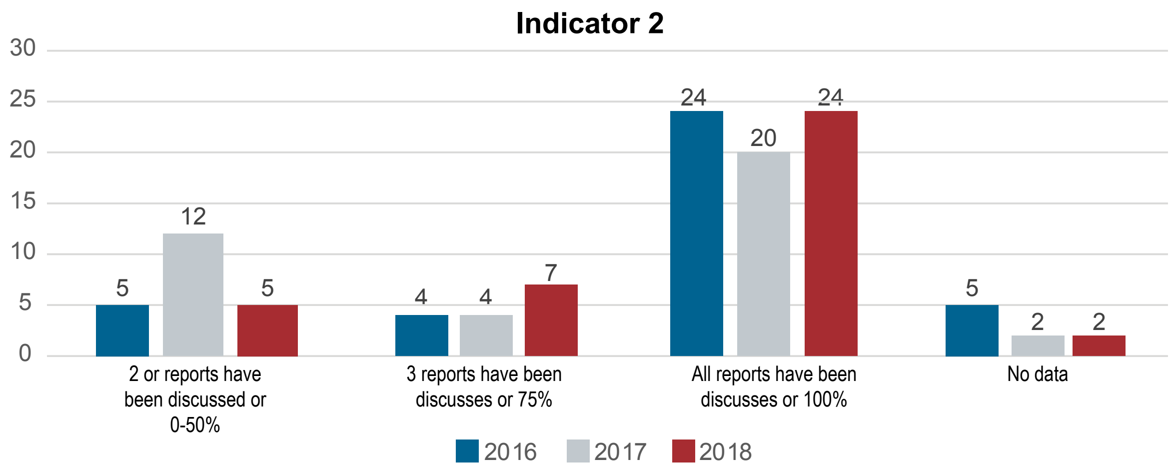


Figure 7. No. of municipalities that have (not) discussed the quarterly budget reports

The average of 38 municipalities in this indicator is 79%. Besides the two municipalities that did not report any data (Zveçan/Zvečan and Leposaviq/Leposavić), five other municipalities that met the condition of up to 50% are Fushë Kosovë/Kosovo Polje, Kamenicë/Kamenica, Mamushë/Mamuša, Shtërpcë/Štrpce and Zubin Potok/Zubin Potok, while the seven municipalities that met the indicator to the extent of 75% are: Ferizaj/Uroševac, Kllokot/Klokot, Obiliq/Obilic, Partesh/Parteš, Podujevë/Podujevo, Prizren/Prizren and Ranillug/Ranilug. Apart from these three groups are the other 24 municipalities which have met the indicator to the extent of 100%. However, although the data show good performance for this indicator, quarterly budget reports are not thoroughly discussed in the Municipal Assembly.[25] In most cases the reports are discussed only to meet the legal requirement while the substantive debate on the report in question is lacking. For example, budget reports are rarely contested by members of Municipal Assemblies and mayors are rarely held accountable for what they report to the Municipal Assembly. On the other hand, the legislation in force on transparency in municipalities obliges municipalities to discuss various reports, including budget reports, with citizens through consultative meetings organized by the municipality with citizens.[26] Although these meetings are held at the end of the year, the discussion is perfunctory as the budget expenditure tables are unclear to the citizens but also to the members of the Municipal Assembly themselves.[27]

Another reason related to the non-substantial discussion of budget reports in the Municipal Assembly is the lack of training of members of Municipal Assemblies who, in many cases, have no experience in office and are uninformed in terms of budget expenditures. Since they do not have the necessary expe-

25 Focus group/Workshop. Topic: Supervision and Participation. Prishtina, Kosovo. 17 May 2018.
26 AI No. 04/2018 on the Transparency in Municipalities, Article 11, Other consultative meetings.
27 Based on the trainings held by DEMOS during 2019.

rience and knowledge in reading budget expenditure tables (with them being unclear too), this makes it impossible to exercise the responsibility that members of the assembly have in handling financial reports, which is under the supervision of the executive by the legislature.[28] A third reason observed during the monitoring of Municipal Assembly sessions is also the technical aspect in generating and drafting financial reports, and this causes delays in sending reports to the Municipal Assembly from the software (Free Balance).[29]

Building the capacities of members of Municipal Assemblies in terms of role and responsibility as the highest authority of the decision-making process remains essential in the treatment as well as proper and accurate reading of financial reports generated by the municipal executive. Training for fair budget reading by all members of Municipal Assemblies is also a requirement by members of the Policy and Finance Committee (PFC). Training of the PFC members in this field was held in 2019 with all municipalities.[30]

On the other hand, what can be done in this regard with the aim of increasing the proactivity and effectiveness of Municipal Assemblies is to continuously raise awareness of the Municipal Assembly members through training sessions on their role and the actions a member can take in order to be active and demanding towards the municipal executive. There is a number of actions that may be taken by members of the Municipal Assembly such as: initiating new regulations and supplementing existing ones, proposing items for discussion on the agenda, initiating non-permanent and consultative municipal committees, supplementing and amending budget, etc.[31]

3.2.1.2. Discussion of the municipal performance report in the Municipal Assembly

Discussion of the municipal performance report (for the previous year in the Municipal Assembly) is not a legal requirement, but its discussion is a good practice in terms of municipal governance and a good practice of the work of the Municipal Assembly. What this indicator assesses is whether the municipalities, namely the Municipal Assemblies, have discussed the report in question. To measure this indicator, it is required to provide evidence on whether the MPMS report is included as an item on the agenda of the Municipal Assembly.

Discussion of the findings of the MPMS report by the Municipal Assemblies shows that the members of the Municipal Assembly are interested in the performance of the executive and demand accountability in the parts where there has been no good performance. If this report is discussed in the Municipal Assembly, the municipality receives the maximum points, while if it is not discussed, the municipality receives 0 points. The number of municipalities that have discussed the report in question is 16, the number of those that have not discussed the report is 20, while for two municipalities (Leposaviq/Leposavić and Zubin Potok/Zubin Potok) there was no data. The average of 38 municipalities in this indicator is low (even compared to the average of the previous indicator) and is 42%.

Although the number of municipalities that have discussed the report is smaller than the number of municipalities that have not discussed this report, if we have a look at the trend from 2016, it can be said that there is progress in this indicator. The number of municipalities that have discussed the MPMS report in Municipal Assemblies is higher in 2018 than in 2016 and 2017 (10 municipalities each year) and of course the number of municipalities that have not discussed this report is smaller (20 in 2018), while 21 in 2016 and 25 in 2017. Also, the number of municipalities that have not reported any data on this indicator is lower in 2018 (two municipalities) compared to 2016 (seven municipalities) and 2017 (three municipalities). To see the comparison between the years for this indicator, see the following figure.

28 Observations from the monitoring of the sessions of the MA.
29 Observations from meetings with mayors during 2018.
30 Evaluation reports from the trainingand reports of needs identification, 2019.
31 Democracy Plus (D+), Practical manual for members of Municipal Assemblies as pro-active and effective representatives.

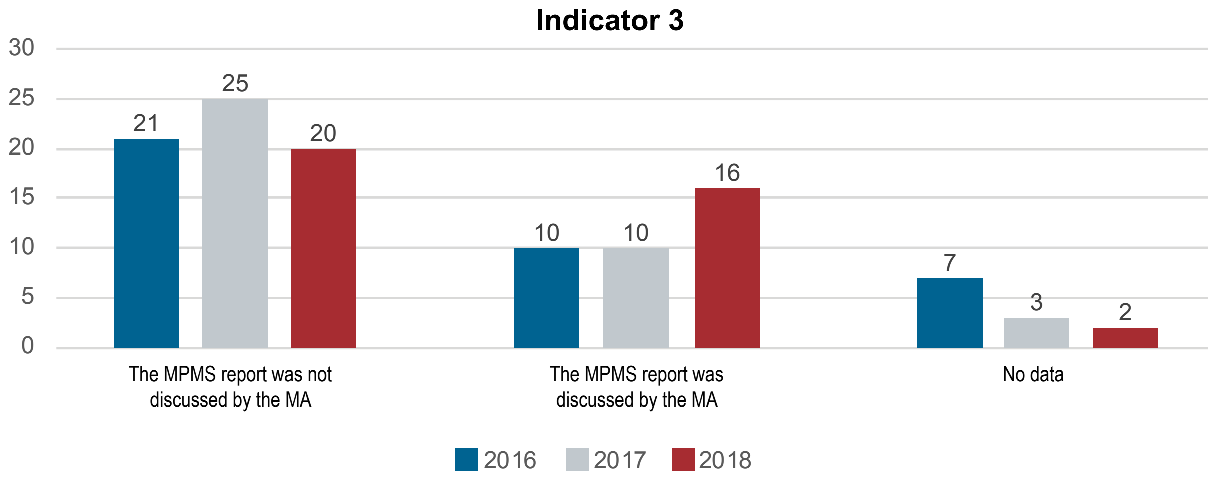


Figure 8. No. of municipalities that have (not) discussed the performance report in the MA

The number of municipalities that have not discussed the report in the MA is quite high because the performance report was published late in May 2019 and there was no time for municipalities to include it on the June meeting. However, for the sake of the municipalities that have reported on this indicator, the data have been published but not calculated according to the average percentage of performance at the level of indicators. The organization of trainings on the municipal performance management system, the performance evaluation methodology and the encouragement of the MA to discuss this report after its publication by the MLG should be considered. This is necessary by the fact that the MLG, in 2020, has envisaged the drafting of a new regulation[32] on performance management in municipalities and the fact that the system will undergo changes, as it will include even more fields and more indicators by fields. According to the MLG decision on the establishment of the working group on the drafting of this regulation, the deadline for the completion of the regulation is 30 June 2020, including the time of preliminary consultations and public consultations.[33] So, since this regulation might enter into force during July or August 2020, the organization of trainings in municipalities after the entry into force of the regulation, starting from the content of the new regulation, the changes they have undergone in the system, the fields that have been added, is deemed necessary. This can be considered to also affect the increase in the number of municipalities that, in the future, will discuss the performance report for their municipality, once the report in question is published by the MLG. Also, in addition to the organization of trainings for members of the Municipal Assembly (especially for municipalities where this report is not discussed in Municipal Assemblies), in order to raise awareness of the report and its importance in terms of executive oversight, specific trainings should be organized also for municipal officers for performance and relevant coordinators who are engaged in data collection and reporting.

In addition to meeting the criterion as a number, municipalities should focus on reading the relevant report critically and, depending on the findings of the report, municipalities should draw up concrete action plans for improvements in that field and the MA should constantly hold the executive accountable on the implementation of activities arising from the relevant plan. In addition to training, this indicator will also be addressed through communication.

32 Regulation No. 02/2017 on the municipal performance management system was repealed by the Minister of MLG in December 2019.

33 Introductory meeting of the working group was held at the MLG on 27 February 2020.

3.2.1.3. Discussion of the external auditor's report and action plan for addressing the recommendations in the Municipal Assembly and discussion of the internal auditor's work report in the Municipal Assembly

Based on the legal requirements set by the relevant legislation on public finances[34], it is required that the MA discusses the annual audit report of the NAO and the annual audit report made by the internal audit unit in the municipality. In addition, the executive is required to submit two plans: one for addressing recommendations from the NAO report and the other for addressing findings from the internal audit report. So, these four elements are part of one indicator in this report. The formula is such that the municipality is evaluated whether it has discussed the NAO report and presented the plan for the implementation of the recommendations and whether it has discussed separately the report along with the plan related to the internal audit of the municipality conducted by the internal audit unit. Based on the points that the municipalities receive in the two indicators, the average of the two indicators is the one that is taken into account in ranking municipalities according to the percentage or points that they have received in this indicator. The points that the municipalities receive are according to this: 0 points if the average of the two indicators is less than 50%, 2 points if the average of the indicator is between 50% and 99% and 4 points if the average of the two indicators is 100%.

It is worth noting that, in 2018, this indicator was partially measured, and this is because the NAO has not collected data on the reporting of the internal audit report and the action plan in the assembly. According to the scores received from the NAO, no municipality has received 4 points or 100% of the score because, in 2018, this indicator was partially measured, and this is because the NAO has not collected data on the reporting of the internal audit report and the action plan in the assembly. 24 municipalities received 2 points each or 50% and 14 other municipalities received zero (0) points because the average of the two indicators was less than 50%. On the other hand, the average in this indicator of all municipalities is 36% or significantly lower compared to the averages of municipalities in the previous indicators in this sub-field. Regarding the comparison of these data with the data of one year earlier (2017), few differences are noticed. In 2017, the number of municipalities with two points (50 - 99%) was 25 and the number of municipalities with zero (0) points was 13, while in 2018, no municipality had reached the maximum points (4 points) or 100%. The division of municipalities according to this score but also the comparison with 2017 is given in the figure below.

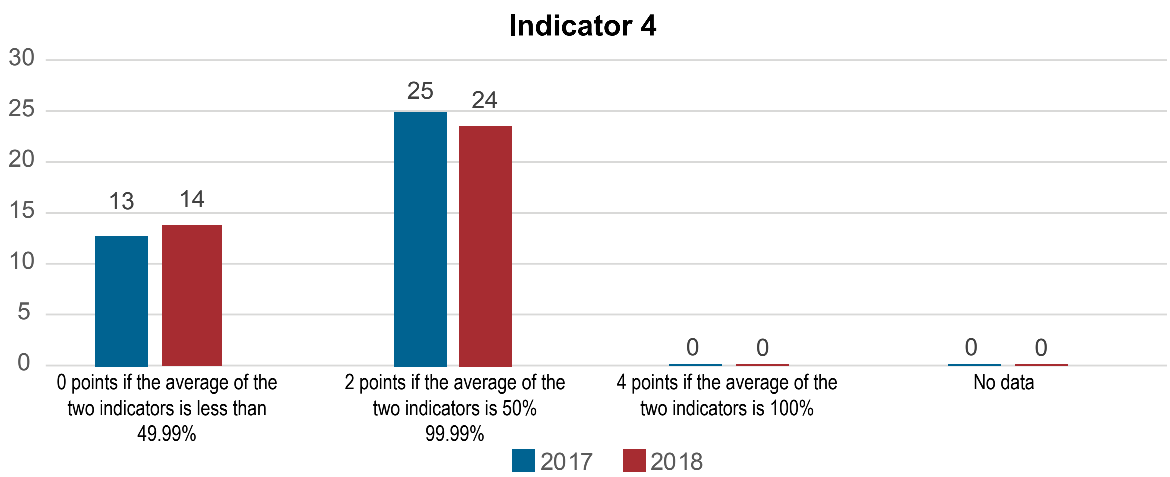


Figure 9. No. of municipalities that have (not) discussed the reports of the external and internal auditors in the MA

34 Law No. 03/L-221 on amending and supplementing Law No. 03/L-048 on Public Financial Management and Accountability, Articles 46.1 and 46.2.

This indicator is very important in terms of the role of members of the assembly in order to increase transparency and confidence and strengthen local democracy. For this reason, the DEMOS project has provided training in this field during 2019 for members of the policy and finance committee for all municipalities, and they recommended delivering the same training with all the members of municipal assemblies. Based on the evaluation forms and the requests of the participants during trainings, this training was delivered to all members of municipal assemblies from all municipalities (except the northern municipalities at the beginning of 2020 (January, February, March)).

On the other hand, although municipal assemblies in their work plans include reviewing and discussing external and internal auditor reports (although the latter is not a legal requirement), yet not all municipalities discuss these reports at assembly meetings. One of the reasons is the failure of the members of the assembly to request the discussion of these reports and plans. Municipal assemblies draw up their annual plans, but these plans largely contain their legal obligations within the year. Capacity building of members, especially of those of the opposition, to monitor and implement the practices adopted by municipal assemblies may influence the executive to more effectively manage finances and other processes that affect the delivery of municipal services. Since the number of municipalities that have received zero (0) points is high, the engagement of municipal assemblies in reviewing the implementation plans remains one of the main issues to be addressed in the future.

Trainings with municipal assemblies create a good space for capacity building whereby members of municipal assemblies are presented their rights and duties provided by law, the requirements that arise for the executive from other sectorial laws and not only those from the Law on Local Self Government, the right of members of municipal assemblies to propose regulations at the municipal assembly through which the work of the executive can be better supervised, in this regard, regarding the report of the NAO and the report of the internal audit unit. Members of municipal assemblies need to be more active, demanding and persistent in receiving responses from the executive about the various elements of municipal governance and, in this regard, about audit reports. Training for this indicator is recommended to be delivered for all (38) municipalities because they have stagnated in achieving good performance in this indicator.

3.2.1.4. Reporting of the Mayor to the Municipal Assembly

The Law on Local Self Government as a basic law in this field has defined a rule regarding the reporting of the mayor before the municipal assembly, but also the right of the latter to call the mayor for reporting before the municipal assembly. The law stipulates that the mayor reports before the Municipal Assembly on the economic-financial situation, including the investment plans, at least twice every two years or once every six months.[35] On the other hand, the same law stipulates that municipal assemblies shall hold at least 10 sessions per year, five of which should take place during the first six months of year.[36] Taking this into consideration and also the right (but also the obligation of the mayor) of members of the assembly to call the mayor for reporting at sessions, this indicator is based on number 10 in terms of the presence and reporting of the mayor in the municipal assembly. The points awarded in this indicator are zero (0) points, one (1) point and two (2) points. Zero points are awarded if the score in MPMS is less than 50%, one (1) point if the score in MPMS is between 50% and 90%, and two (2) points if the score is equal to or greater than 90%. Based on this and the points awarded to municipalities in MPMS regarding the performance in this indicator, it results that 23 municipalities have been awarded two (2) points or between 90% and 100%, seven (7) other municipalities have been awarded one (1) point or between 50% and 90%, six (6) municipalities have been awarded zero (0) points because their score is less than 50% while there is no data for two municipalities (Leposaviq/Leposavić and Zubin Potok/Zubin Potok).

The seven municipalities that received one (1) point because the score in MPMS for 2018 was between 50% and 90% were: Gjilan/Gnjilane, Kamenicë/Kamenica and Viti/Vitina with 80% each, Novobërdë/Novo Brdo, Prishtinë/Priština and Ranillug//Ranilug with 60% and the Municipality of Shtime/Štimlje with 50%. The other six municipalities that received zero (0) points because their score in MPMS was less than 50% were: Ferizaj/Uroševac with 40%, Prizren/Prizren with 30%, Podujevë/Podujevo, Mamushë/Mamuša and Graçanicë/Gračanica with 20%, and the last, Fushë Kosovë/Kosovo Polje with 10%. Given these scores, the average of all municipalities in this indicator for 2018 was 75%, which is a higher than the previous two indicators, but lower compared to the first indicator of this sub-field. To see more clearly the division of municipalities by their scores in MPMS, see the following figure.

