THE NEEDS ASSESSMENT REPORT (NAR)

The organisational performance assessment
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EXECUTIVE SUMMARY

The objective of the performance grants (PG) is to provide municipalities with incentives that will stimulate them to further improve their performance in specific themes: democratic governance, municipal management and transparency & integrity. The performance grant incentivizes municipalities in two ways: firstly, encourages municipal compliance with the legal minimum standards (basic standards), and secondly, it stimulates ‘real’ performance that goes beyond ‘mandatory’ legal compliance.

DEMOS provides annual grants to municipalities based on three minimum conditions which qualify municipalities to participate in the competition and 27 indicators for each category: the (I) democratic governance, (II) municipal management, and (III) transparency and integrity. Besides signing a PG participation agreement, minimum conditions require that the municipality has received at least clean or unmodified auditor’s opinion with the emphasis of matter, and that the municipality has spent at least 75% of its municipal budget of capital investments.

The project has started designing the Training Programme (TP) to facilitate learning of job-related competencies municipal officers in areas considered important according to the PG. Such competencies consist of skills, knowledge, and behaviors that are “critical” for successful job performance of municipal officers and/or representatives [i.e. municipal civil servants, municipal directors, and municipal assembly members]. However, this report also involves analysis of policy, communication and other interventions necessary to help municipalities gain a competitive advantage in the PG and attain better municipal performance.

Initially, the TP has been designed based on a thorough municipal performance needs analysis revealed in this report, which identifies main priority needs that the project will address through Technical Assistance (TA) and other necessary means, such as policy research and support! This approach directly corresponds to the main outcomes of the DEMOS II project, which underline the (i) improvement of municipal performance in the area of municipal management and governance, and (ii) reform in the policy framework by making it more “conducive” for decentralised local governance. Thus, the TP as an approach consists of two steps or dimensions. The first dimension is thematically linked to the PG indicators and tries to explain what can be improved through trainings. The second dimension looks beyond training needs by identifying other necessary interventions for organisational and behavioral change.

In the context of the TP, this report has identified key priority areas based on a thorough and comparative PG data analysis for 2016 and 2017 as well as desk and field research. 1 For the data analysis, both the number of municipalities and the weighted average of performance indicators has been used as the primary measurement source. Secondary sources and field research have helped validate and interpret the primary data for determining priorities. Accordingly, training would mainly focus on increasing capacities of municipal officials on specific matters which relate to various performance indicators.

As stated in the Project Document, DEMOS II (to the best of its knowledge) will not provide training in areas and municipalities where other institutions and organisations are providing capacity-building support. 2 This refers to the Ministry of Local Government Administration (MLGA), Kosovo Institute of Public Administration (KIPA), National Audit Office (NAO), Association of Kosovo Municipalities (AKM), and many international organisations, including USAID, EU, OSCE, and UNDP.

Thus, this report should encourage a thorough discussion within the DEMOS II project and among stakeholders and potential partners that would feed into the TP and the policy dialogue. However, that will initially depend on the PG data analysis, which disqualifies many “top municipal performance indicators,” particularly those which relate to budget planning and reporting, and management of public administration and human resources. USAID is already putting efforts in training and capacity-building support, particularly in public finance management.

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1 No comparative analysis could be provided for indicators which were new in the second PG cycle (2017).
In instances where there are training overlaps, DEMOS II could concentrate on policy research and support, which may ultimately require capacity-building support. For instance, changing a certain policy or law could mean additional training activities for municipalities, specifically on procedures for the implementation of the amended legal provisions.

For certain performance indicators where training and policy support do not fit the overall objective for the improvement of municipal performance, other necessary means will be used, such as support through communication. For instance, the inclusion of women – both in attending public meetings and running political offices – constitutes one of the lowest performing indicators! Helping municipalities ensure greater inclusion of women in both policymaking and decision-making cannot necessarily be achieved only through training or even policy change for that matter since gender inequality is a product of historical, cultural and societal norms. While considering that policies and laws in Kosovo are overall gender sensitive, DEMOS could concentrate its efforts on designing an effective communication or advocacy programme in promoting inclusion of women.