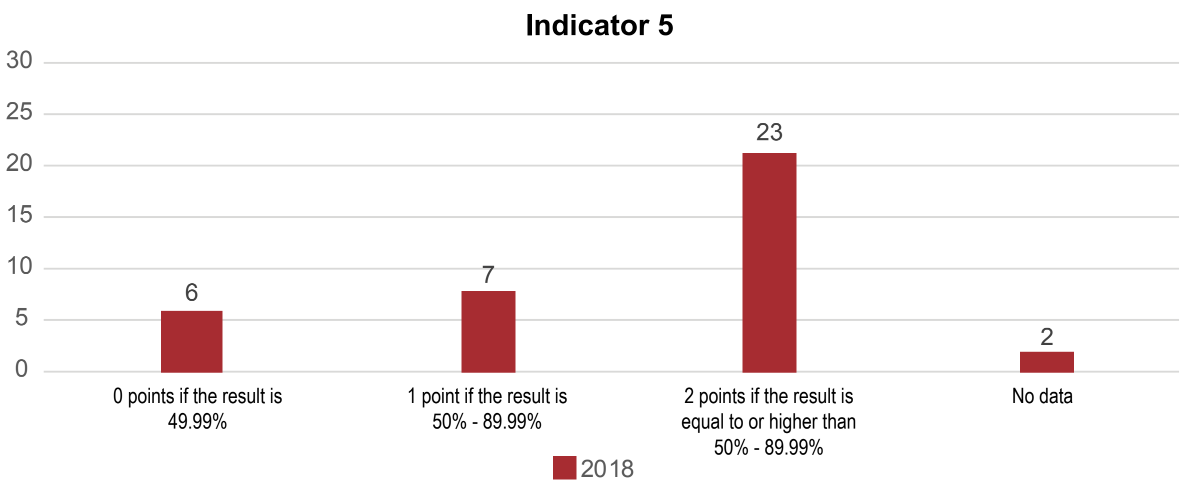


Figure 10. No. of municipalities with the participation of mayor in MA meetings

Reporting of mayors to the municipal assembly is an important process as it enables the assembly to systematically monitor the executive's activities through the presence of the mayor. Also, this encourages cooperation between the mayor and the municipal assembly, therefore the presence of the mayor in the meetings of the municipal assembly is considered extremely important. In other words, the participation of the mayor in meetings of the assembly reflects his/her personal responsibility and the responsibil-

35 Law No. 03/L-040 on Local Self Government, Article 58, point J.
36 Law No. 03/L-040 on Local Self Government, Article 43, point 2.

ity of his/her staff towards members of the assembly as well as the sensitivity to responsibility in relation to the elected representatives of the citizens. The data for 2018 cannot be compared with data for 2016 and 2017 because this indicator has been measured differently in the previous years compared to 2018.

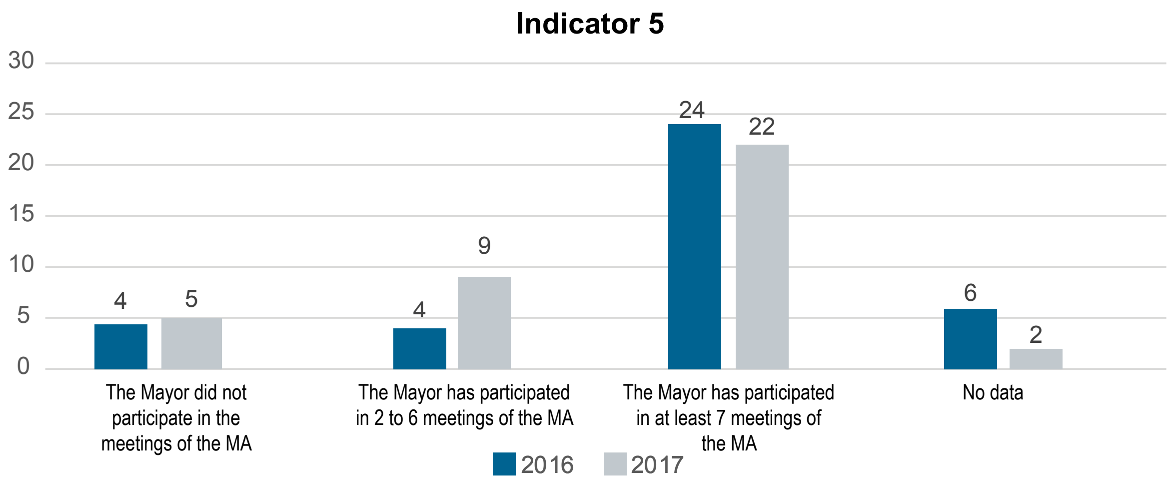


Figure 11. No. of municipalities with the participation of mayor in MA meetings for previous years

However, this indicator focuses only on the physical presence of the mayor, i.e. if the mayor has been present at the session, and it is not about the quality of the debate and how accountable the mayor has been held by the MA. As shown in the previous sections, municipal performance suffers from a system of “poor accountability” between the executive and the legislative branch of local government. For this reason, it is deemed necessary to empower members of municipal assemblies regarding the manner of holding the executive accountable. A study on the functioning of local government (first section) conducted by the MLG found lack of accountability of the mayor before the municipal assembly addressed within checks and balances between the two municipal bodies. According to this study, “reporting of the mayor before the municipal assembly has become more like providing information on the economic and financial situation of the municipality than reporting in the correct sense of the word and implementing the consequences in case of poor performance expressed through the report. The mayor’s accountability before the municipal assembly is estimated to be even more vanishing in cases where the mayor has the majority of members in the municipal assembly from the party he/she belongs to, and thus the municipal assembly becomes more of an approval of the mayor’s proposals than a controller of the executive, in this case of the mayor”.[37] Since this indicator is quite technical, it is estimated that there is no need for training or addressing through any form of communication, in addition, the performance of municipalities in this indicator is satisfactory.

3.2.2. Participation, consultation and inclusiveness of citizens

Of the total of 13 indicators that the field of democratic governance has, as presented at the beginning of this section, the sub-field of participation, consultation and inclusiveness of citizens has three indicators and the third indicator in rose is frozen. In this aspect, the analysis and evaluation of the performance of municipalities in this sub-field is done only for two indicators as presented below.

37 MLG, Study on the functioning of local self-government in Kosovo, p. 23.

Table 3. Sub-field two: participation, consultation and inclusiveness of citizens

Sub-field 2: Participation, consultation and inclusiveness of citizens	
6.	Participation of citizens in public consultation, disaggregated by gender
7.	Municipal acts and local policy documents consulted with the public
8.	Public hearings on MTBF and municipal budget (proportional to # residents)

Law on Local Self Government is the main basis that stipulated obligations for municipalities in the field of participation, consultation and inclusion of citizens in decision-making at the local level, addressed within the direct democracy and citizen participation mechanisms.[38] The relevant law specifies the obligation of the municipality to hold public meetings at least twice a year wherein each interested citizen can participate and ask questions to the members of the municipal assembly regarding any activity of the municipality. In addition, municipalities are obliged to inform citizens about any plan and program of public interest which are also regulated by statutes of municipalities and other sub-legal acts. In the framework of increasing the participation of citizens and ensuring an inclusive process, MLG has drafted two administrative instructions, on the transparency in municipalities[39] and on the minimum standards of public consultation in municipalities.[40]

Although this aspect is well covered by the legislation, whether the consultation and inclusion of citizens is effective in practice is a different thing. Based on the study on the functioning of local government in Kosovo conducted by the MLG in 2019, it is estimated that municipalities should make more efforts to improve citizen participation in public meetings. According to the same report, some shortcomings have been identified in this process, for example: municipalities have insufficient capacity to organize public meetings, they do not use various and effective means to reach a wider audience and, furthermore, citizens have a low interest to attend these public meetings.[41] According to the 2018 MLG report on the functioning of municipalities, 67 public meetings with citizens were held in 33 municipalities. The condition of at least holding two inclusive meetings with citizens has not been met in four municipalities such as: Fushë Kosovë/Kosovo Polje (with only one meeting), Leposaviq/Leposavić, Zubin Potok/Zubin Potok, Zveçan/Zvečan and Mitrovicë e Veriut/Severna Mitrovica which did not hold any meeting.[42] Based on the legal requirement, with only two public meetings per municipality, it results that 38 municipalities should have held 76 meetings in total. This shows that some municipalities have not even met the legal requirement to hold at least two public meetings a year.

3.2.2.1. Participation of citizens in public consultations, disaggregated by gender

This indicator is presented as on indicator in this report but in MPMS is divided into two: the level of citizen participation in public consultations and the level of women's participation in public consultations. Data on the level of citizen participation in public consultations for 2018 are provided by the Form for receiving data on MPMS, data that are sent to the MLG, but are not published in the report. This is because this indicator was added to the MPMS during the 2019 revision. This indicator, besides helping to improve local democracy through citizen participation, also contributes to the increase and inclusion of women in public meetings/debates. Inclusion of women through public meetings is very important and signals that the needs of all stakeholders are taken into account by the relevant municipality. The exclusion of women at this time means the exclusion of women's interests in decision-making processes in the municipality.

38 Law No. 03/L-040 on Local Self Government, Chapter IX.
39 AI (MLG) No. 04/2018 on the Transparency in Municipalities.
40 AI (MLG) No. 06/2018 on the Minimum Standards of Public Consultation in Municipalities.
41 MLG, Study on the functioning of local self-government in Kosovo, p. 36.
42 MLG, 2018 Report on the functioning of municipalities, p. 5.

According to MPG scores, the average of all municipalities in this indicator is 35% and municipalities have different levels of performance and ranking. In terms of municipalities individually, the Municipality of Junik/Junik has the best performance in this indicator, with four points (100%) in the first half and two points (80%) in the second half, which averages 90%. The second category from 70% to 90% (assessed with 2 points) is consisted of only one municipality, i.e. the Municipality of Novobërdë/Novo Brdo with 71%. In the third group with one point or from 40% to 70% are sixteen (16) municipalities. In the group of the last municipalities with zero points (less than 40%) are 20 municipalities. According to this, we are dealing with on municipality with an average of 90%, as well as on municipality with over 70%, 16 municipalities with over 40% and 20 municipalities with an average below 40%. The score or groupings of municipalities by their performance in this indicator are presented in the following figure.

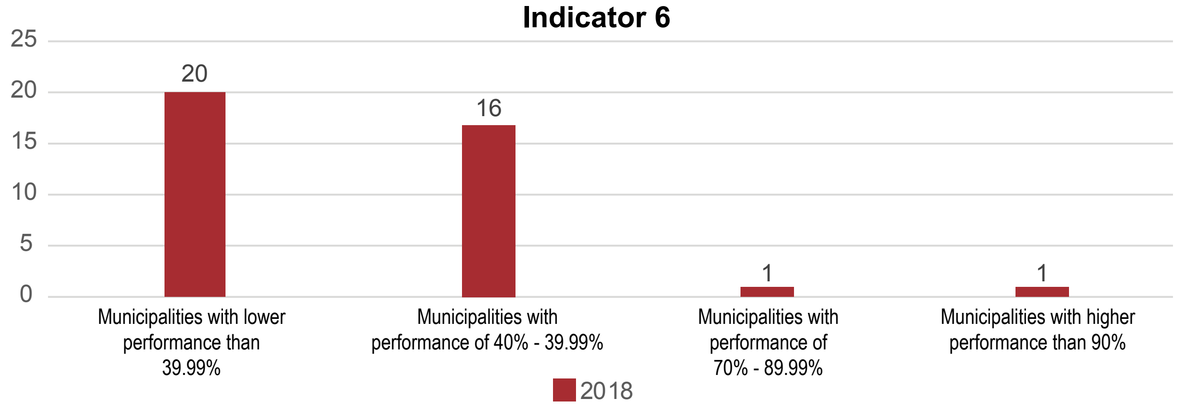


Figure 12. No. of municipalities and % of women's participation in public meetings

Regarding the participation of women only in public consultations, the average of municipalities in this indicator is 30% while the average of municipalities in general participation without being disaggregated by gender is 41%. It is worth mentioning that in 2016, in 12 municipalities, less than 30% of the participants in public meetings were women, whereas in 2017, this happened in 20 municipalities. It should also be noted that comparing 2018 to 2016 and 2017 is not possible because the measurement method has changed.

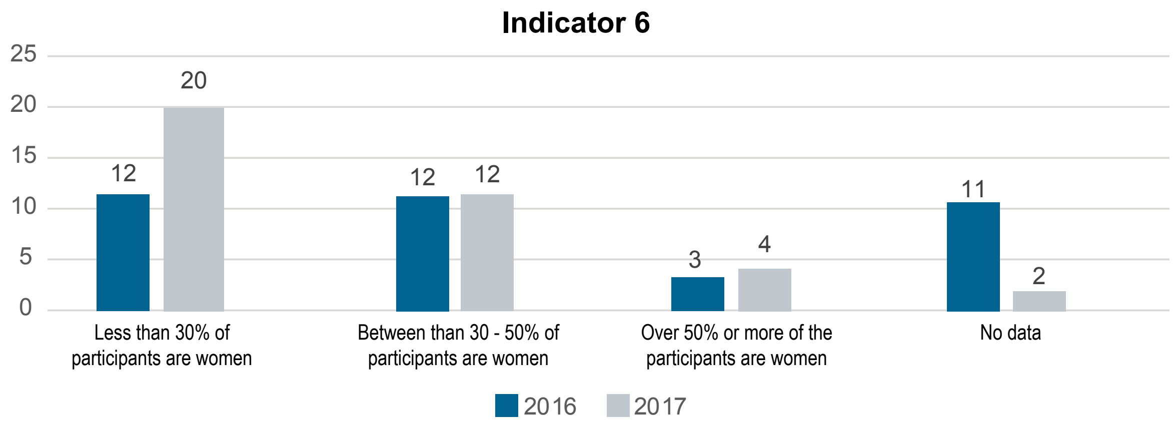


Figure 13. No. of municipalities and % of women's participation in public meetings for previous years

The reasons for the low participation of citizens (especially women) are many: citizens' distrust of local government, citizens' lack of interest in public affairs, lack of fair and accurate information provided by the municipality on public meetings, and other reasons. [43]

Based on the current situation with COVID-19, it is recommended that this indicator be addressed only through communication channels. In addition, the project has conducted numerous trainings with municipal officials on this indicator over the past year.

43 According to participants from trainings held by DEMOS during 2019 for the participation of citizens in public debates.

3.2.2.2. Municipal acts and local policy documents consulted with the public

This indicator aims to measure the level of fulfilment of the obligation for public consultation by the municipal assembly before the adoption of acts which are in the interest of citizens. Based on this field, in 2018, the MLG has issued a new instruction regarding transparency in municipalities where Article 13 of this regulation defines the obligation of the municipality for consultations with the public on acts with interest to the citizens[44] and also stipulates that the way of organizing and holding these consultations is done according to the Regulation on the procedure for drafting and publishing municipal acts[45] and instruction on minimum standards for public consultation at the local level.[46] To assess the level of fulfilment of this obligation by municipalities, the indicator requires the number of general acts for which the public has been consulted during the year under assessment. All meetings held with citizens regarding municipal acts are considered as consultations.

According to the data from MPMS, the average of this indicator for all municipalities is 62%. However, municipalities are divided into four groups depending on the points and the score obtained in this indicator. Municipalities receive zero points if their score in MPMS is less than 40%, municipalities receive one point if their score is ranging from 40% to 70%, municipalities receive two points if their score is from 70% to 90%, and municipalities receive four points if their score in MPMS is equal to or higher than 90%. According to this and the data from MPMS for 2018, 21 municipalities received four points or 90% or more acts were consulted with the public, one municipality is in the group with two points or 70-90%, one municipality with one point or in the group with the score 40-70% and 13 municipalities are with zero points or below 40%, while there is no data for two municipalities (Zubin Potok/Zubin Potok and Leposaviq/Leposavić. These data are presented in the following figure.

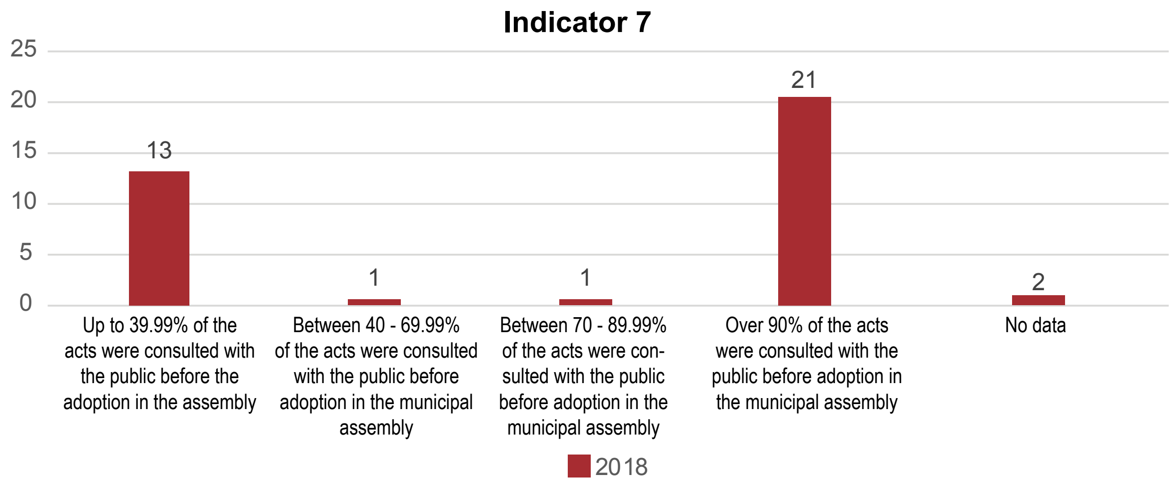


Figure 14. No. of municipalities that have (not) consulted the public on local acts and policies

According to this figure, 38 municipalities are more or less divided on two sides, those that received four points (21 municipalities) and those that received zero points (13 municipalities). In the middle, the municipality that received two points (70–90%) is Kamenicë/Kamenica (80%) and the municipality that received one point (40-70%) is Lipjan/Lipljan (46%). The municipalities that have received zero points (below 40%) are Ferizaj/Uroševac, Graçanicë/Gračanica, Kllokot/Klokot, Malishevë/Mališevo, Mamushë/Mamuša, Novobërdë/Novo Brdo, Partesh/Parteš, Podujevë/Podujeva, Ranillug/Ranilug, Shtërpcë/Štrpce, Suharekë/Suva Reka, Viti/Vitina andZveçan/Zvečan. Training should also be held for the municipalities of Leposaviq/Leposavić and Zubin Potok/Zubin Potok that have not reported any data.

44 AI (MLG) No. 04/2018 for Transparency in Municipalities, Article 13.
45 Regulation (MLG) No. 01/2017 on the procedure for drafting and publishing municipal acts.
46 AI (MLG) No. 06/2018 on minimum standards of public consultation at the local level.

Regarding the situation on public consultation on local policy acts and documents before being approved for 2016 and 2017, it is worth mentioning that the question of this indicator was worded differently compared to 2018 and the data that were extracted in that time do not serve for comparison with the data handled for 2018. However, in 2016 and 2017 we had approximately the same number of municipalities where the public was consulted for more than 90% of municipal acts (12 municipalities in 2016 and 11 municipalities in 2017), we had two municipalities in 2016 and three municipalities in 2017 where the public was consulted for 50% and 90% of municipal acts respectively and the largest number of municipalities was where the public was consulted for less than 50% of municipal acts, namely 20 municipalities. The number of municipalities that did not send data on this indicator in 2016 and 2017 was the same, namely four municipalities in both years. The following figure shows the division of municipalities according to the percentage of acts that have been consulted with the public.

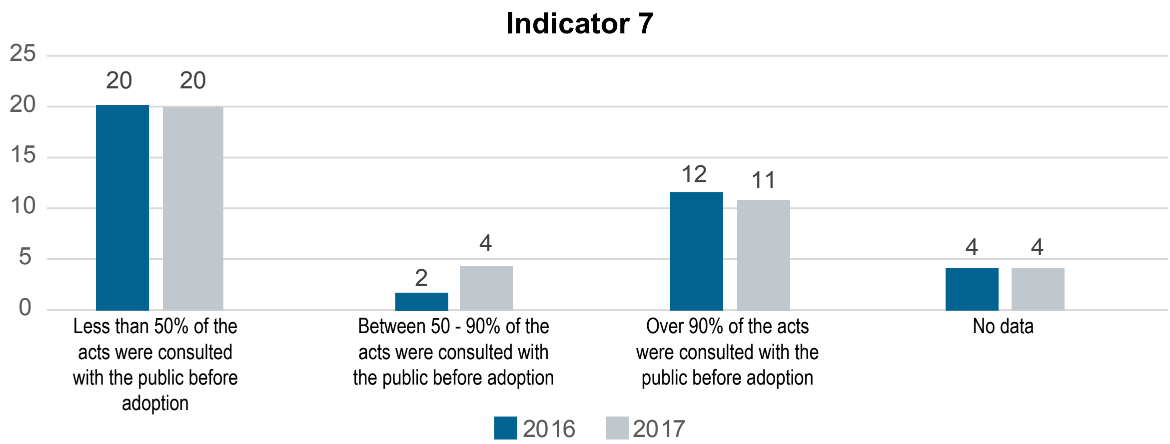


Figure15.No. of municipalities that have (not) consulted the public on local acts and policies

In the meantime, the MLG has highlighted the main problems for holding public meetings, as follows[47]:

1. The lack of public interest in attending public meetings (e.g. not many people, including marginalized groups, are willing to attend public meetings as they do not think their opinions and ideas are taken seriously and are considered important), and
2. There is no feedback from municipalities to inform citizens about the final result (and about the extent to which their views and comments have been taken into account in the decision-making process).

These are all findings discussed and validated during field research. Also, these represent a serious challenge, considering the fact that municipalities approve hundreds of municipal acts and if the public would have been consulted to a greater extent on these acts, then legitimacy in the decision-making process would have been increased.

There have been a lot of trainings in this field by various donors, but the situation is not changing, so, as a conclusion, it is recommended that the indicator be addressed only through communication channels.

47 MLG. Report on the Functioning of Municipalities (2016). March 2017, p.14.

3.2.3. Transparency, access to information and integrity

Out of the total of 13 indicators available under the field of democratic governance, as presented at the beginning of this section, the sub-field of transparency, access to information and integrity has five performance indicators (PI) while the first, the third and fourth indicators this sub-field marked in rose are frozen. In this regard, the analysis and assessment of the performance of municipalities in this sub-field is done only for two indicators as presented below.

Table 4. Sub-field: transparency, access to information and integrity

Sub-field 3: Transparency, access to information and integrity	
9.	Meetings of the Municipal Assembly made public and live-streamed
10.	Regular update of the municipal website according to legal (specific)requirements
11.	Publication of public procurement documents and contracts
12.	Publication of minutes for public consultation processes
13.	Reporting on the Annual Integrity Plan presented to the Municipal Assembly

As stated in the above sections, the secondary legislation regarding transparency in the municipalities has been amended at the end of December 2018 and it can be said that since January 2019 municipalities have a better legal basis for transparency in the municipalities. According to this Administrative Instruction (AI), municipalities are required to supplement and amend, within six (6) months after their entry into force, their regulations for transparency in the municipalities. The respective instruction makes mandatory for the municipal assembly and the mayor to implement this instruction while the MLG is responsible for monitoring its implementation. In addition to the obligation for municipalities regarding the amendment of regulations for transparency in municipalities, the respective AI obligates municipalities to draft four-year action plans for transparency and after approval by the MA these plans to be made public on municipal websites. Also, the websites of the municipalities shall be developed and maintained according to the relevant legislation on the websites of public institutions[48] and, importantly for this sub-field, the direct access to public information and documents is handled by showing firstly what are the information / documents the municipality shall provide access to through the official website and then specifically explains the procedure to apply for access to public documents.

Also, MLG, through the performance report for 2018, considers that there is an average increase in the field of transparency in 2018 compared to 2017. In 2018, the average in the field of municipal transparency was 76%,whilein 217 this was at 61%.[49] However, according to the MLG report on the functioning of municipalities for 2018, the development and promotion of transparency remains one of the key issues for the democratic governance.[50]Regarding the access to information through requests for access to public documents, according to the same report, municipalities have shown a positive trend in enabling access to public documents according to the requests submitted by legal entities, as well as Ex Officio when the law requires it. The number of submitted requests is 964, out of which 909 requests (or 94%) are with permitted access, 37 are rejected (3%), 18 are partially permitted (1%). Five municipalities have not submitted any requests (Mamushë/Mamuša, Zveçan/Zvečan, Kllokot/Klokot, Zubin Potok/ Zubin Potok and Mitrovicë e Veriut/Severna Mitrovica.[51]

However, the areas where it could be intervened with training relate to the new requirements arising from the 2018 instruction on transparency in municipalities, the completion of municipal transparency regulations and the drafting of four-year transparency plans required by this instruction and drafting of reports (since the mayor and the MA are implementers of this instruction) on the implementation of the requirements arising from the relevant instruction.

48 AI No. 01/2015 on the web sites of public institutions.
49 MLG, Municipal performance report for 2018, p.13.
50 MLG, Municipal performance report for 2018, p. 13
51 MLG, Report on the functioning of municipalities for 2018, 14.

3.2.3.1. Regular update of the municipal website according to legal (specific) requirements

This indicator aims to measure the level of performance of municipalities in terms of compliance with the legal obligations of the municipality on the form and content of the official website, together with populating the websites with the necessary information defined by the relevant legislation on the websites of public institutions and transparency in municipalities. Regarding the update of municipal website with data, the average of all municipalities is quite high according to MPMS, i.e. it reaches 81%. However, when we analyse the performance of municipalities individually, we see that some municipalities have had poorer performance in this indicator and have affected the average not to be higher.

The calculation of the score in this indicator is done in such a way that the municipality receives zero points if its score in MPMS on this indicator is below 40%, the municipality receives one point if the score is between 40 and 60%, the municipality receives two points if the score in MPMS is between 60 and 90% and the municipality receives four points (maximum) if its score in MPMS for this indicator is equal to or higher than 90%. Based on this, 26 municipalities have received four points, but regarding this number it is worth mentioning that most municipalities are with 100% and a small number of them with 90 or 95%. Seven other municipalities have received two points; none of municipalities is in the category of 40 to 60%, while three municipalities (Mamushë/Mamuša, Ranillug/Ranilug and Zveçan/Zvečan) have received zero points. Out of 38 municipalities, there is no data on this indicator for the municipalities of Zubin Potok/Zubin Potok and Leposaviq/Leposavić. The relevant data and the division of municipalities according to them are presented in the following figure.

Some of the reasons why municipalities do not regularly update municipal websites are: lack of regular operation of the Internet network in the municipality; failure to send documents to responsible persons by authorized persons; lack of information technology equipment by municipal officials; improper coordination between ministries and municipalities, etc. [52]

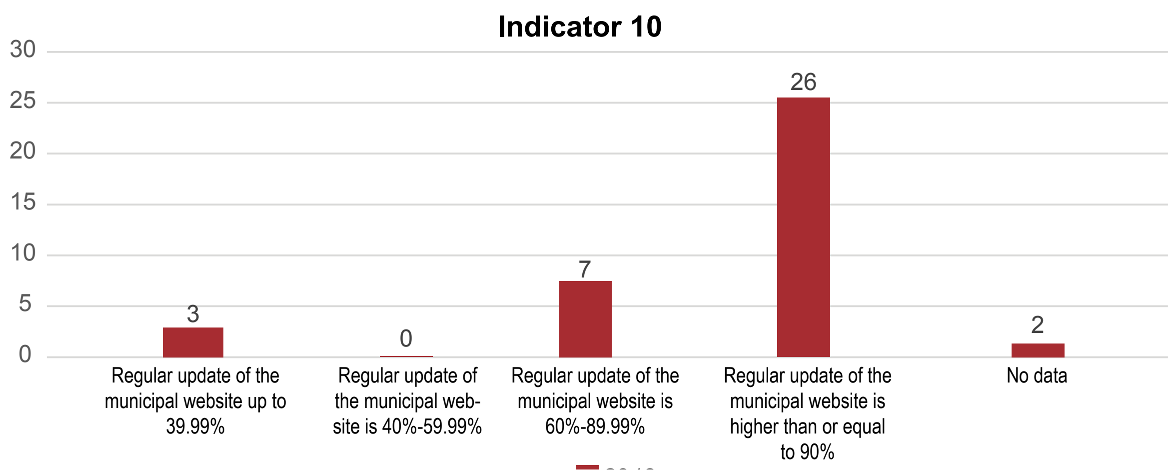


Figure 16. No. of municipalities that have (not) updated websites according to legal requirements

If we compare this indicator with other indicators of both this sub-field and other sub-fields in the field of local democratic governance, this indicator has the highest achievement. In this way, it can be concluded that this is one of the three best indicators in the performance grant scheme or the third best indicator of all the indicators of the MPMS fields. Since this indicator has not been measured and assessed for previous years, its scores in 2018 cannot be compared with previous years.

52 From regular meetings and informal conversations of DEMOS project officials with municipal officials.

3.2.3.2. Reporting on the annual integrity plan presented to the Municipal Assembly

Municipalities need to develop integrity plans and their implementation is considered important in preventing corrupt practices in the municipality and it is an indicator of good governance and democracy at the local level. This indicator aims to measure whether municipalities submit to the municipal assembly for discussion by the end of the year the annual report on the implementation of the integrity plan in the municipality, as one of the preventive instruments of corruption within the municipality. Based on data from MPMS, the average of municipalities in this indicator is 50%. The score of this indicator is calculated in such a way that municipalities receive zero points if their score in MPMS is less than 100% and receive two points if their score is 100%. Based on this, the integrity plan and its implementation have been discussed in the municipal assembly in 18 municipalities, but NOT discussed in 16 municipalities, whereas there is no data on four municipalities (Leposaviqi/Leposavić, Zubin Potok, Viti/Vitina and Lipjan/Lipljan). The number of municipalities that have discussed the implementation of the integrity plan is significantly higher in 2018 than in 2016 and 2017 and consequently the number of municipalities that have not discussed the implementation of the integrity plan in the municipality is smaller. The data for 2018 and comparison between 2016 and 2017 is presented in the following chart.

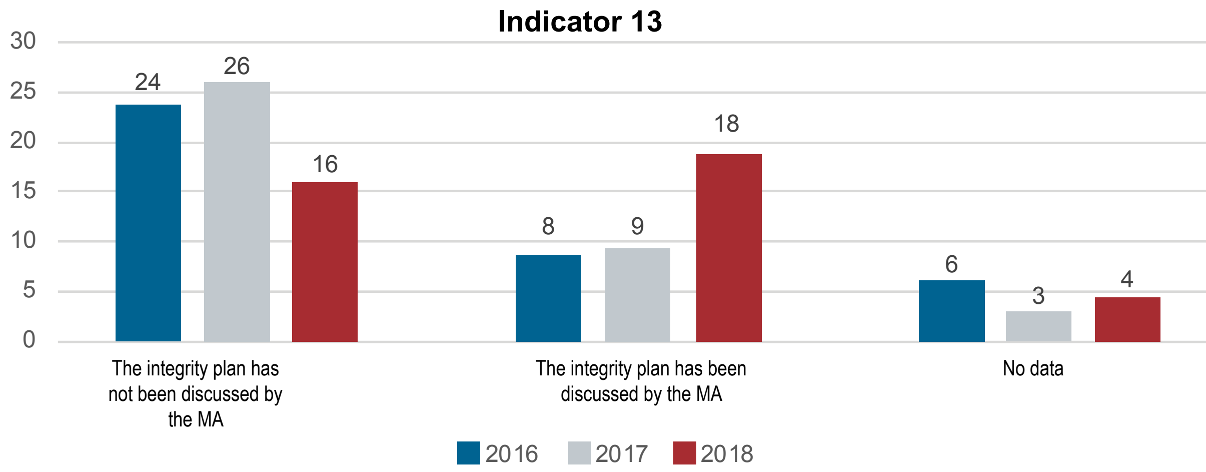


Figure17.No. of municipalities that have (not) discussed the integrity plan in the MA

In the following sections, the analysis of MPG data is examined from the perspective of secondary sources and field research. Based on the system of criteria designed to determine training priorities, some of the problems can be addressed through training, while some problems are related to political support and policy interventions. For problems with municipalities that do not report on the implementation of integrity plans, changes in legislation may be needed, making it as legal requirement.

As reported by secondary sources, integrity plans for municipalities have been drafted with the support of the UNDP/SAEK project, as well as the TEAM project (USAID) for the five project partner municipalities: Vushtrria/Vučitrn, Peja/Peć, Prishtina/Pristina, Gjakova/Đakovica and Gjilan/Gnjilane. However, problem remains the understanding of the content of these plans by the municipal representatives. MLG is working on drafting a model of integrity plan, with the purpose that municipalities in the process of drafting these plans to adhere to that model and unify their content. Integrity planning is an innovation and it will take time for all municipalities to approve and report on such a system. Although some trainings were held in 2019, as this is a new field and not all municipalities have understood the importance of implementing the integrity plan, it is recommended that the project continue to support municipalities through communication channels in this field. In order to avoid overlapping of efforts for improvement of the performance of the municipalities in this field, it is necessary to coordinate with the potential donors in this aspect and to separate the themes.

3.3. Municipal management

The Municipal Performance Grant (MPG) defines municipal management as the second field of municipal performance after local democratic governance previously addressed. This field has three subfields which in total have eight (8) indicators with 21 maximum points. The first sub-field has three indicators, the second sub-field has two and the third sub-field has three indicators. However, the second and third sub-fields have a frozen indicator and the analysis and assessment take place for six indicators. Frozen indicators are presented in pink on the following table to make it clear who are and who are not part of the analysis and assessment of municipalities in this field.

Table 5. Municipal management field, sub-fields and indicators

Field: Municipal management	
Sub-field 1: Financial management	
14.	Property tax register updated annually according to legal requirements
15.	The level of property tax collection (without debt, interest, fines)
16.	Addressing Audit Recommendations (NAO)
Sub-field 2: Contract management	
17.	Implementation of the procurement plan
18.	Drafting and publishing the list of municipal properties planned to be given for use and exchanged
Sub-field 3: Human resource management	
19.	Job vacancies processed through HRMIS
20.	Women in leading positions in institutions of education, health, culture
21.	Women appointed to political positions in the municipality

The municipal management field, based on the assessment of the performance of six out of eight indicators of the three sub-fields, has reached an average of 53%.

Regarding indicators in the sub-field of financial management, updating the property tax register has shown an average of 26% that cannot be said to be good, but compared to 2017 (where it was 12%), it can be said that there is progress. Regarding the level of property tax collection, the average in 2018 was 40% which still cannot be said to have a good average but compared to 2016-2017 (where it was about 35%), it can still be said that there is progress in this indicator as well. Regarding the third indicator of this sub-field or addressing the recommendations of the NAO, the average in 2018 is 30% which is not a good average, despite the increase compared to 2016-2017 (where it was 24%). So, regarding the performance of municipalities in this sub-field according to three indicators compared to 2016-2017 there is progress (elaborated in the following according to indicators), but judging only as an average of 32% for 2018, it cannot be said that the performance of municipalities is good.

Regarding the sub-field - contract management, only one of the two indicators has been assessed for 2018, so the average in this indicator in 2018 was 84% and it can be said that it is better than the average in 2017, which was 74%.

In the sub-field of human resource management with three indicators, the average in 2018 was 42%. Regarding the indicator on job vacancies processed through the Human Resource Management Information System (HRMIS) has reached an average of 64% that, compared to 2016 and 2017, has marked progress because in 2016 the performance has been 62%, while in 2017 61 %. The progress in this indicator for 2018, according to the report on the situation for the civil service for this year, is explained by the fact that the Ministry of Public Administration (MPA), respectively the Department for Civil Service Administration (DCSA), has provided assistance to various institutions in the implementation of procedures through the HRMIS and this assistance was provided through meetings, and clarifications given via e-mail. Also, according to the same source, in 2018, the number of civil servants with access to HRMIS has increased by 840, while there were improvements in 740 other new accesses.Indicator 21 or women appointed to political positions in the municipality has reached an average of 20% which is not a good performance.

In the following sections, the analysis of MPG data is examined in more detail from the perspective of secondary resources, DEMOS project training, as well as other field research. Some of the problems can be addressed through training, while some problems depend on political support and policy changes. Even though we have a systematic increase in performance, there are still problems with the non-addressing of audit recommendations by municipalities and requiring capacity building. However, given the complexity of the issues, this may also require political awareness. Given that the registration of property tax has improved significantly, so that this indicator continues with better performance in the following years, it is necessary for municipal staff to acquire adequate skills.