Throughout the content of the document conclusions will be drawn per respective theme and sub-theme. The final part of this report consists of recommendations and interventions proposed to address the main findings. The recommendations are designed to address the detected issues.
1. INTRODUCTION

This report gives an overview of the municipal performance needs as part of the Training Programme (TP) based on the (i) analysis of the performance-based indicators, (ii) literature review, and (iii) field research. The main sources of information for drafting this municipal performance Needs Assessment Report (NAR) include the Performance Grants (PG) data. A thorough literature review has been particularly useful in interpreting PG data and defining priorities for the design of TP. As part of the literature review, various sources have been consulted, starting with the Project Document “Decentralisation and Municipal Support – Phase II,” and exploring data and information sources published by the government and international & local organisations in Kosovo.

Using this report, the project aims to identify the overall needs of municipalities and evaluate the potential for change, under the assumption that there is some fundamental question as to whether municipalities need continuous Technical Assistance (TA). From the project’s perspective or “theory of change,” municipalities must improve their governance and management arrangements in order to improve the quality of its services so that citizens are satisfied with municipal services. The TA for helping municipalities in this regard is determined based on a number of criteria: (i) whether the problems identified per indicator are technical, not political, (ii) if another tool or systematic change would be more effective, (iii) if there are training overlaps with other projects, (iv) the weight of performance indicators, and finally (v) municipal performance based on the number of municipalities (i.e. good versus poor performers).

This report also assumes that “each municipality” views training more broadly as a way to create intellectual capital, gain a modest financial reward, and outperform competitors. In the context of the PG, there are three minimum conditions as prerequisites which make municipalities eligible to participate in the competition and 27 indicators in total distributed under three themes: the (I) democratic governance, (II) municipal management, and (III) transparency and integrity. Besides signing a PG participation agreement, minimum conditions require that a municipality has been issued at least a clean or an unmodified with the emphasis of matter “auditor’s opinion,” and that the municipality has spent at least 75% of its municipal budget on capital investments.

The data analysis presented in this report consists of a detailed quantitative analysis, which has depicted the performance of municipalities per theme and indicator, based on the “weighted average of performance indicators” and “number of municipalities which have shown either poor, fair/medium or good performance.” More importantly, the PG data analysis has helped understand the extent municipalities fall behind in terms of municipal performance and the extent they are on the edge of improving. As to what extent municipalities are far ahead for certain indicators or have shown good performance, this is not the primary concern of TP. Good indicators have only helped the project rethink its approach by shifting priorities in areas where support is most needed.

As indicated by the data analysis, the lowest weighted average of municipal performance under “democratic governance” consist of the indicators on “discussion of the municipal performance report by the Municipal Assembly (MA) (PI-03)” and “inclusion of women in public meetings and political positions (PI-08 and PI-09).” The lowest weighted average of performance under “municipal management” consist of the indicator on “addressing of National Audit’s recommendations (PI-19).” Finally, the lowest weighted average of the municipal performance under “transparency and integrity” consists of the indicator on the “discussion of the integrity plan (PI-26).”

For the second PG cycle (2017), additional performance indicator data have been analysed, each in individual terms, since they could not be compared to the previous year indicators. The new indicator under “democratic governance” is the “discussion of the auditor’s reports in the municipal assembly (PI-05).” This indicator has in fact received the lowest performance score. Other important new performance indicators which have received the lowest weighted average score is under “municipal management”: the “re-surveying and registration of property tax (PI-17).”
TP is also tailored to help for municipal performance indicators which are on the edge. This includes indicators that have been ranked under the “medium/fair weighted average,”. According to the PG data, the range of medium performance indicators consist of: holding of public consultations for the approval of municipal acts (PI-07), conducting of civil service performance appraisals (PI-11), processing of open vacancies through HRMIS (PI-12), and discussion of the annual HR report by the Municipal Assemblies (PI-13). This report has defined more clearly priority areas under each theme. The section under “main findings” explains how the TP is designed.
2. METHODOLOGY

The needs assessment consists of initial data analysis of performance grant indicators, a literature review, and field research activities, which have helped the project analyse municipal performance and set the criteria and priorities for the design and implementation of the TP. This process has been coordinated through focus groups with municipalities. As part of work methodology, the category of “no data,” has been excluded, referring to municipalities which have not reported any data to the Performance Management System (PMS). Certainly, the number of municipalities which have not reported varies among different indicators and was higher in 2016 than 2017 (ranging above 5 municipalities in 2016 and less than 3 municipalities in 2017).