In order to understand more closely the municipal performance in the field of "municipal management", the traffic light system was used to identify the priority needs where interventions are essential and to help municipalities in capacity building. Importance is presented by color based on the number of municipalities that have shown poor performance, average or good.

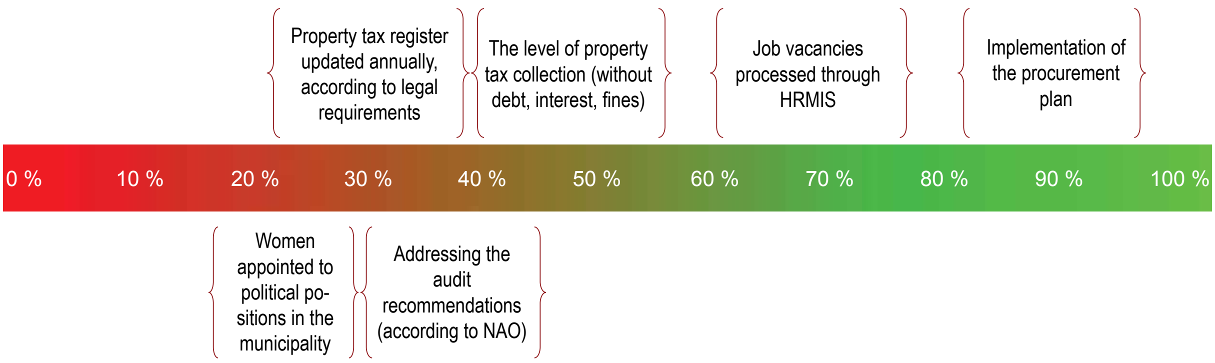


Figure18. System of "traffic lights" for municipal management indicators

3.3.1. Financial Management

The sub-field of financial management presents the collected data and analyses related to the management of municipal finances and translated into three specific indicators*: **i)** property tax register updated annually, according to legal requirements (indicator 14); **ii)** the level of property tax collection (without debts, interest, fines) (indicator 15); and **iii)** the level of addressing the National Audit Office recommendations (indicator 16).*

3.3.1.1. Property tax register updated annually, according to legal requirements

Referring to the data analysis, for the indicator *"Property tax register updated annually, according to legal requirements", most* municipalities have implemented the legal requirement. The calculation of this indicator is done in the way that the municipalities that have re-assessed the property tax registration receive zero points if their score in MPMS is not more than 10%, the municipalities receive two points if their score in MPMS is between 10 and 30% and municipalities receive three points if their score in MPMS is equal to or higher than 30%. Thus, in 2018, ten municipalities have reassessed up to 10% of properties, six municipalities between 10-20% and 22 municipalities have re-assessed over 20%. The average of all municipalities for 2018 is 26%, while for 2017 it is 12%. This indicator shows that there is an increase compared to last year, but the average is very low. This indicator was frozen in 2016, so it has not been assessed and cannot be compared to 2017 and 2018. However, although in the lack of capacity expressed in the lack of human resources, the updated property tax register has been improved and the comparison in question is shown in the figure below.

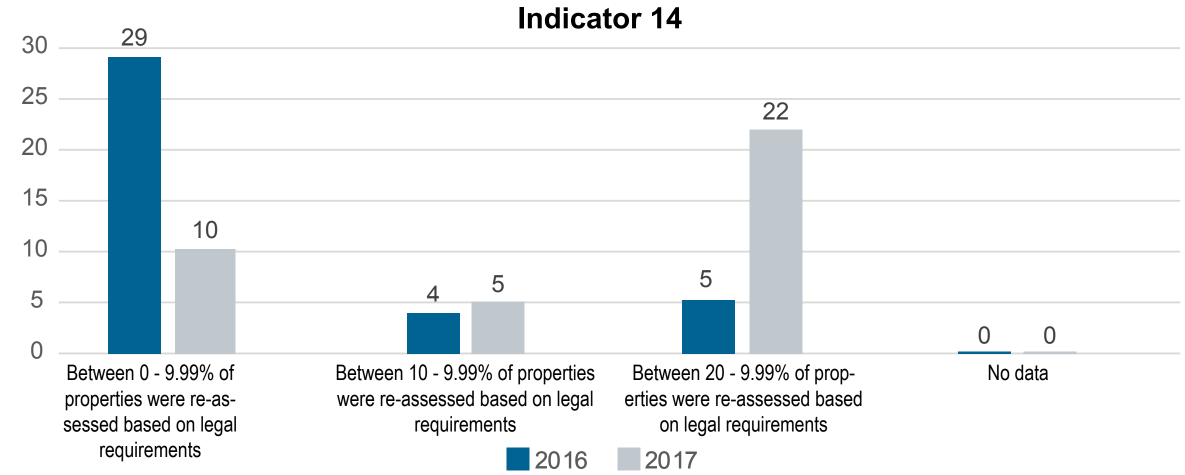


Figure 19. No. of municipalities that have (not) updated the property tax register

> **"The municipalities of Hani i Elezit/Elez Han and Kaçanik/Kacanik are "champions" in terms of property tax register, registering in the cadastre 100% of the facilities"**

Lack of human capacity both in terms of staff numbers and in terms of skills required for evaluation may be one of the reasons why municipalities fail in their efforts to collect property tax in order to invest in capital investments. According to the NAO analysis on performance indicators for the local government level for 2018, it is recommended that municipalities, in cooperation with the Ministry of Finance, consider opportunities for resettlement of human resources in municipal property tax departments in order to achieve maximum effects from this revenue.[53] However, the new law has reduced the demand to inspect facilities each year from 33% to 20%. While this percentage is only a minimum requirement set for municipalities, MPG data show that some municipalities have gone beyond the minimum percentage such as the Municipality of Hani i Elezit/ Elez Hani and Kaçanik/Kačanik in 2018 and have inspected 100% of the facilities. Municipalities with the lowest performance (0%) are Deçan/Dečani, Parteshi/Parteši, North Mitrovica/Severna Mitrovica, Vitia/Vitija, Zveçan/Zvečan and Zubin Potok.Property tax is calculated as a percentage of the assessed value of the property. When the value of the property is high, the property tax is higher and vice versa. Updating the property tax register through annual reassessment leads to better information on current property values, thus leading to improved property tax collection.

In addition to the lack of staff from municipalities in the annual update of the property tax register, according to the final training report held by the DEMOS project in 2019 regarding the municipal property register and property tax collection, so that performance is more Satisfactory, it is considered that the technical staff in the municipality to have continuous support from the political staff (relevant directors and the mayor). [54] Regarding the need for training in this field in 2019, many trainings have been held, therefore it is

53 National Audit Office (NAO), Analysis of Performance Indicators for the Local Governance Level for 2018, p. 4.
54 Final report of the DEMOS consultant. Training topic: Registration and collection of property tax. Prishtina/Pristina, Kosovo, 8 November 2019.

necessary to consider addressing this topic through communication channels.

3.3.1.2. The level of property tax collection (without debts, interest, fines)

This indicator aims to measure the performance of municipalities in collection of property tax compared to the invoiced tax for the respective year, without calculating the revenues from fines, debts and interest in this regard. Therefore, the total amount that was collected is not important, but how much of the invoiced tax is collected in the respective year. The performance of municipalities in this indicator is calculated according to four levels. Municipalities receive zero points if they have collected up to 40% of the invoiced tax, they get one point if they collect between 40 and 60% of the invoiced tax, they receive three points if they have collected between 60 and 84% of the invoiced tax and they receive five points if they have collected 85% or more of the invoiced tax for 2018. Based on the percentages that the municipalities have achieved in this indicator, the average for all municipalities is 40% which is a progress compared to the average for 2017 which was 35%, but is still very low.

According to the data analysis for 2018, no municipality has collected 85% or more of the tax compared to the invoiced tax. One municipality (Obiliqi/Obilić) has collected 70% and 24 municipalities have collected between 40 - 59% of the invoiced tax. Nine municipalities have collected less than 40% of the property tax, while four municipalities have not reported any data for this indicator.[55] Nevertheless, if we take into account that only 34 municipalities collect property tax (excluding the four northern municipalities) it results that the estimated average is 45%. This indicator was frozen in 2016 and no assessment has been made for it, so no comparison can be made. The disaggregation of municipalities by scores in the collection of property tax compared to the invoiced one and the comparison with 2017 is presented in the following figure.

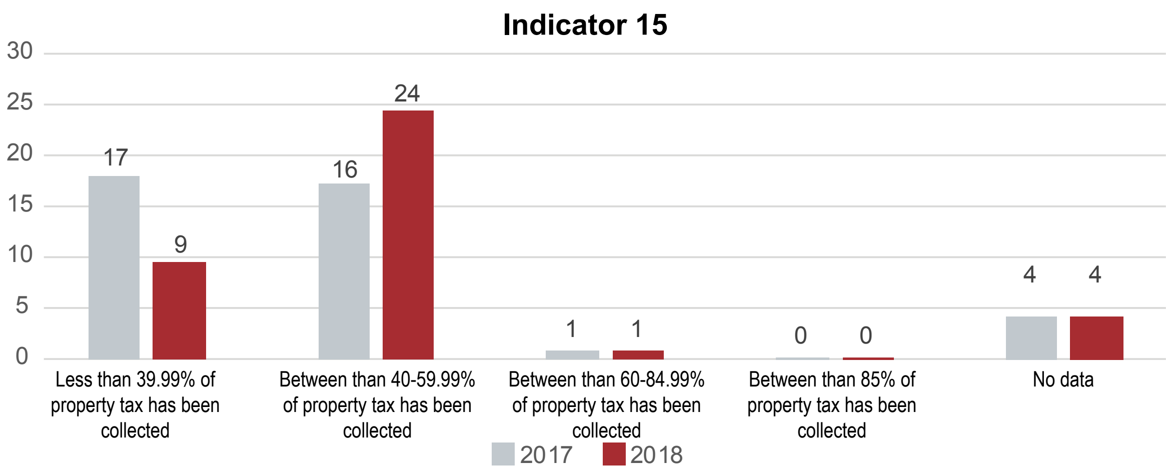


Figure 20. No. of municipalities that have (not) collected property tax without debts, interest and fines

The property tax invoice from 2019 onwards also includes the plot taxes (forest, residential, commercial and industrial properties). However, the inclusion of land tax for agricultural plots has been postponed due to waiting for completion of the identification process of cultivated plots which will be exempted from the tax. In order to avoid the very high increase of the tax price, the land tax will start with gradual implementation which will be done by general deduction during the determination of the taxable value. According to the data analysis of MPG, there is a direct positive link between the property tax collection rate (indicator 15) and realization of the budget for capital expenditures.

55 North Mitrovica, Zveqan/Zvečan, Leposaviqi/Leposavić and Zubin Potoku/Zubin Potok do not apply property tax. Although it is budgeted year after year to be collected by these municipalities, no concrete measures is implemented in this regard.

During the discussions/trainings of municipal staff, and according to the summarized/final report of DEMOS project training that was held in 2019, several reasons have been revealed as to why the municipalities failed to collect the property tax to a greater extent. Among many reasons is the planning, as municipalities fail to properly plan their own revenues, and in particular the property tax revenues. Current practices are showing us that municipalities have a very conservative approach to planning of their own revenues. Also, as an additional reason for not increasing the property tax rate is the lack of promoting or incitement by the management staff in the municipalities and by the responsible municipal officials.

It is considered necessary to start the process of communication with the public in order to increase the readiness of citizens to pay the property tax.

According to the report/summary of the property tax and local finances in Kosovo, the municipalities should undertake the following steps as a priority: a) Improving cadastral maps through which it would be easier to identify roads and properties, b) improving the software for property tax and entering properties with specific character in the database, because their evaluation is very complicated, c) clearly determine the calculation of property depreciation, quality and longevity of objects, e) to raise the awareness of citizens about the payment of taxes through continuous training of municipal officials on the functioning of property tax, especially in the matters related to property and their taxation, as well as to f) providing technical assistance to property tax officials in all municipalities”[56]. In January 2018, the Assembly of Kosovo approved the new law on immovable property tax which, unlike with the previous law, the land will be taxed. As the implementation of the new law has started since 2019 onwards, and the evaluation of municipalities in this report is for 2018, the evaluation of this indicator is based on the old law on immovable property tax. In the future, for meeting the requirements of the new tax law it could be required that municipalities should increase their human capacity in this regard, as well as to increase property tax collection. In doing so, municipal staff in property tax units must be equipped with adequate skills to meet existing and future challenges arising from the land taxation. Also, under the new law, the tax is based on the estimated value of the plots. The estimated value of the plots reflects the market value which is determined through official general state assessment. Tax rates are set by the MA. In conclusion, it is recommended that this topic should be addressed through communication, especially in the field of collection, and should preliminary check what other organizations have done in order to avoid any possible duplication of activities.

3.3.1.3. Addressing audit recommendations (according to NAO)

> **“The estimated average for this indicator has improved from 24% in 2016 to 31% in 2018”.**

This indicator measures the level of addressing the recommendations of the National Audit Office (NAO) by municipalities. This indicator refers to the high and medium level recommendations deriving from NAO audit reports. According to the law, NAO is responsible for providing recommendations to help the public institutions, such as municipalities, in implementing the good financial management, in addition to promoting standards for good governance (transparency, accountability, management and performance).[57]According to the data analysis, the municipalities, compared to other performance indicators, mostly fail to address recommendations given by NAO. According to the law, municipalities are required to reply to NAO within 30 days after receiving the audit report, which will show how the institution will address the recommendations given by the report.[58]The year 2018 is addressing the recommendations that have been given by the report for 2017.

56 Asllani, Gani. Simon, Grima. International Journal of Economics and Business Administration. Property Tax and Local Finances of Kosovo – An Overview. 26 July 2019. p. 225.
57 Law no. 05 /L-055 on the Auditor General and the National Audit Office, Article 6.
58 Law no. 05 /L-055 on the Auditor General and the National Audit Office, Article 23.

According to NAO report,[59] municipalities receive zero points if the score on addressing recommendation is lesser than 30%, one point if the score is between 30 and 50%, two points if the score in this indicator is between 50 and 85% and municipalities get five points if their score in MPMS on this indicator is equal to or higher than 85%. Based on this categorization and the scores of 38 municipalities in MPMS, no municipality has received the maximum or is not placed within the percentage of 85% or higher. Only three municipalities (Obiliq/Obilić - 65%, Peja/Peć - 57% and Leposaviqi/Leposavić - 66%) are in the category of 50 to 85% for addressing the NAO recommendations. The third category consists of 18 municipalities which have the scores between 30 and 50%, where five municipalities are over 40% (Kaçanik/Kačanik, Lipjan/Lipljan, Shtime/Štimlje, Suhareka/Suva Reka and Vushtrri/Vučitrn) while 12 others are only over 30%. 17 other municipalities have not achieved the score even by one point and are ranked in the category with the lowest score in this indicator. The average of municipalities for 2018 in this indicator is 30%.

The average score of all municipalities in this indicator is low; however, it can be said that there is little progress compared to the previous two years, when in 2016 it was 24.47% and in 2017 it was 24.69%. With regards to this trend, it should be said that it is growing positively, although very slightly, compared to the categories and expectations on addressing the auditor's recommendations. Regarding the division of municipalities according to groups / categories as above, all three categories have achieved progress: one municipality was in the category between 50 and 85%. In 2018 in this category were three municipalities, and 10 and 14 municipalities in 2016 and 2017 were in the category between 30 and 50% of the score.

In 2018, 18 municipalities were in this category, while 27 and 23 municipalities in 2016 and 2017 were in the category of up to 30 % (or zero points) while in 2018, 17 municipalities were in this category. On the other hand, with regards to the municipalities in the highest category or those with 85% or more of the score, none of this municipalities were listed in this category in 2016, 2017 and 2018. Division of municipalities according to the categories mentioned above and their comparison with 2016 and 2017 is presented in the following figure.

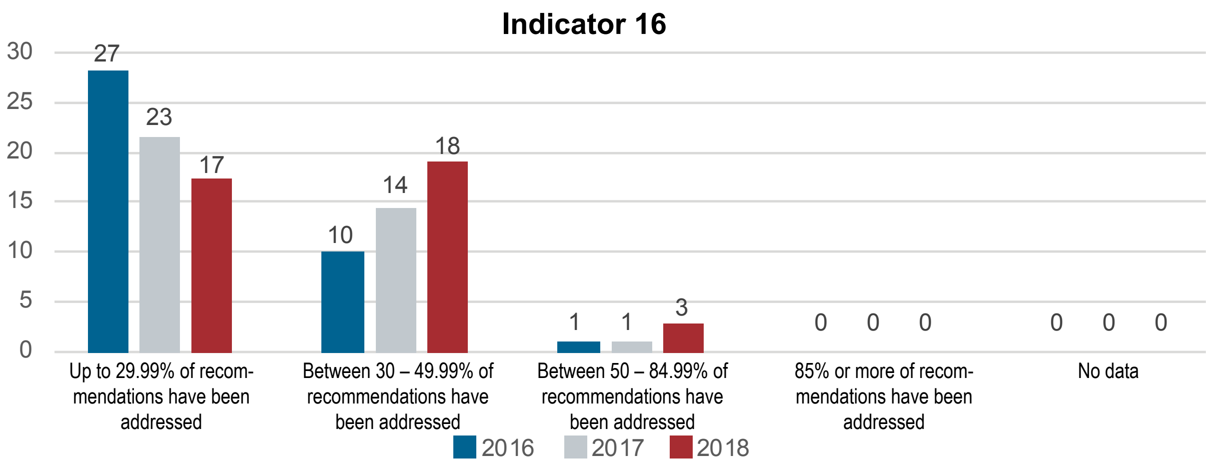


Figure 21. Number of municipalities that have (not) addressed the NAO recommendations

With regard to unaddressed recommendations, it is worth noting that more or less municipalities constantly fail to address the same issues like: incorrect reporting of expenditures in annual financial statements due to misclassification (including direct payments from the Treasury) and insufficient disclosure of information; weaknesses in governance areas related to self-assessment and risk management; weakness in procurement procedures; weaknesses in revenue and expenditure management; lack of internal audit services for small independent institutions and inefficient management of resources in the municipalities.[60]

59 NAO, Analysis of performance indicators for the local government level for 2018, p. 26.
60 National Audit Office (NAO). Annual Audit Report (2018). August 2019, p. 61.