2.1. Data analysis

For the purpose of structuring the NAR, municipal performance is evaluated based on the number of municipalities which have shown poor, medium/fair, and good performance according to the PG data. In this context, it is the “quantity” or the number of municipalities which determine the level of the municipal performance. For a visual presentation of how data is analysed and presented, refer to the figure below. As a concrete example, if 37 out of 38 municipalities have failed in indicator PI-19, “to address more than 50% of the recommendations of Auditor General,” then that indicator is ranked as an “extremely poor performance.” This is also an illustration that there are extremes to good and weak performance. Indicators farthest to the left/red present the poorest performance. Indicators farthest to the right/green present the best performance.

The colour bar presented in the following figure explains in which indicators municipalities have shown poor, fair or good performance. The colour “red” represents the number of municipalities which have shown bad performance. The colour “yellow” represents the number of municipalities which have shown a medium or fair performance. The colour “green” represents the number of municipalities which have shown good performance.

The “colour bar” figure above indicates that the weight of each performance indicator is inevitable when ranking municipal performance. Initially, each indicator is measured based on certain thresholds in colour (poor, fair or good). As for indicators which consist of only two thresholds – good or poor – there is no medium or average performance. Such thresholds initially determine the scale of the municipal performance. For the PI-19, the indicator is ranked based on four categories/thresholds, whether the municipality has addressed (i) less than 50%, (ii) 50-70%, (iii) 70-90% or (iv) over 90% of the National Auditor’s recommendations. In this case, anything less than 50% falls under the “poor category.” Anything in between or 50-90% of National Auditor’s recommendations being addressed falls under the “fair category.” Anything above 90% falls under the “good category.”

Thus, thresholds determine how poor, fair or good the municipality has performed for each indicator. Once the number of municipalities is calculated under each threshold, municipal performance is better measured.
In the case of PI-19, since 37 municipalities have not passed the minimum threshold or “have addressed less than 50% of auditor’s recommendations,” that puts municipal performance for this indicator at the lowest extreme! On the contrary, as a hypothetical example, if it was the case that majority of municipalities fell under the upper threshold – for having “addressed 50-90% of auditor’s recommendation” – municipal performance would have been ranked higher for this indicator and slightly shifted towards the middle of the “colour bar.”

2.2. Literature review

The project has conducted an in-depth and balanced review of literature relevant to PG prior to carrying out fieldwork research. It involved an analysis of main sources of research conducted, in the context of the assessment of capacities and needs of municipalities. By having as many literature sources, there was sufficient research validity to check findings of government sources against those of local and international organisations. More importantly, they have helped understand and interpret performance indicators which have been reported in a numerical/percentage terms. Finally, they have helped understand relationships between numbers and identify gaps and needs where capacity-building interventions are most needed.

Thus, in order to understand municipal performance in greater depth, an extra step has been taken by going beyond the “raw data” and exploring secondary sources from local and international reports. Such sources have not only helped validate and interpret PG primary data, but also conceptualise them for the design of the TP. The main secondary sources besides the auditor general reports that have been consulted include: Municipal Capacity Assessment Report (MLGA/UNDP), Report on Functioning of Municipalities of the Republic of Kosovo (MLGA), Analysis of Capital Investments (MLGA), Public Administration Reform Report (SIGMA), Country Progress Report (EC), Managerial Accountability in the Western Balkans by SIGMA/OECD and studies conducted by local organisations such as GAP, Ec Ma Ndryshe, etc.

2.3. Fieldwork activities

The information-gathering part of the needs assessment has consisted of five focus groups with municipal representatives. Focus groups have proven to be useful when analysing complex issues (e.g. performance grant indicators of municipalities) that one person may be unable or unwilling to explore. A questionnaire has been designed in advance using all the information obtained from the data analysis and literature review to question participants and inspire a fruitful discussion. In the context of focus groups, questions have also been modified to explore unanticipated issues, with the purpose of testing, supplementing and validating indicators. The sample consisted of 15 municipalities selected based on the size, ethnicity, and indicators.
3. MAIN FINDINGS

The data analysis identifies municipal performance needs and communicates how training programme content relates to fulfilling these needs. For this purpose, the minimum conditions and the PG indicators are used as the guiding source for designing and planning the TP.

There are two layers of the programme: (i) minimum conditions, and (ii) performance indicators. For a municipality to qualify for a grant, it must first meet the following minimum conditions: it has received at least “unmodified auditor’s opinion with the emphasis of matter,” has spent over “75% of its municipal budget on capital investments” and has “signed a participation agreement.” Data on the minimum conditions have helped identify common problems in light of findings drawn from the auditor’s report on municipal management and budget performance. Further, data on 27 performance indicators have revealed each municipality’s performance on management, democratic governance, and transparency & integrity.

While the main findings relate to data analysis, interpreted through secondary sources and field research, it is important to emphasize that a number of municipalities have reported “no data.” For each indicator, 4 to 6 municipalities have not reported any data for 2016. That has been less the case for 2017. 11 municipalities have not reported any data for the indicator PI-09 “the level of women holding political positions.” Further up, 17 municipalities have not reported any data for the indicator PI-27, “suspension of indicted civil servants.” Such data gaps should indicate that data reported by municipalities may not be fully accurate, something that has been reported by the National Audit Office (NAO).

In 2017, the NAO has conducted a performance audit to assess the manner which the municipal Performance Management System (PMS) has functioned, “with a particular focus on procedures and controls to ascertain whether the system produces reliable and accurate data.” The audit scope covers data reporting for 2016 and a sample of six (6) municipalities. The NAO has reported on the following problems relating to PMS procedures and control system: the municipality’s inability to verify data, lack of communications, lack of understanding of work procedures, unstructured database, etc. Such matters are relevant to the PG since they show that municipalities are not equipped with the qualified staff and do not rigorously apply an appropriate control system to ensure data reliability.

3.1. Minimum conditions

PG defines the minimum conditions according to a set of indicators/criteria which qualify or disqualify municipalities based on their performance. The two indicators relate to the nature of NAO’s opinion and a budget expenditure threshold (of over 75%) on capital investments. As indicated in the PG data analysis for 2016, only five (5) municipalities have not passed a clean audit opinion while only 11 municipalities have not spent more than 75% of their municipal budget of capital investments. As for 2017, municipal performance has declined, in which case nine (9) municipalities have not passed a clean audit opinion while 13 municipalities have not spent more than 75% of their budget of capital investments!

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Analysing the overall minimum conditions fulfillment in 2016 and 2017, it is evaluated that the number of municipalities cumulatively fulfilling the three of the Minimum Conditions in 2016 was 25, whereas the number of municipalities in 2017 has decreased to 19. Moreover, if we analyse 8 (eight) of municipalities which weren’t able to become beneficiaries of the PG, 5 (five) of them lacked the fulfillment of MC-1, the Auditor’s Report.

Looking at the basis for the issued audit opinions, the identified issues mainly relate to misstatements in the annual financial statements rather than any financial (material) implications such as fraud or misuse of the funds. When it comes to budget execution, problems in terms of budget expenditure relate mainly to poor budget planning and execution. How and why municipalities fail to meet minimum conditions largely relates to lack of political will and inadequate legislation.5

In the following sections, the PG data analysis is examined in greater detail from the perspective of secondary sources and field research. From the perspective of criteria set to define priorities for training, the main problems identified relate to on-going challenges municipalities face with regards to their financial and budgetary performance. Most of their needs in this regard are subject to the political will or setting the right “tone at the top” at the highest municipal level. For instance, problems identified under the minimum condition of the “auditor’s opinion,” such as incomplete asset registry and misclassification of expenditure, require not only increased capacities of civil servants but also political awareness and will to improve the system! Thus, it goes beyond the sphere of training.