However, some initiatives aimed at assisting municipalities in addressing audit recommendations are encouraging. One case is the latest series of discussions mediated by the Balkan Investigative Reporting Network (BIRN) in Kosovo's municipal assemblies regarding the level of addressing the audit recommendations. In addition to municipal councillors, municipal staff and civil society representatives, the Auditor General, the Assistant Auditor General and the Head of the Audit Department also attended several sessions. For example, in several sessions of the Municipality of Malisheva/Mališevo held in November 2019, the Head of the Audit Department stressed that these discussions are aimed at strengthening the management of public finances and increasing the internal controls in the municipality. Full implementation of these recommendations would have an impact on better performance of municipalities, but also on better services for citizens.[61]

Addressing audit recommendations has been a topic of discussion in other initiatives as well. The Association of Kosovo Municipalities (AKM) held a meeting with the Council of Mayors in November 2019 on how to address the recommendations given by NAO. NAO representatives assess that the main challenge for the municipalities is: public money management, budget utilization, granting of municipal land for utilization without inadequate procedures, realization of payments without receipt of goods or without works performed and non-reflection of municipal obligations in the financial statements. USAID's Project TEAM is supporting municipalities with trainings on some of these topics, and DEMOS has coordinated its intervention to avoid overlapping. In general, at the level of individual audits from the annual NAO report, most budgetary organizations do not implement a systematic process for monitoring the implementation of recommendations. Compared to 2016, the number of recommendations has decreased though, however, a small number of recommendations have been fully implemented, while most of them are in the process of implementation or are not implemented, including recommendations from previous years. Stagnation in full implementation of recommendations affects the repetition of weaknesses and shortcomings of control and the systematic repetition of irregularities from year to year.[62]

Findings from the training report[63] on the implementation of the auditor's recommendations suggest that in order for the level of implementation of the auditor's recommendations to be as good as possible, the respective mayors and the relevant municipal departments should provide support. Also, the municipal management should be better informed about the functioning and role of improving the financial management and municipal performance.

In the context of the local government, municipal assemblies have begun to be more demanding in terms of accountability by mayors, although the level of addressing the NAO recommendations is still low. Therefore, for future improvements, NAO has given the municipalities a following specific recommendation: "*We reiterate last year's recommendation that Mayors should discuss on a regular basis the reports of managers responsible for implementation of action plans, and at least twice a year, should report to the Municipal Assembly on the progress and challenges in this area*."[64]

In addition to giving recommendations, NAO assesses that good governance in the public sector would encourage good and long-term decision-making as well as efficient and effective use of both financial and human resources. The results of the individual audits highlights the progress achieved over the years by the municipalities that have not yet managed to understand the importance and needed benefits in implementation of recommendations and benefits which municipalities may have from implementing the requirements related to good governance".[65]Also, according to the same source, the establishment of Internal Audit Units and Audit Committees in all organizations remains a challenge and there is still a lack of sufficient staff / auditors in the public sector institutions.

In terms of training and contribution that DEMOS project can provide in this regard, although training on the implementation of recommendations by the NAO was held in 2019, it should be considered to

61 National Audit Office (NAO). Implementing auditor's recommendations implies better governance. Press release. 29 November 2019.
62 National Audit Office (NAO). 31. October 2019. Annual Audit Report (2018). August 2019, p. 60.
63 Training report by DEMOS project. Training subject: Implementation of auditor's recommendations. 5 July 2019.
64 National Audit Office (NAO). Annual Audit Report (2018). August 2019, p. 65.
65 National Audit Office (NAO). Annual Audit Report (2018). August 2019, p. 69.

continue the organization of such training due to the importance of the issue. This is estimated as necessary for all municipalities (38), where 17 of them have not even entered the first category, thereof the performance is below 30% of the score in MPMS.

3.3.2. Contract Management

Contract management is the second sub-field within the field of municipal management and there are two indicators whereby one of them (indicator 18 in rose colour) is frozen.

Table 6. Sub-field of contract management with two indicators

Sub-field 2: Contract management	
17.	Implementation of the procurement plan
18.	Drafting and publishing the list of municipal properties planned to be given for use and to be exchanged

Contract management weighs 7% of the total municipal management field, while the indicator below represents 3% of the total of the performance indicators.

3.3.2.1. Implementation of the procurement plan

This indicator measures the level of fulfilment of the procurement plan measured in financial value. The indicator measures the amount of expenditure through procurement procedures against the amount of expenses planned through procurement. As shown in the MPG data analysis, there is an improvement by the municipalities in the implementation of the activities foreseen in the procurement plan. Municipalities with a score of up to 60% of procurement expenditures, compared to procurement expenditure planning, receive zero scores, municipalities with expenditures between 60 and 90% in public procurement compared to expenditure planning receive one score, and the third category includes municipalities that have spent 90% or more on procurement compared to procurement planning. According to data from the NAO analysis, municipalities are listed as follows: 15 municipalities have spent 100% of the planned budget on procurement, eight municipalities have spent equal or more than 90%, 12 municipalities have spent between 60 and 90% and only two municipalities are ranked with zero scores, as their score of public procurement expenditures compared to planning was 25% the municipality of Leposaviq/Leposavić and 24% the municipality of Skenderaj/Srbica, excluding the municipality of Partesh/Parteš which did not send data on this indicator. Based on this, 23 municipalities are in the highest category (90% and above), 12 are in the second category (60-90%) and three municipalities are in the last category. The average of this indicator for 2018 is also high, 84%.

In terms of comparison with 2017, more municipalities are in the third (highest) category in 2018 than 2017 (23 in 2018 with 17 in 2017), consequently a smaller number in 2018 compared to 2017 in the category between 60 and 90%, and for a municipality less in the smaller category of 60%. In 2018, a municipality did not report data on the implementation of the procurement plan in 2017 either.

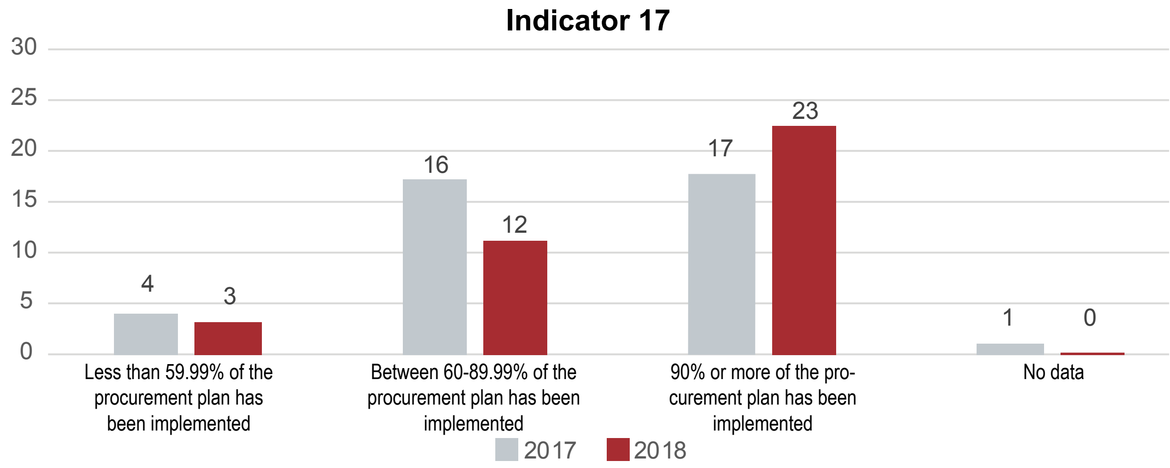


Figure 22.No. of municipalities that have (not) implemented the procurement plan

The reasons for this increase in the implementation of the procurement plan in 2018 have to do with two things: one deals with the public opening of contracts and the second with the full implementation of the electronic procurement system. These two steps are considered successful steps for public procurement in Kosovo, because this allows the public to analyze procurement procedures and their implementation. On the other hand, the electronic public procurement system prevents violations at all stages until the contract is signed.

Proper procurement planning is a key element throughout the procurement cycle. European Commission Country Report (2018), emphasizes that the country needs to strengthen oversight and monitoring of the full bidding cycle.[66] The USAID-funded report, implemented by BIRN, suggests that the public should have access to public documents, mainly procurement documents, then after the invoices are published, the payments, the report of the commission, the submission in electronic form must be obligatory, increase the budget of the Public Procurement Regulatory Commission (PPRC) and the Kosovo Institute for Public Administration (KIPA) and provide training for procurement officials in order to raise the level of professionalism, etc.[67]Although this study covers only a number of municipalities, still explains the level of the problem, how institutions fail to invest in capacity building for better planning and implementation of procurement activities. A common reason identified by municipalities for the execution of the low budget for capital expenditures is the delays and challenges faced by procurement procedures.

According to the annual report of the NAO “the 2018 audit has identified that procurement activities continue to be followed by shortcomings ranging from procurement planning, the development of procurement procedures, to contract management. Most of them are municipalities with about 72%, central institutions with over 15%, while independent institutions with close to 13%”.[68] The main reasons here are related to the lengthy procurement procedures, complaints of operators in the Public Review Body (PRB), unresolved property issues, etc.

66 European Commission (EC), Kosovo Progress Report, April 2018, p. 57.
67 USAID Kosovo. BIRN. “Public Procurement Monitoring Report in Kosovo”. Prishtina. December 2019, p.30.
68 National Audit Office. Annual Audit Report (2018). August, 2018, p.73.

In addition to the challenges of procurement procedures, more attention should be paid to contract management and implementation. Although formally for each contract there is a specific contract manager, managers must be responsible for ensuring the quality and timely implementation of contracts. In the future, specific indicators that measure the implementation of capital investment projects, according to the proposed and agreed deadlines, may be useful to improve municipal performance in this regard. Given the problems that have arisen with the legal framework, the Ministry of Finance and the PPRC started in 2019 the drafting of the draft concept document for the field of public procurement. This concept document addressess the recommendations of the European Commission in the Kosovo 2019 Report, namely the further harmonization of local legislation with the EU acquis for public procurement, including public-private partnerships and concessions, as well as ensuring the proper implementation of the Law on Public Procurement."[69] According to the report on public procurement activities for 2018, the legal framework of public procurement is largely adapted to the traditional procurement system, problems have arisen in terms of electronic use of this system. Also, the current legislation is expected to be changed due to its harmonization with EU directives.[70]

Also, the draft concept document emphasizes that the improvement and advancement of the public procurement system, including an improvement and further advancement of the legal framework in public procurement both in terms of harmonization with EU directives, as well as in eliminating some of the difficulties encountered during its implementation in practice, are requirements arising from relevant documents, such as: National Strategy for Public Procurement; National Plan for the Implementation of the SAA (2019-2023)[71] and the "GAP Assessment" Report of the Chapter 5 of the Acquis.[72]

However, regarding the training in this field, trainings are necessary on capacity building of municipal officials in better planning and implementation of public procurement activities with special emphasis on planning, management and implementation of the contract, but the project has not provided training in this field during 2019 because they are provided by the USAID-TEAM project and the same applies to 2020.

3.3.3. Human resource Management

Human resource management is the third sub-field of municipal management and is evaluated on the basis of data for three indicators as presented in the following. However, indicator 20, in rose, is frozen, therefore the evaluation and analysis of the data is done for the other two indicators. This subfield covers 10% of the total area of municipal management.

Table 7. Sub-field of human resource management with three indicators

Sub-field 3: Human resource management	
19.	Job vacancies processed through HRMIS
20.	Women in leading positions in institutions of education, health, culture
21.	Women appointed to political positions in the municipality

69 European Commission, Report on the country 2019.
70 Public Procurement Regulatory Commission, Report on public procurement activities in Kosovo for 2018, March 2019, p. 70 and 71.
71 Government of the Republic of Kosovo, National Program for Implementation of the Stabilization and Association Agreement 2019-2023, (Prishtina, March 2019).
72 Ministry of Finance. Draft public procurement concept document. Report "GAP Assessment" Chapter 5 of Acquis, Twinning Project KS IPA OT 02 16 (Prishtina, January 2018)

3.3.3.1. Job vacancies processed through HRMIS

This indicator measures the performance of municipal authorities to ensure compliance with human resource management in the municipality, ensuring that all vacancies are processed through the HRMIS electronic system. The performance of the indicator is evaluated based on the information provided for: (i) the total number of new employments of civil servants during the year, in the municipality and its subordinate institutions in relation to; (ii) the total number of new employments of civil servants during the year in the municipality and its subordinate institutions, processed through the HRMIS. The Human Resources Management and Capacity Development Division within the Department of Civil Service Administration (DCSA) of the Ministry of Public Administration manages the respective system (HRMIS) and is responsible for ensuring that the system corresponds to the organizational structures, salaries, defines the rules and procedures for the management and operation of the HRMIS for all institutions, oversees data entry and verification and organizes training on the use of the HRMIS.[73]By registering the recruitment process in the system, the relevant ministry provides accountability and transparency in the process.

In this regard, in early 2019, three basic laws on public administration reform have been adopted, or as it is otherwise known, the legal package of public administration reform. This package includes: the Law on Public Officials[74] i which repeals the Law on Civil Service, the Law on the Organization and Functioning of State Administration and Independent Agencies[75] which repeals the Law on State Administration and the Law on Salaries in the Public Sector[76] which was drafted and approved for the first time (excluding the 2010 Law on Salaries for Civil Servants which has never been implemented). However, with the exception of the Law on the Organization and Functioning of State Administration and Independent Agencies, the other two laws have been suspended by the Constitutional Court following a request for review of several articles of both laws by the Ombudsman Institution. The Law on Salaries has been suspended until the end of March 2020[77] whereas the Law on Public Officials after the first suspension until the end of February 2020,[78] the suspension has been postponed until the end of April 2020. What is worth mentioning in this context is that the three laws are implemented in parallel, i.e. the Law on Salaries cannot be implemented without the Law on Public Officials, but also the Law on Organization cannot be implemented without the first two because it is not possible to talk about organization without knowing the systematization of jobs (regulated by the Law on Public Officials and Secondary Legislation which has not yet been approved by the Government without a decision of the Constitutional Court on this law) and also without setting salaries for these public officials. Regarding the impact at the local level, the Law on Public Officials includes the local level as well as the Law on Salaries in the Public Sector. On the other hand, the law on organization does not include municipalities in the field of its activity except for the state administration (Government) and independent agencies under the Assembly of Kosovo. However, if the Law on Public Officials returns in force after a decision of the Constitutional Court and repeals the Law on Civil Service, there will be changes in the systematization of jobs in municipalities and changes for personnel in municipalities. In this case, the DEMOS project, should consider organizing a series of trainings in particular for personnel managers in municipalities to comply with the rules of the Law on Public Officials and the regulations that have been drafted and their approval is pending the decision of the Constitutional Court on this law.

Regarding the situation of 2018, as the data analysis shows, most municipalities have proceeded with open competitions through the HRMIS. Municipalities have been disaggregated by scores according to the following formula: municipalities get zero scores if the score in MPMS on the processing of civil servants through HRMIS is less than 50%, municipalities get one score if in this indicator they have had a score between 50 and 90%, and municipalities get two scores if their score in MPMS is equal to or higher than 90%. Based on this, 22 municipalities have processed more than 90% of the open com-

73 Ministry of Internal Affairs and Public Administration, Department of Civil Service Administration.
74 Law No. 06 / L-114 on Public Officials.
75 Law No. 06/L-113 on Organization and Functioning of State Administration and Independent Agencies.
76 Law No. 06/L-111 on Salaries in the Public Sector.
77 The Constitutional Court, Decision no. KO219/19.
78 The Constitutional Court, Decision no. KO203/19.

petitions through the HRMIS (100%), two municipalities have proceeded between 50-90% of the open competitions through the HRMIS (Rahovec/Orahovac with 71% and Prizren/Prizren with 53%) and 12 municipalities have proceeded with up to 50% of open competitions through the HRMIS. In this respect, the two municipalities did not report data at all (Leposaviq/Leposavić and Zubin Potok/Zubin Potok). Regarding the 12 municipalities, it is worth mentioning that six of them have the score 0% (Partesh/Parteš, Obiliq/Obilic, Zveçan/Zvečan, Shtërpca/Strcpe, Mamushë/Mamuša, Ranillug/Ranilug) while six other municipalities have a low score in this regard (Prishtinë/Priština with 6%, Podujevë/Podujevo with 16%, Kllokoti/Klokot 16%, Ferizaj/Uroševac 37%, Dragashi/Dragaš 22% and Klina/Klina with 20%. The average of all municipalities in this indicator for 2018 is 64%.

Regarding the comparison with 2016 and 2017 in terms of average, it can be said that the average for this performance indicator has increased, from 60% in 2016 to 61% in 2017, as well as to 64% in 2018. Regarding the categorization of municipalities in these years, in 2016 there were 23 municipalities with equal scores or higher than 90% (one municipality more than in 2018), but the number of municipalities that have not declared data has been quite high (10 municipalities) and has made the average compared to 2017 and 2018 lower. The figure below shows the division of municipalities by categories for 2018 but also their comparison with 2016 and 2017.

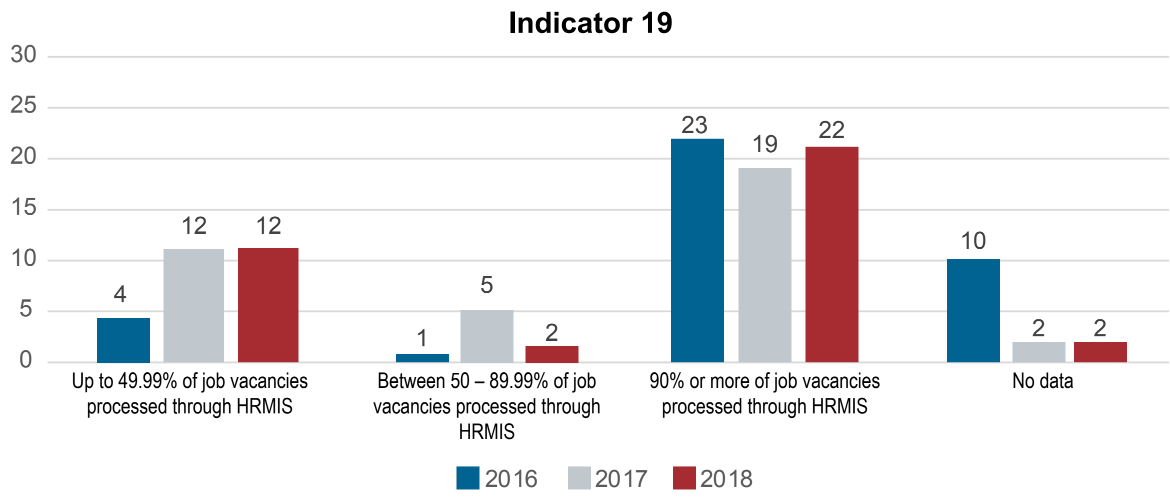


Figure 23.No. of municipalities that have (not) created jobs according to the HRMIS

Proper management of applications through the HRMIS would reduce contested recruitment, respectively would guarantee traceable steps of the recruitment process in case of dispute.