Many problems identified by the NAO which may relate to auditor’s opinion and municipalities’ poor performance in planning and spending capital investments may require systematic change, not necessarily only capacity-building. Especially, if considering the fact that there may be overlaps with other projects invested in training municipal officers (e.g. USAID/TEAM’s capacity-building program in the area of public procurement). Changing the legislation could be one policy intervention to tackle problems revealed during research, counting those identified in the NAO and MLGA’s Capacity Assessment Report (2018). This could potentially require policy research and systematic interventions for addressing problems such as inadequate budget planning, budget ceilings, discretionary funding, lack of enforcement of Own Source Revenues (ORS), and contract implementation.

### 3.1.1. Auditor’s opinion

As the data analysis findings illustrate, only five (5) municipalities have received a qualified opinion for 2016. The auditor has encountered one of the two types of situations, either the financial statements did not conform with the financial reporting standards and principles, or (ii) the auditor was unable to obtain audit evidence regarding a specific account balance, class of transaction or disclosure. Municipalities which were issued a qualified opinion are Deçan, Kllokot, Leposavic, Zveçan, and North Mitrovica. As for 2017, the number of municipalities which have received a qualified opinion has increased from five (5) to nine (9) municipalities. See the figure below for a more visual presentation and data comparison. The figure below shows that when it comes to the qualified opinions, municipal performance has deteriorated in 2017. A similar situation is with the unmodified opinions with the emphasis of matter. Whereas when it comes to the “clean” audit opinion or unmodified, municipal performance has improved in 2017.

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For 2017, the municipalities which have received a qualified opinion include Dragash, Ferizaj, Leposavic, Klinë, Malishevë, Mamushë, Rahovec, Suharekë, and Kllokot. There has been a slight change with regards to which municipalities have failed to pass the clean auditor’s opinion. If compared to 2016, only Leposavic and Kllokot have underperformed for both years.

Accordingly, small municipalities, particularly those populated by the Serb minorities, have not passed the auditor’s clean opinion. The main problems of concerns in these municipalities, which do not necessarily affect the auditor’s opinion, include incomplete asset registry in the free balance system, misclassification in the expenditure codes, and engagement of employees without working contracts. Thus, the basis for qualified opinions for each of the five municipalities varies. While for the municipality of Deçan, the auditor’s opinion has underlined the errors presented in the financial statements of cash receipts and payment, for the municipality of Kllokot it has underlined payments made from incorrect budget categories. However, this inconsistency in the basis for audit opinions may be subject to several reasons such as different materiality threshold, the nature of the findings and other characteristics of municipalities.

Only the municipality of Viti has received an “unmodified opinion,” which says that the municipality’s financial condition, position, and operations were fairly presented in the financial statements. This opinion is concluded only if “financial statements are prepared in all material respects, in accordance with the applicable financial framework.”

The remaining municipalities have received an “unmodified opinion with the emphasis of matter.” Matters which have been emphasized by the auditor for the absolute majority of municipalities include the following: incomplete asset registry in the free balance system, registration of assets with value under 1,000 Euros (e-pasuria system), entering into liabilities without commitments of sufficient funds, misclassification into expenditure codes, engagement of employees without working service contracts, and poor procurement planning and execution. According to the field research, these are problems that can be fixed, but not necessarily all through capacity-building. Municipal officials are competent enough to exercise their role for financial management. However, this should be complemented by appropriate internal controls in place and demonstrating an increased political will at the senior management both at the municipal and the central government levels.

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3.1.2. Budget expenditure

As the findings of the data analysis indicate, in 2016, 11 municipalities spent less than 75% of their budget of capital investments. The municipalities which did not perform well range from large to medium and small size municipalities. The list includes Prishtina, Gjakova, Kamenica, Gllogovc, Fushë Kosova, Zubin Potok, Zveçan, Kllokot, Partesh, North Mitrovica, and Ranilug. The main reason why municipalities fail to spend 75% or more of their budget of capital investments relate to lack of adequate budget planning and poor contract management.9 As for 2017, 13 municipalities have not spent more than 75% of their capital investment budget. See the figure below for a more visual presentation.

Secondary sources & field research mainly confirms the data analysis findings. In its recent report, “Municipality Capacity Assessment (2018),” MLGA has indicated that the main concern for municipalities is budget planning and allocation. Accordingly, municipal budgets are not always in line with their needs.10 In particular, budget ceilings determined by the Ministry of Finance in the budget circulars prevent municipalities to make adequate budget allocations according to their needs. As a result, there are many discrepancies between the central and local government priorities, starting with strategic and budget documents (e.g. Medium Term Expenditures Framework). For instance, “six municipalities, including the four northern municipalities, failed to approve their 2016 budgets within the ceilings set by the Ministry of Finance.”

Thus, budget ceilings “set in budget circulars constitute a serious barrier to reach municipal objectives.”12 In the meantime, municipalities in Kosovo depend on government’s support in capital investments. This, in particular, becomes a greater problem in the case of discretionary funding or funding which municipalities receive from line ministries for specific sectors (this excludes the operational grant), which are channelled without clear criteria but largely on political grounds. According to the analysis of MLGA’s data, discretionary funding accounts for almost 1/3rd of the total operational grant municipalities receive on annual basis. For 2011-2016, they have received 341 million Euros (an annual average of 56 million Euros) for implementation of 1,318 capital projects.

According to MLGA, “capital investment planning is essential for effective budget planning.”14 As such, budget planning helps municipalities identify the capital investment needs to build, preserve, maintain or repair municipal infrastructure! In particular, budget planning is important because capital investments require considerable spending, have a serious financial impact, and may consist of diverse sources of funding. Capital investments are also funded through a government grant, municipal OSR, and government transfers.15

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According to MLGA’s data for 2011-2015, the capital investment budget, funded through the government grant, OSR, and government transfers comes to about 768 million Euros (an annual average of 153 million Euros). About 55.2 percent of capital investments are financed from government grants, 30.0 percent from ORS, and 14.8 percent from income transferred from the previous year.\(^{16}\) It is important to note that while the trends of the realisation of operating expenditures range from 95 to 98 percent, the trends for the realisation of capital investment range from 74 to 82 percent.\(^{17}\) In 2016, for instance, the total expenditure on capital investments has been the lowest at 75% if compared to other budget categories.\(^{18}\)

Municipal representatives that participated in the focus groups/workshop considered that there is no need to conduct a training programme in the area of public finances.\(^ {19}\) MLGA assessment states that “more than half of the surveyed respondents (Directors, Municipal Officials, and Assembly Members) believe that the law (local finance) is being implemented.”\(^ {20}\) In addition, a similar proportion believe that responsible staff is equipped with a high level of skill and sufficient experiences! That refers to many capacity aspects, such as the internal public finance control, budget planning, etc.

However, municipal officers are far less satisfied with the collection of ORS, much of what is attributed to the lack of capacities of municipalities to collect OSR. As indicated by MLGA, most of the municipal officers believe that regulations on tariffs, charges, and fines are not enforced.\(^ {21}\) As a result, municipalities often fail to conduct a more realistic plan for collecting OSR. In 2016, municipalities have realised direct and indirect ORS for about 71 million Euros out of a budget amount of 79 million Euros (89 percent).\(^ {22}\) The revenues with the largest impact were collected through levying property tax and issuing building permits.

There are additional problems which may justify the reason why municipalities are not effective in spending their capital investment budgets. According to the MLGA’s Capacity Assessment Report, respondents which include Directors, Municipal Officials, and Assembly Members are the least satisfied with the collection of ORS and capacities of respective municipal officers to ensure the implementation of the code of conduct in the procurement process. In addition, the procurement procedures, regulated according to the legislation, lead to contract implementation delays, to which effect, the budget expenditures are not executed accordingly. Part of the problem may lack internal control mechanisms (a problem that is discussed in later sections).

### 3.2. Local democratic governance

Indicators under “democratic governance” are legal obligations, thus no policy interventions are required to help municipalities improve performance in this regard! In this field, we have 2 sets of performance indicators. Some indicators are very technical and easy to achieve while some others are very difficult to change requiring human and financial resources as well as political will. The changes in this field are also related to changes in the behaviour as well as cultural.