The reason why 12 municipalities are ranked in the category of “less than 50% of job vacancies have been processed through the HRMIS in 2018” relates to the fact that the group of candidates who have applied from abroad has not used the HRMIS, a group which should be manually included in the system by Human Resources (HR) staff. The main concern is the high number of applications and the low number of HR staffs to manage the data and include them in the system.[79]

“The average of this indicator in 2016 was 59%, in 2017 61% and in 2018 the result was a slight increase with a score of 64%”

79 Focus Group/Workshop. Topic: Human resources. Pristina, Kosovo. February, 2019.

In particular, the implementation of the HRMIS is facing major challenges due to lack of proper familiarity with human resource management procedures, lack of staff capacity (political staff, directors and mayor) in municipalities.[80] Also, the rules and legislation should be applied for the service at the municipal level, especially if the legislation on the civil service is amended upon the return in force of the Law on Public Servants and secondary legislation. As stated above, despite the average performance of municipalities in this indicator, the project should address this indicator through communication channels in the implementation of legislation (primary and secondary) in terms of human resource management. As well as one of the points may be the use of HRMIS.

3.3.3.2. Women appointed to political positions in municipality

This indicator aims to measure the fulfilment of the municipal obligation to ensure gender equality in the political positions of the municipal structure in the assessed year. To make the assessment, a comparison is made between the number of politically appointed positions and the actual number of women in these positions. These are the positions of deputy mayor, municipal directors, political advisors and positions with political mandate without including the members of the municipal assembly who are elected and have another regulation based on the Law on Local Elections.[81] This law determines the quote of 30% of the representation of the opposite gender in the total number of members of the municipal assembly determined by the Law on Local Self-Government, while the Law on Gender Equality[82] determines the quote in volume of 50% in all legislative, executive and judicial bodies of the Republic of Kosovo. Although there is a conflict between the two laws because they determine different quotas, the assessment in this report is based on the Law on Gender Equality, excluding members of the municipal assembly. According to the scores in MPMS, the average for all municipalities in this indicator is 20% and is considered low and there is no increase compared to 2017. However, it can be said that there is progress compared to the average in 2017 and 2018 compared to 2016 which was 14%. In this regard, it is necessary to increase awareness in municipalities (mainly in senior management) to work more on increasing gender participation in positions that are politically appointed in the municipality.

Since for evaluation in this report is taken the quota of 50% defined by the Law on Gender Equality, the evaluation of municipalities is done against this target and is divided into municipalities that have the score in MPMS up to 29.99% and gets zero points, the municipalities that score in this indicator between 30 and 50% and the municipalities that have the score equal to or higher than 50%. Based on these categories, municipalities are divided into these categories. In the category of 50% or more there is only one municipality, that of Gllogovc, while five other municipalities are in the category between 30 and 49% (Gjakova with 34%, Kamenica with 47%, Kllokot with 42%, North Mitrovica with 40% and Suhareka with 30%). Out of this number, 32 other municipalities are in the category less than 30% and have different levels of percentage, but within this category they are evaluated with zero points. With the exception of the municipalities of Zubin Potok and Leposavic, which did not provide data, the municipalities with the lowest score are: Parteshi, Shtërpca and Zveçani with 0%, Mitrovica South with 8%, Klina with 9%, Malisheva and Prizren with 14%, Obiliq with 15%, Lipjan with 15% and Mamusha with 18%.

Regarding the comparison between 2018 and 2016 and 2017 years, no change has been observed in the last two years while there has been progress in the category of municipalities with the score between 30 and 49% between 2016 and 2017-2018. In the category with equal score or higher than 50%, in 2017 and 2018 it was from one municipality and in 2016 no municipality. There is a significant difference between 2016 and 2017-2018 in the number of municipalities that did not report data, so in 2016 11 municipalities did not report and only two municipalities did not report in 2017 and 2018.

80 DEMOS training report. Training topic: Human Resource Management. December, 2019.
81 Law no. 03/L-072 on Local Elections in Republic of Kosovo, articles 7 & 8.
82 Law no. 05/L-020 on Gender Equality Article 6, paragraph 8.

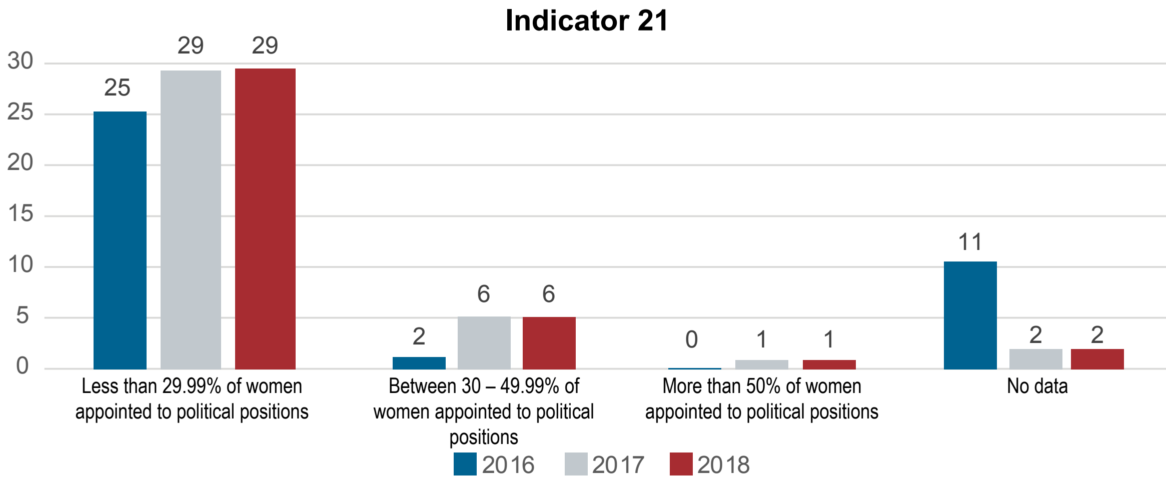


Figure 24. No. of municipalities that have (not) appointed women in political positions

According to the report of the organization Democracy for Development (D4D) on the involvement of women in decision-making in local government in Kosovo, the participation and representation of women in municipalities has remained low in 2018. According to the same source, from 38 positions as chair of the municipality, this position has been held by women only in six municipalities, and then out of 10 cases of appointments of deputy chairs of municipal assemblies, none of them has been exercised by women. Also, in the case of deputy mayors, only in two cases has this position been exercised by women, while in the case of deputy chairpersons for communities, only one of the eight positions (cases) has been exercised by women.[83]

According to the 2018 European Commission (EC) report, "Women remain under-represented in local decision-making positions." However, efforts by the Ministry of Local Government Administration (MLG) have shown some improvement. The percentage of directors' positions in municipal executive bodies held by women has increased from 11% to 19%. In 31 of the 38 municipalities, the paid positions of municipal assembly committees include an equal number of women and men, as required by the Law on Gender Equality. Out of 38 municipalities, today no woman holds the position of mayor.

The DEMOS project has delivered trainings on this indicator and the response of municipalities has been that this indicator is very politicized, and that progress in this indicator is difficult to achieve. Aspects of inconsistency are largely political, especially in the case of governing coalitions, where names for directors of municipal directorates have been proposed by political parties. Commitment to rising the awareness of political actors regarding the importance of appointing women to political positions can gave a favorable scores. Therefore, this indicator will be addressed through forms of communication.

83 Democracy for Development (Eng. D4D), Inclusion of women in decision-making and local governance in Kosovo, Pristina, 2019, page. 17.

3.4. Service delivery

The delivery of services at the local level is the third field of the municipal performance grant which has four sub-fields and nine indicators in total. The first sub-field has two indicators, the third sub-field has three indicators and the third and fourth sub-fields have two indicators. However, the first subfield has a frozen indicator while the third and fourth sub-fields have both the frozen indicators which make the evaluation and analysis ongoing for four of the nine total indicators. Frozen indicators are presented in pink to make it clear which indicators are frozen and therefore not part of the evaluation and analysis in this field. The following table presents the four subfields and indicators for each subfield.

Table 8. Service delivery field, sub-fields and indicators

Field: Service delivery	
Sub-field 1: Administrative services	
22.	Cases of administrative request reviewed within the legal deadline
23.	Reviewed requests for construction permit
Sub-field 2: Spatial planning, public transport and environment	
24.	Extent of municipal territory included in (detailed) regulatory plans
25.	Settlements covered with local public transport
26.	Level of implementation of local action plan for environment
Sub-field 3: Pre university education	
27.	% of the children that follows kinder gardens
28.	Results in mature tests
Sub-field 4: Primary Health Care	
29.	PHC spaces in m^2 for 10,000 inhabitants
30.	Level of compliance with 1 family doctor and 2 nurses to 2,000 residents ratio

Considering the large number of frozen indicators, the overall performance of this field cannot be accurately measured for 2018. In addition, comparing the performance over the years in this field is impossible as this is a new field of grant and the municipal performance for 2018 in this area is assessed for the first time. However, based on the evaluation of the four indicators (which will be given below for each), the average achieved in this area is 70%. Regarding the sub-fields, in the field of administrative services only one indicator was evaluated and the average for this indicator has reached 87%, while the sub-field of spatial planning, public transport and environment has reached the average of 53%. On the other hand, all three indicators of the second sub-field have this average: the extent of the municipal territory included in the regulatory plans with an average of 20%; settlements covered by local public transport with an average of 67% and the level of implementation of the local environmental action plan with an average of 74%.

In the following sections, the indicators are evaluated and analysed based on the data of the municipal performance grant for 2018, taking into account the secondary sources in this field. Based on the system of criteria designed to determine training priorities, the identified problems are difficult to address through the training provided by DEMOS for the following reasons:

- DEMOS currently does not have the expertise to address the problems identified in the field of service delivery; therefore, none of the indicators in the field of service delivery will be addressed with any activity from the project;
- Other projects that support municipalities in Kosovo are providing technical assistance to municipalities in this field. For example, GIZ is supporting municipalities, in cooperation with the Ministry of Environment and Spatial Planning (MESP), to design zoning maps;
- A number of problems are related to the lack of capital investment in that field or other problems that cannot be addressed through training.

However, some of the identified problems can be addressed through targeted communication campaigns.

To understand more closely the municipal performance in the field of "service delivery", a system of "traffic lights" has been created. The importance of colors is assessed based on the number of municipalities that have shown poor, average or good performance.

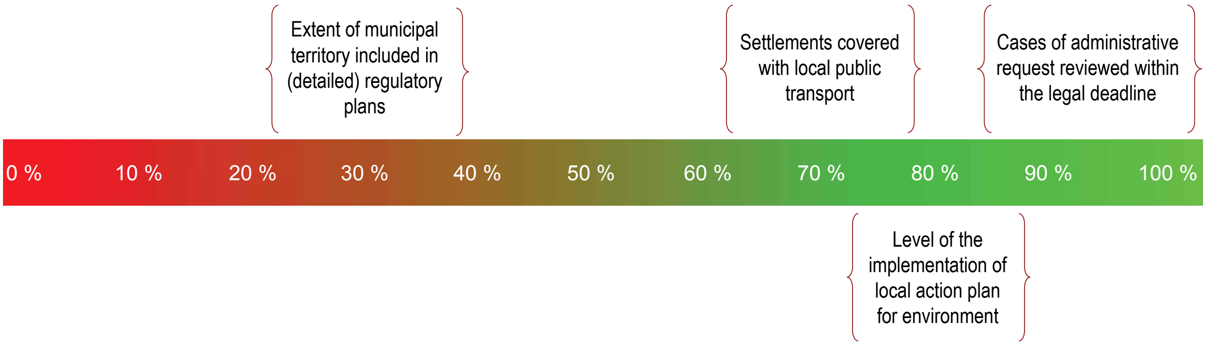


Figure 25. System of "traffic lights" for service delivery

As seen in the figure above, most municipalities have shown poor performance in indicator 24 or 'extent of municipal territory included in regulatory plans' because 28 municipalities have less than 30% of municipal territory included in regulatory plans for year 2018. Other indicators regarding service delivery show better performance. At least 80% of the settlements in 22 municipalities are covered by local public transport and at least 90% of public requests for access to public information in 32 municipalities have received answers. Also, at least 90% of the activities foreseen within the local environmental action plan have been implemented in 32 municipalities during 2018.

3.4.1. Administrative services

The sub-field of administrative services presents the collected data and the analysis regarding the level of reviewing the requests of the citizens within the legal deadlines. This indicator is the only indicator analysed in this sub-field.[84] The analysed indicator within the sub-field of administrative services constitutes 33.3% of the points within the analysed indicators of the field of service delivery. This indicator consists 6.9% of the total performance points in the MPG for 2018.

3.4.1.1. Cases of administrative requests reviewed within the legal deadline

"Aassessed average of this indicator in 2018 is 87.35%"

The indicator measures the effectiveness of municipal authorities in reviewing requests submitted by citizens and organizations throughout the assessed year. Only cases registered (submitted) through the One Stop Shop (OSS) are taken into account and calculated for this purpose. The legal basis for the indicator is in the Law on General Administrative Procedure[85] and a wide range of laws and acts regulating the specific duration of procedures. The performance of the indicator is assessed by providing information regarding: *(i) the number of cases reviewed by the municipality during the year; (ii) the number of cases reviewed by the municipality within the legal deadlines.* Calculation of the score of municipalities produces four categories: a) municipalities that have reviewed up to 50% of requests within legal deadlines, b) munici-

84 Indicator 23 (Reviewed requests for construction permit) is frozen.
85 Law no. 05/L-031 on General Administrative Procedures.

palities that have reviewed between 50 and 70% of requests within legal deadlines, c) municipalities that have reviewed between 70 and 90% of the requests within the legal deadlines and d) the municipalities that have reviewed to the extent of 90% or more of the requests within the legal deadlines.

Based on this and data analysis, a large number of municipalities have been shown to be effective in reviewing requests received through CSSs within the legal deadlines. In this way, 32 municipalities have reviewed or responded to over 90% of cases or requests within the legal deadlines, one municipality has reviewed 70-90% of cases (Prizren with 70%), another municipality has reviewed 50-70% of cases within the legal deadlines (Shtërpcë/Štrpce with 65%) while two municipalities have reviewed less than 50% of cases (Graçanicë/Gračanica and Zveçan/Zvečan with 0%). Data on this indicator have not been sent by two municipalities (Leposaviq/Leposavić and Zubin Potok). Regarding the number of 32 municipalities, it is worth mentioning that 25 of them have achieved the score 100% within the category of over 90%. As mentioned above, the average of municipalities in this indicator for 2018 is about 92%. The division of municipalities according to categories is given in the figure below.

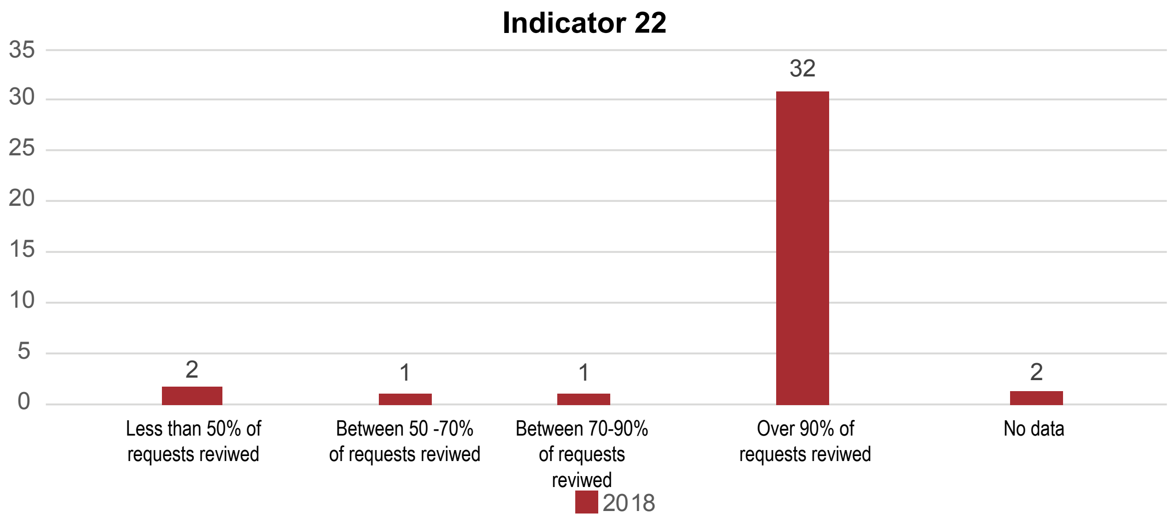


Figure 26. No. of municipalities that have (not) reviewed administrative requests within the legal deadline

According to a report by the GAP Institute on the delivery of administrative services in the municipalities of Novobërdë/Novo Brdo and Mitrovica South, there are also no problems regarding the (physical) access of citizens to the municipal administration and receiving timely responses from the municipality. On the other hand, the digitalization of services or the possibility of providing services without the need for citizens to be present in the municipality is very unlikely in the municipality of South Mitrovica while this does not exist at all in the municipality of Novobërdë/Novo Brdo[86].

Moreover, regarding the electronic kiosks, which provide citizens with civil status documents, where another GAP Institute report has estimated that 20 municipalities have 42 electronic kiosks installed, but 22 of them are out of order[87]. Diversification of options to receive services from the municipal administration should be considered by all municipalities and in addition to the need for full functioning of the existing 42 electronic kiosks, other municipalities should install the same mode for providing services in addition to the online option via municipality's website, as it is possible to actually generate a waste bill in the municipality of Prishtina/Priština and to generate property tax bill throughout the country. Municipalities should expand the option for citizens to receive a number of online services with no need to be present in the municipality building.

86 GAP Institute, Provision of Public-Administrative Services at the Local Level: The Example Mitrovica South and Novoberde.
87 GAP Institute, The failure of municipalities to provide administrative services through electronic kiosks.