PG defines local democratic governance according to performance indicators which assess the role of the Municipal Assembly as an oversight body, whether it has (i) approved the budget proposal on time, (ii) discussed the budget report for the previous year, (iii) discussed the municipal performance report, and (iv) held sessions in which the Mayor was present. PG also covers indicators which measure the level of public consultations and inclusion. For public consultation, PG measures the extent municipalities have (v) published announcements for holding public meetings, and (vi) consulted the public for drafting and adopting municipal acts. For inclusion, PG measures the extent women have (vii) participated in public meetings and (viii) been appointed in political positions.

In the following sections, the PG data analysis is examined in greater detail from the perspective of secondary sources and field research. Some of the identified gaps can be tackled through training, while some others are subject to political support and policy interventions. Problems such as women holding political positions

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may require increased political awareness and will. In this case, training would not fit in. Instead, project interventions through “communication” would help as an effective tool for persuading municipalities to change course. Likewise, communication could also inspire municipalities to ensure greater attendance of women in public meetings.

However, training in three priority areas should be provided: (i) holding of public meetings, (ii) PMS reporting, and (iii) municipal budgeting and reporting. The former two priority areas are of higher relevance if compared to the latter since municipalities fall shorter organising public meetings and reporting for PMS. Refer to the findings in subsequent sections for more information on the performance indicators related to the latter priority areas.

For either priority or all priorities, training should focus on strengthening checks and balances and “accountability” between the executive and legislative branches of local governments.

With the aim of understanding more closely municipal performance in the area of “democratic governance,” a traffic light system has been established. The system is used to identify priority needs where interventions are essential to help municipalities improve their performance. The colour bar presented in the following figure explains in which indicators municipalities have shown poor, fair or good performance in the scale from 0 to 100 percent. The colour “red” characterizes poor performance, “yellow” characterizes fair or medium performance, while “green” characterizes good performance. The arrows indicate indicators that have improved “green”, declined “red”, or roughly stayed at the same level “yellow” when compared between 2016 and 2017. Indicators coloured in red are of greater relevance or importance for the design and delivery of training. The significance in colour is weighted based on the number of municipalities which have shown either poor, fair or good performance.

As viewed in the figure above, the majority of municipalities have shown poor performance in the area of women holding political offices/positions and attending public meetings! This can be said for reported indicators for both 2016 and 2017. In the majority of cases, women continue to be excluded from decision-making and policymaking processes. If we take into account the actual data on the number of municipal directorates led by women, this number appears to be alarming in proportion to men. From these data, we draw key indicators of the problem faced by political entities, not showing the willingness to promote and give the deserved space for women within the membership of the political entities that have won the mandate to govern with the respective municipalities.

As data analysis for 2016 indicates, 25 municipalities have reported that less than 30% of high managerial (political) positions are held by women. Half of that or 12 municipalities have reported that 30% of participants attending public meetings are women When compared with other areas the indicators related to these two issues score the lowest for 2016 and 2017. Two other poor performance indicators relate to Municipal Assembly’s (MA) discussion of the PMS report and the extent municipalities consult the public in drafting and publishing municipal acts. In 21 municipalities the MA has not discussed the PMS report. In 20 municipalities, the public has been consulted for less than 50% of municipal acts.

If not worst, similar findings have been reported for 2017, especially related to women’s involvement in politics and policymaking process. For instance, 29 municipalities have reported that less than 30% of political positions are held by women. More municipalities have reported that less than 30% of participants attending
public meetings are women! Data on public meetings held by municipalities are very similar between 2017 and the previous year. Almost no changes have been identified with regards to the organising of public consultation meetings.

Majority of municipalities have shown better or fair municipal performance for the indicators relating to the MA’s role in approving and discussing the budget accordingly and having the Mayor attend its meetings. However, it is important to note that such measures do not assess the quality of the Mayors’ and MAs’ role and contribution for the benefit of the public. That being said, it is important to emphasize that 60% to 70% of MA members are newly elected in the existing legislature. Since this legislature is fairly new, many of the field research findings demand that training be focused in helping MA members understand their role, to understand their responsibility in articulating citizens interests and opposing policies sponsored by the municipal executive that is detriment to general interest. MA members should particularly understand their role in the context of indicators of performance discussed in the following sub-sections.