3.4.2. Spatial planning, public transport and environmental issues

The sub-field of spatial planning, public transport and environmental issues presents the data collected and the analysis regarding the level of delivery of these services by the municipalities. As stated and presented in the table above, the relevant sub-field has three indicators which will be analysed and evaluated as follows. The indicators analysed within this sub-field constitute 66% of points within the analysed indicators of the theme of service delivery. These indicators constitute 13% of the total performance points in the MPG for 2018.

3.4.2.1. Extent of the municipal territory included in (detailed) regulatory plans

The indicator measures the performance of municipal authorities in fulfilling their mandate to establish and implement legal instruments regulating land use, such as detailed regulatory plans. Specifically, the indicator measures the percentage of municipal territory included in detailed regulatory plans or zoning maps as legal instruments regulating land use. The legal basis for this indicator is the Law on Spatial Planning[88]. The performance level of indicator is based on the evidence provided for the following criteria: (i) total area of the municipality in ha; (ii) total area of municipality included in the planning instruments as is the Detailed Regulatory Plan or Zoning Map in ha.

According to the data analysis, the average of municipalities in this indicator is 20% and that most municipalities do not include a large part of their territory in the detailed regulatory plans. Municipalities are classified into three categories according to the scores obtained in MPMS: municipalities that are included in the regulatory plan or zoning map up to 30% of the area, municipalities that have included between 30 and 70% of the total area of the municipality and municipalities that have include over 70% of the municipal area in the regulatory plan or zoning map. Based on this and the scores in MPMS, it can be said that 28 municipalities have less than 30% of their territory included in regulatory plans, two municipalities have between 30-70% of the territory included in regulatory plans (Novobërda/ Novo Brdo and Mamusha/ Mamuša), six municipalities have 100% of the territory included (Dragash/ Dragaš, Lipjan/Lipljane, Peja/Peć, North Mitrovica, Shtërpca/Štrpce and Zveçan/Zvečan) whereas two municipalities have not sent data (Leposaviq/Leposavić and Zubin Potok). The classification of municipalities according to these categories is given in the figure below.

88 Law no. 04/L-174 on Spatial Planning.

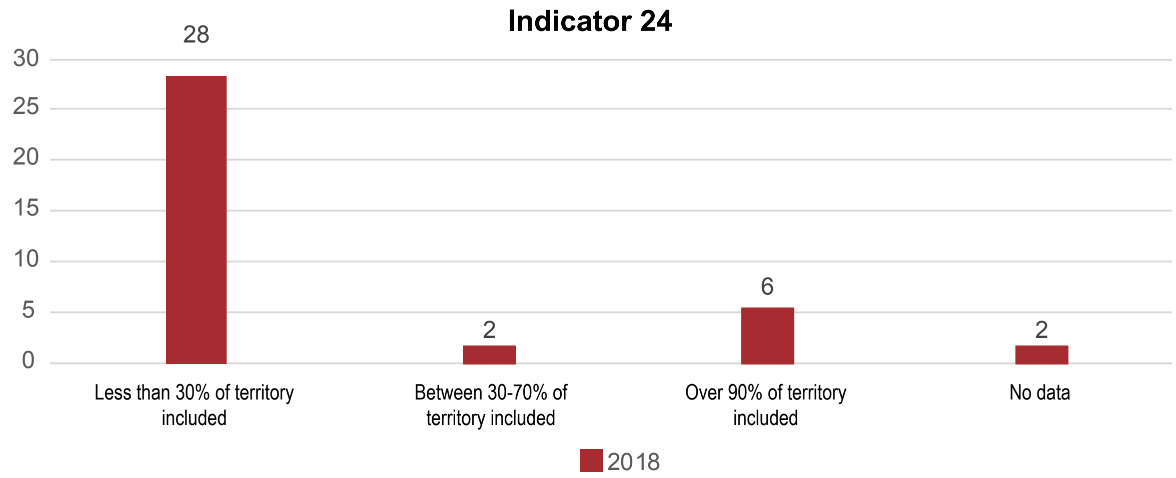


Figure 27. No. of municipalities that have (not) included municipal territory in regulatory plans

As is made known from the secondary sources, the Government of Kosovo in 2019 has drafted the Draft Zoning Map of Kosovo 2020-2028+, which seems to have not been approved yet[89]. Municipalities have also started developing municipal zoning maps. The development of zoning maps and accompanying plans is a novelty and will take time for all municipalities to approve and this to reflect in their performance. This may explain why most municipalities have not performed well in this indicator.

3.4.2.2. Settlements covered by local public transport

This indicator measures the municipality performance regarding organization of public transport services for each settlement in the municipality for the benefit of its citizens. Performance is measured as the percentage of settlements included in the public transport system in relation to the total number of settlements in the municipality. The legal basis for this indicator is given in the Law on Local Self-Government and the Law on Road Transport[90]. The indicator's performance is evaluated based on the evidence regarding the following criteria: (i) the number of settlements in the municipality; (ii) the number of settlements to which public transport is provided.

According to data analysis for 2018, the average of municipalities for 2018 is 67% and it can be said that municipalities have shown relatively good performance in this indicator. As for the score achieved by municipalities, they are classified into three categories: municipalities covering up to 50% of settlements with local public transport, municipalities covering between 50 and 79.99% and municipalities covering over 80% of their settlements with local public transport. Based on this and the scores in MPMS for this indicator, 21 municipalities have over 80% of settlements covered by local public transport, seven municipalities have between 50-80% of settlements (Vushtrri/ Vučitrn, Viti/ Vitina, Prishtinë/ Priština, Hani i Elezit/ Elez Han, Gjakova/ Đakovica, Kamenica and Kaçanik/ Kačanik), eight municipalities have less than 50% of settlements covered by local public transport (Kllokot/ Klokot, Novobërdë/ Novo Brdo, Partesh/ Parteš, Ranillug/ Ranilug, Zveçan/ Zvečan, North Mitrovica, Mamusha/ Mamuša and Graçanicë/ Gračanica) and two municipalities did not report data (Leposaviq/Leposavić and Zubin Potok). The classification of municipalities according to these categories is presented in the figure below.

89 Ministry of Environment and Spatial Planning, Draft of Kosovo Zoning Map 2020-2028+, june 2019.
90 Law no. 04/L-179 on Road Transport.

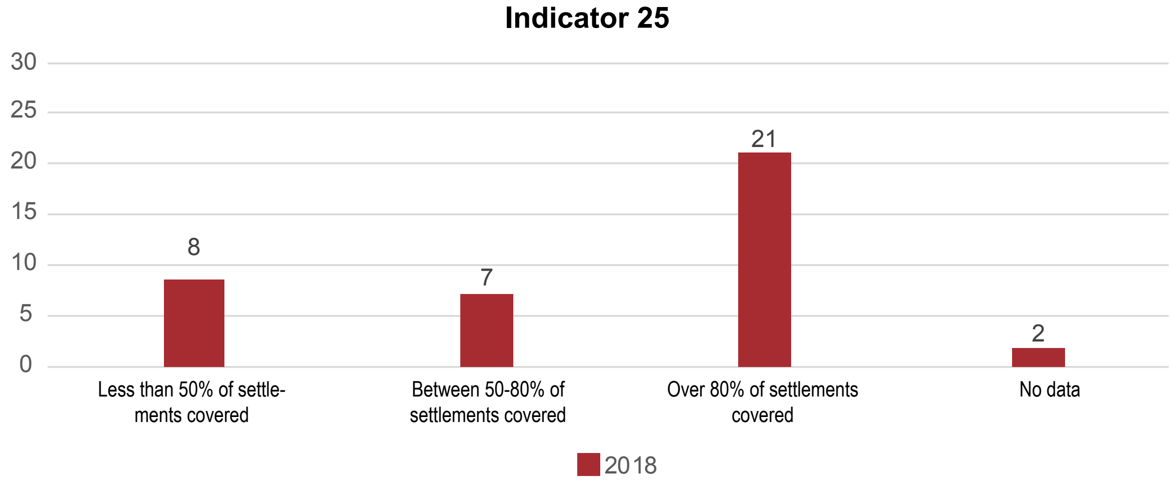


Figure 28. No of municipalities that have (not) covered settlements with local public transport

3.4.2.3. Level of implementation of the local environmental action plan

The indicator measures the municipality performance in preparation and implementation of local action plans for environmental protection. Performance is measured by the implementation of annual activities indicated in the plan and the legal basis for this indicator is given in the Law on Environmental Protection[91]. The indicator's performance is evaluated based on the available information according to the following criteria: (i) the number of activities planned in the local environmental action plan for 2018; (ii) the number of activities implemented by the list planned for the local environmental action plan in the respective year.

According to the data analysis for 2018, the average of municipalities is 74% which means that municipalities have shown relatively good performance in this indicator. The score in MPMS in this indicator classifies municipalities into three categories: municipalities that have implemented up to 50% of activities from the planned list of activities, municipalities that have implemented between 50 and 90% of activities and municipalities that have implemented over 90 % of activities according to the number of activities planned with the action plan for environmental protection. Based on this and the scores in MPMS, 21 municipalities have implemented over 90% of the annual activities foreseen by this plan, seven municipalities have implemented between 50-90% of the activities (Viti/ Vitina, Obiliq/ Obilić, Klina, Kaçanik/ Kačanik, Hani i Elezit/ Elez Han, Gjakova/ Đakovica and Suhareka/ Suha Reka), also seven municipalities have implemented less than 50% of the activities foreseen in the annual plan (Gllogovc/ Glogovac, Kllokot/Klokot, Mamusha/Mamuša, Peja/Peć, Podujeva/Podujevo, Prishtina/Priština and North Mitrovica) whereas two municipalities have not sent data (Leposaviq/Leposavić and Zubin Potok). The classification of municipalities according to these scores for 2018 is given in the figure below.

91 Law no. 03/L-025 on Environmental Protection.

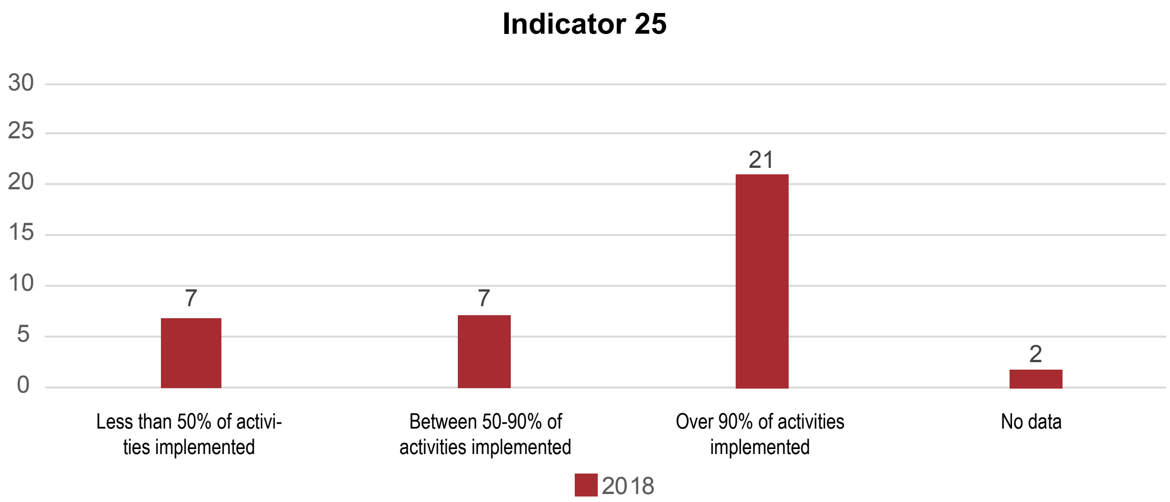


Figure 29.No. of municipalities that have (not) implemented the local environmental action plan

4. CONCLUSIONS AND RECOMMENDATIONS

The text below contains recommendations for the findings in this report on the needs of municipal officials for capacity building. In addition, Annex 1, Table no. 11 presents the approach that the project will have for each indicator, i.e. whether trainings will be held or will be an attempt to improve the municipal performance through communication for each indicator. Regarding policy development during 2020, the project will not address any of the indicators through policy development due to the COVID-19 situation, as well as due to many unclear political issues at the national level.

In terms of providing recommendations for training, some elements are considered such as: if (i) the problems identified for indicators are technical, not political, (ii) if another tool or systematic change would be more effective, (iii) if trainings are held by other projects, (iv) the weight of performance indicators, and finally (v) municipal performance based on the number of municipalities (i.e. best versus weaker performers).

As noted in the methodology section, this report is drafted using primary data from MPMS and NAO, which data are from official public documents, as well as laws, strategies, policies and other secondary sources that mainly include reports and analysis on relevant topics from other organizations and institutions.

Due to the pandemic and the situation created by COVID-19 in Kosovo, the data contained in this report could not be discussed in focus groups with municipal officials. However, the recommendations for interventions (mainly through communication channels) are based on data sent by the municipalities themselves by which is served MPMS and NAO and this report was mainly drafted, as well as information from the evaluation of the training provided during 2019.

The following section briefly clarifies the approach and form of interventions in order to improve the performance of municipalities in indicators where they have not shown good performance in 2018. The recommendations also take into account the actions of institutions at the center level, municipalities and other donors so that interventions are not past because they were addressed during 2019 or are intended to be covered by other donors.

However, the situation created by COVID-19 will affect the implementation of the 2020 training plan.

4.1. Minimum conditions

Out of five minimum conditions, three of them were part of the assessment because two others are frozen. The three assessed conditions are: a) The audit opinion for the respective year must be at least unmodified with emphasis on the issue; b) Municipalities must have spent over 75% of the capital investment budget, and c) Municipalities must have signed a tripartite participation agreement (municipalities, MLG and HELVETAS Swiss Intercooperation). Meeting of these three minimum requirements is a requirement for the qualification of municipalities for grants and for 2018, the number of municipalities that have qualified for grants is 23 out of 38. This number is higher compared to 2017 when only 19 municipalities were qualified but smaller than in 2016 when 25 municipalities were qualified.

Regarding three conditions individually, the third condition, or that of signing the tripartite agreement has been met by all municipalities. The condition of the auditor's opinion (at least unmodified opinion with emphasis on the issue) has been met by 36 municipalities (with the exception of Ferizaj/ Uroševac and Novobërda/ Novo Brdo) whereas the condition of 75% of the budget in capital expenditures has been met by 24 municipalities.

Based on the analysis, a number of recommendations for interventions through training can be given in order to improve the performance of municipalities under minimum conditions:

- Preparation and disclosure of Annual Financial Statements (AFS) and classification of expenditures for all municipalities, especially for the municipalities of Novobërdë/Novo Brdo, Ferizaj/Uroševac and Prishtina/Priština;
- Budget planning and implementation (with emphasis on capital investments) and asset management for all municipalities.
- Definition of capital projects and classification of capital project expenditures according to AI no. 04/2019 of the Ministry of Finance;
- Transfer and reallocation procedures of budget allocations according to AI no. 05/2019 of the Ministry of Finance;
- Selection criteria and prioritization of capital projects according to AI no. 06/2019 of the Ministry of Finance;
- Processing of financial reports (use of the program for this purpose) issued by MPMS Free Balance;
- Allocation of subsidies - following the rules for the allocation of subsidies - especially for the municipality of Novobërda/Novo Brdo;
- Staff management, especially for the municipality of Ferizaj/Uroševac, but the inclusion of all municipalities should be considered, especially if the legislation on public officials (including civil servants) in Kosovo is amended;
- Public procurement rules with special emphasis on contract management (the entire contract management cycle from procurement planning, funds, payments, contract annex, construction book, lack of evidences to prove payments) especially for the municipalities of Novobërdë/Novo Brdo, Ferizaj/Uroševac, Partesh/ Parteš, Dragash/ Dragaš, Istog/Istok, Kamenica, Obiliq/Obilić, Prizren, North Mitrovica, Zubin Potok and Zveçan/Zvečan[92].
- Asset management and risk management.

4.2. Local democratic governance

In the number of 13 indicators according to the three sub-fields divided in the field of local democratic governance, the evaluation and performance of municipalities has been done on eight indicators in total. The overall average in this field is 57%. Regarding the three sub-fields, the role of the municipal assembly as a supervisory body had an average of 58%, the second sub-field on citizen participation, consultation and inclusiveness had an average of 49% and the third sub-field or transparency, access to information and integrity has reached an average of 65%. Regarding individual indicators, the three indicators with the best average were: indicator 10 or regular updating of the municipal website according to (specific) legal requirements with an average of 81%, indicator two or discussion of quarterly budget reports by the MA with average of 79% and the fifth indicator or reporting of the mayor before the municipal assembly with an average of 75%.

On the other hand, the indicators with the lowest average are: indicator six or citizen participation in public consultations disaggregated by gender with an average of 35%, indicator four or discussion of the external auditor's report and action plan for addressing recommendations as well as discussing the findings and recommendations from the internal audit in the municipal assembly with an average of 36%, indicator three or discussing the municipal performance report by the MA with an average of 42% and the thirteenth indicator or reporting of the annual integrity plan presented to the municipal assembl with an average of 50%.

92 For this is needed close cooperation with TEAM/USAID;

Based on these, a number of recommendations for interventions through training and communication channels can be given in order to improve the performance of municipalities in democratic governance:

- Capacity building of members of municipal assemblies in terms of role and responsibility as the highest authority of the decision-making process remains essential in the treatment as well as proper and accurate reading of financial reports generated by the municipal executive. Training for fair budget reading by all members of municipal assemblies is also a requirement by members of the Policy and Finance Committee (PFC). Training in this field for PFC members was held in 2019 with all municipalities.[93]
- Regarding the discussion of the performance report in addition to meeting the criteria as a number, municipalities should focus on critical reading of the relevant report and depending on the findings of the report, municipalities should draw up concrete action plans for improvements in that area and the MA should be constantly requesting accountability from the executive for the implementation of activities arising from the relevant plan. In addition to training, this indicator should also be addressed through communication.
- The NAO report and the internal audit report, the municipality's plans for implementing the recommendations of the two reports (external and internal auditor's report) for all municipalities is recommended to be held as a priority and much-needed training, in order to increase transparency and strengthen the role of MA members;
- Increasing the number of participants in public consultations but also in public meetings organized by the municipality should be addressed through forms of communication, because the project has organized training on this topic over the past years.
- Municipal acts and local policy documents consulted with the public with a focus on increasing participation in consultations for all municipalities and especially for those that have not had good performance in this indicator, should be addressed through forms of communication.

4.3. Municipal Management

In the number of eight indicators according to the three sub-fields divided in the field of municipal management, the evaluation and performance of municipalities has been done over six indicators in total. The overall average in this area is 53%. Regarding the three sub-fields, the financial management one had an average of 32%, the second sub-field or the one on contract management had an average of 84% (this is also the average in the only indicator evaluated in this sub-field) and the third sub-field or human resources management has reached an average of 42%. Regarding individual indicators, indicator 21 or women appointed to political positions in the municipality has reached an average of 20%, indicator 14 or property tax register updated annually according to legal requirements has reached an average of 26%, indicator 16 or addressing the audit recommendations (NAO) has reached an average of 30% and the indicator 15 or the level of property tax collection (without debts, interests, fines) has reached an average of 39%. On the other hand, the indicators with the highest average in this field are indicator 17 or the implementation of the procurement plan with an average of 84% and indicator 19 or job vacancies processed through the HRMIS with an average of 64%.

Based on these, a number of recommendations for interventions through training can be given in order to improve the performance of municipalities in the field of municipal management:

- Property tax collection, especially given the entry into force of the new Law on Immovable Property Tax, which includes land tax. Based on the suggestions from the previous trainings, in order to have an increase in the performance in the property tax and the respective registration, it is recommended to have the support of the municipal management in order for better understanding of the property tax collection and registration of properties as well as collection and this is addressed through communication channels.

93 Training assessment reports and needs identification reports, 2019.

- It is considered necessary to start the process of communication with the public to increase the willingness of citizens to pay property tax, so as a conclusion it is recommended that this topic be addressed through communication, especially in the field of collection, but it should be seen in advance what other organizations have done in order to not overlap activities.
- Addressing the recommendations of the NAO - the importance of addressing, problems, challenges - for all municipalities and especially for those that have low performance in this indicator. The focus can be on elements such as: drafting an action plan for addressing the NAO recommendations, determining measurable indicators for monitoring and evaluation and how to monitor the implementation of the relevant action plan. Also, since the implementation of the municipal action plan for addressing issues according to the NAO recommendations is unsatisfactory, it is recommended to hold training with the participation of municipal management and members of the municipal assembly where the latter play an important role in holding responsible of the executive on the findings and implementation of the NAO recommendations;
- Utilization of the Human Resource Management Information System (HRMIS) with a focus on employment processing through this system, the reasons why it is not followed in some cases, restrictions, problems - for all municipalities but with a focus on municipalities that have not shown good performance in this indicator; Also, it is considered necessary to apply the rules and legislation for service at the municipal level, especially if the legislation on civil service changes with the return into force of the Law on Public Officials and secondary legislation. Despite the average performance of municipalities in this indicator, the project should address this indicator through communication channels in the implementation of legislation (primary and secondary) in terms of human resources management, and one of the points may be the use of HRMIS.
- Regarding the appointment of women in leadership positions, the DEMOS project has conducted trainings in this indicator and the response of municipalities has been that this indicator is very politicized, and that progress in this indicator is difficult to achieve. The discrepancies are mainly political, especially in cases of governing coalitions, where names for directors of municipal directorates are proposed by political parties. Commitment to raising the awareness of political actors regarding the importance of appointing women to political positions can yield favourable results. Therefore, this indicator should be addressed through forms of communication.

4.4. Service delivery

In the number of nine indicators according to the four separate sub-fields of service delivery, the evaluation and performance of municipalities has been done on four indicators in total. The sub-field of pre-university education and the sub-field of primary health care with two indicators were frozen in 2018. The overall average in this field is 70%. Regarding the two sub-fields, the one of administrative services had an average of 87% (this is also the average in the only indicator assessed in this sub-field), while the oneof spatial planning, public transport and the environment had an average of 53%. Regarding individual indicators, the indicator with the highest average was indicator 22 or cases of administrative requests reviewed within the legal deadlines with an average of 87%, while indicator 24 or the extent of municipal territory included in the detailed regulatory plans was with the lowest average of 20%. The other two indicators had a relatively good average, respectively indicator 26 or the level of implementation of the local environmental action plan with an average of 74% and indicator 25 or settlements covered by local public transport with an average of 67%.

It is important to note that the project will not train municipal officials for indicators in the field of service delivery, because there is a lack of human capacity within the project. Another reason is that other projects that support municipalities in Kosovo are providing technical assistance in this area. For example, GIZ is supporting municipalities, in cooperation with the Ministry of Environment and Spatial Planning (MESP) to design zoning maps.

5. ANNEX 1: TABLES 9, 10, 11 AND 12

Table 9. Indicators in three fields and sub-fields and average performance of municipalities

No.	Indicators by respective fields and subfields	Average 2018
Field: Local democratic governance		57.92%
Sub-field 1: Role of Municipal Assembly as oversight body		58.42%
1.	Timely submission of the municipal budget in Municipal Assembly	0.00%
2.	Discussion of quarterly budget reports by the Municipal Assembly	79.61%
3.	Discussion of the municipal performance report by the Municipal Assembly	42.11%
4.	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations from internal auditing in the Municipal Assembly	36.18%
5.	Reporting of the Mayor before the Municipal Assembly	75.79%
Sub-field 2: Participation, consultation and inclusion of citizens		49.35%
6.	Citizen participation in public consultations disaggregated by gender	35.97%
7.	Municipal acts and local policy documents consulted with the public	62.72%
8.	Public hearings on MTBF and municipal budget (proportional to number of residents)	0.00%
Sub-field 3: Transparency, access to information and integrity		65.99%
9.	Meetings of the Municipal Assembly made public and live streamed	0.00%
10.	Regular update of the municipal website according to legal (specific) requirements	81.97%
11.	Publication of public procurement documents and contracts	0.00%
12.	Publication of minutes for public consultations processes	0.00%
13.	Reporting on the annual integrity plan presented before the Municipal Assembly	50.00%
Field: Municipal Management		53.22%
Sub-field 1: Financial Management		32.41%
14.	Property tax register updated annually, according to legal requirements	26.54%
15.	The level of property tax collection (without debt, interest, fines)	39.99%
16.	Addressing the audit recommendations (according to NAO)	30.68%
Sub-field 2: Contract Management		84.65%
17.	Implementation of the procurement plan	84.65%
18.	Drafting and publishing the list of municipal properties planned to be given for use and exchanged	0.00%
Sub-field 3: Human resource management		42.59%
19.	Job vacancies processed through HRMIS	64.37%

20.	Women in leadership positions in education, health, culture institutions	0.00%
21.	Women appointed to political positions in the municipality	20.80%
Field: Service delivery		70.64%
Sub-field 1: Administrative services		87.35%
22.	Cases of administrative requests reviewed within legal deadlines	87.35%
23.	Reviewed applications for building permit	0.00%
Sub-field 2: Spatial planning, public transport and the environment		53.93%
24.	Extent of the municipal territory included in (detailed) regulatory plans	20.25%
25.	Settlements covered by local public transport	67.46%
26.	Implementation of the local environmental action plan	74.08%
Sub-field 3: Pre-university education		0.00%
27.	% of children attending kindergarten	0.00%
28.	Results in matura exam	0.00%
Sub-field 4: Primary Health Care		0.00%
29.	Space in PHC per m^2 for 10,000 inhabitants	0.00%
30.	Level of compliance with 1 family doctor and 2 nurses to 2,000 residents ratio	0.00%

Table 10. Training priorities

#	Theme / Indicator field	2018
I. MUNICIPAL GOVERNANCE – Role of Municipal Assembly, Citizen participation and inclusion, Transparency and Accountability		
I	Role of the Municipal Assembly as an oversight body	
1	Timely submission and approval of the Municipal Budget to the Municipal Assembly	/
2	Discussion of quarterly budget reports by the Municipal Assembly	
3	Discussions on the municipal performance report by the Municipal Assembly for the past year	
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	
5	Reporting of the Mayor to the Municipal Assembly	
II	Citizen participation, consultation and inclusiveness	
6	Citizen participation in public meetings, disaggregated by gender	
7	Municipal acts and local policy documents consulted with the public	
8	Public hearings on MTBF and municipal budget (proportional to # residents)	/

III	**Transparency, access to information and integrity**	
9	Assembly meetings made public and live streamed	/
10	Municipal website is up to date as per legal (specific) requirements	🟢
11	Publication of public procurement documents and contracts	/
12	Publication of minutes for public consultation processes	/
13	Reporting on the implementation of the integrity plan before the Municipal Assembly	🟡
II. MUNICIPAL MANAGEMENT – Financial Management, Contract Management and HR Management		
IV	Financial Management	
14	Property tax register updated annually, according to legal requirements	🔴
15	The level of property tax collection (without debt, interest, fines)	🔴
16	Addressing audit recommendations (according to NAO)	🔴
V	Contract Management	
17	Implementation of the procurement plan	🟢
18	Drafting and publishing the list of municipal properties planned to be given for use and exchanged	
VI	Human resource management	
19	Job vacancies processed through HRMIS	🟢
20	Women in leadership positions in education, health, culture institutions	/
21	Women appointed to political positions in the municipality	🔴
III. SERVICE DELIVERY – Access and quality of service delivery – By sector		
VII	Administrative services	
22	Cases of administrative requests reviewed within legal deadlines	🟢
23	Reviewed applications for building permit	
VIII	Spatial planning, public transport and the environment	
24	Extent of the municipal territory included in (detailed) regulatory plans	🔴
25	Settlements covered by local public transport	🟢
26	Implementation of the local environmental action plan	🟢
IX	Pre-university education	
27	% children attending kindergarten	/
28	Results in matura exam	/
X	Primary Health Care (PHC)	
29	Space in PHC per m2 for 10,000 inhabitants	/
30	Level of compliance with 1 family doctor and 2 nurses to 2,000 residents ratio	/

Table 11.Training and or communication indicators and needs

No. of indicator	Theme / Indicator field	Capacity building	Awareness raising (through communication forms)
I. MUNICIPAL GOVERNANCE – Role of Municipal Assembly, Citizen participation and inclusiveness, Transparency and Accountability			
I	Role of the Municipal Assembly as an oversight body		
1	Timely submission and approval of the Municipal Budget to the Municipal Assembly		
2	Discussion of quarterly budget reports by the Municipal Assembly	YES	YES
3	Discussions on the municipal performance report by the municipal assembly for the past year	YES	YES
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	YES	
5	Reporting of the Mayor to the Municipal Assembly		
II	Citizen participation, consultation and inclusiveness		
6	Citizen participation in public meetings, disaggregated by gender		YES
7	Municipal acts and local policy documents consulted with the public		YES
8	Public hearings on MTBF and municipal budget (proportional to # residents)		
III	Transparency, access to information and integrity		
9	Assembly meetings made public and live streamed		
10	Municipal website is up to date as per legal (specific) requirements		YES
11	Publication of public procurement documents and contracts		YES
12	Publication of minutes for public consultation processes		YES
13	Reporting on the implementation of the integrity plan before the Municipal Assembly		YES
II. MUNICIPAL MANAGEMENT – Financial Management, Contract Management and HR Management			
IV	Financial Management		
14	Property tax register updated annually, pursuant to legal requirements		YES

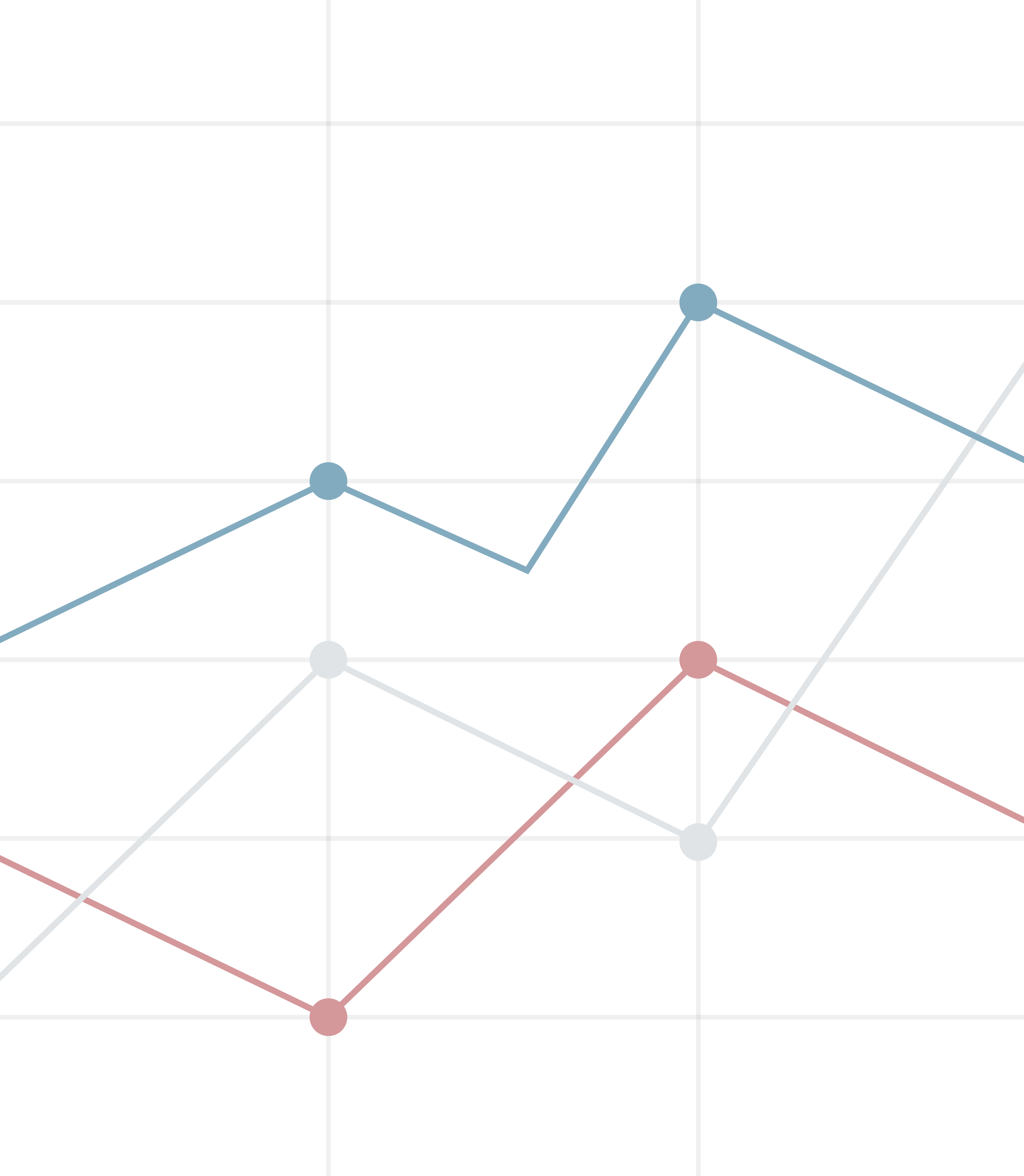
15	The level of property tax collection (without debt, interest, fines)		YES
16	Addressing audit recommendations (according to NAO)	YES	
V	Contract Management		
17	Implementation of the procurement plan		
18	Drafting and publishing the list of municipal properties planned to be given for use and exchanged		YES
VI	Human resource management		
19	Job vacancies processed through HRMIS		YES
20	Women in leadership positions in education, health, culture institutions		
21	Women appointed to political positions in the municipality		YES
III. SERVICE DELIVERY – Access and quality of service delivery – By sector			
VII	Administrative services		
22	Cases of administrative requests reviewed within legal deadlines		
23	Reviewed applications for building permit		
VIII	Spatial planning, public transport and the environment		
24	Extent of the municipal territory included in (detailed) regulatory plans		
25	Settlements covered by local public transport		
26	Implementation of the local environmental action plan		
IX	Pre-university education		
27	% of children attending kindergarten		
28	Results in matura exam		
X	Primary Health Care (PHC)		
29	Space in PHC per m2 for 10,000 inhabitants		
30	Level of compliance with 1 family doctor and 2 nurses to 2,000 residents ratio		

Table 12. Training indicators and priorities

No. of indicator	Indicator name	Priority 1-5 (1high priority)	Time period	Municipalities	No. of groups	Participants/ positions (to be specified later)
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	1	January - March	38 Municipalities	14	All members of the Municipal Assembly
6	Citizen participation in public meetings, disaggregated by gender	1				No training will be held
14	Property tax register updated annually, according to legal requirements	1				No training will be held
15	The level of property tax collection (without debt, interest, fines)	1				No training will be held
16	Addressing audit recommendations (according to NAO)	1	May - December	38 Municipalities All Municipalities	6	Officers for the Finance Office
21	Women appointed to political positions in the municipality	1				No training will be held
24	Extent of the municipal territory included in (detailed) regulatory plans	1				No training will be held
3	Discussions on the municipal performance report by the Municipal Assembly for the past year	2.5	September - December	20 Municipalities	5	Members of the PFC, Information Officers, PMS, Director of administration, GEO
13	Reporting on the implementation of the integrity plan before the Municipal Assembly	2.5				No training will be held
7	Municipal acts and local policy documents consulted with the public	3				No training will be held
19	Job vacancies processed through HRMIS	3				No training will be held
2	Discussion of quarterly budget reports by the Municipal Assembly	4.5	January - March	38 Municipalities	14	All Municipal Assembly members
5	Assembly meetings with the participation of the Mayor	5				No training will be held

10	Municipal website is up to date as per legal (specific) requirements	5				No training will be held
17	Implementation of the procure-ment plan	5				No training will be held
25	Settlements covered by local public transport	4				No training will be held
26	Implementation of the local envi-ronmental action plan	5				No training will be held
22	Cases of administrative requests reviewed within legal deadlines	5				No training will be held
FROZEN INDICATORS						
1	Timely submission and approval of the Municipal Budget to the Municipal Assembly					No training will be held
8	Public hearings on MTBF and municipal budget (proportional to # residents)					No training will be held
9	Assembly meetings made public and live streamed					No training will be held
11	Publication of public procurement documents and contracts					No training will be held
12	Publication of minutes for public consultation processes					No training will be held
18	Drafting and publishing the list of municipal properties planned to be given for use and exchanged					No training will be held
20	Women in leadership positions in education, health, culture institutions					No training will be held
23	Reviewed applications for building permit					No training will be held
27	% of children attending kinder-garten					No training will be held
28	Results in matura exam					No training will be held
29	Space in PHC per m2 for 10,000 inhabitants					No training will be held
30	Level of compliance with 1 family doctor and 2 nurses to 2,000 residents ratio					No training will be held

NEEDS
ASSESSMENT REPORT (NAR)
ON MUNICIPAL CAPACITY
BUILDING



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

Sweden
Sverige

Norwegian Embassy
Prishtina