According to the data analysis, in 33 municipalities, the budget has been approved on time, while in 24 municipalities the budget quarterly reports have been presented and discussed by the MA. Also, in 24 municipalities, the Mayor has attended at least seven (7) MA meetings. As far as public consultations, 23 municipalities have reported having announced public meetings according to the legislation. For detailed data analysis findings, refer to the following sub-sections dedicated to each indicator.

3.2.1. Municipal Assembly as an oversight body

The sub-theme of the role of the Municipal Assembly as an oversight body within the local democratic governance theme represents the gathered data and analysis regarding the function of MA-related processes translated in four specific indicators: (i) approved the budget proposal on time, (ii) discussed the budget report for the previous year, (iii) discussed the municipal performance report, and (iv) held sessions in which the Mayor was present. PG also covers indicators which measure the level of public consultations and inclusion. The role of the MA as an oversight body weights 20% of the total local democratic governance theme weight, while the specific indicators 19% of total performance grant Indicators. Following the content of this report, gathered data and analytics per indicator will be presented and elaborated.

3.2.1.1. Budget approval

This indicator evaluates if the municipal budget has been approved on time by the MA. In theory, this process involves preparing and drafting the budget prior for approval according to the existing legislation (i.e. the Law on public finance management and Law on local self-government). The work for the preparation and approval of the budget of the current fiscal year is assessed by measuring the observance of time limits in the previous year.

As the data analysis findings indicate, in a large number of municipalities the MA has been effective in approving the budget on time. In 2016, 33 municipalities have done so while five (5) municipalities have not reported any data on this matter. In 2017, in 31 municipalities the municipal budget has been approved on time. See the figure below for a visual presentation.

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In how many municipalities has the budget been approved on time by the MA? (PI-01)

![Bar chart showing budget approval status]

Figure 5. Illustration of the PI-01 data: Budget being approved on time among municipalities

According to the PG data, the weighted average for the performance indicator on the “budget approval” is 86.84% for 2016 while 83.16% for 2017. This indicates that the absolute majority of municipalities comply with the law. They draft and present the annual municipal budget (for the next fiscal year) to the MA no later than 01 September to be approved by the end of September. For budget approvals, municipal institutions conduct public consultations. Consistent with data presented in the PMS report for 2016, the weighted average for the indicator on “holding public consultations for approving municipal budgets” is 95.71%. This depicts a positive municipal performance, by explaining that municipalities overall succeed to meet the legal requirements of approving municipal budget through public consultations. However, it does not reveal the quality of how public consultation process works in practice.

Causes for not approving the budget on time are mainly political. Municipalities, where representation in the executive doesn’t correspond with the majority of the members in municipal assemblies and which didn’t undertake steps in creating governing coalitions to obtain the majority, have a tendency to not approve the budget within time limits set in the legislation. This problem continues to be present even after the constitution of local governance authorities derived after the local elections of 2017. This year, an example of not approving the budget within the legal deadlines, is the municipality of Malisheva, where the project budget wasn’t approved by the members of the municipal assembly.

It is a fact that budget planning and development through public consultation has improved in the last four years or even earlier. At least, that has been indicated by the Organisation for Security and Co-operation in Europe (OSCE) in 2012, which has observed an 80% increase of public meetings held by municipalities “to solicit public input on budget priorities.” However, according to OSCE, the majority of municipalities do not follow the required steps for public consultations, in terms of when and how public input should be solicited. In terms of quantity of municipalities meeting legal requirements and organising budget hearings, trends have improved, especially in 2016 and 2017, as reported by MLGA in the Functioning of Municipalities reports for that time period.

For drafting and planning the municipal budget, public consultation is obligatory and necessary to ensure that priorities identified by citizens and civil society are addressed in this process. According to MLGA, for 2016, 200 budget hearings have been held in 31 municipalities. Smaller and minority municipalities (especially from the North) have reportedly not held budget hearings. Public involvement in the budgeting process is extremely important since it not only takes in information from the public but also educates the public about the process. Greater public involvement equals greater accountability. That is why the MA’s role is pivotal in

this process. Its members must ensure that the public demands (or interests of their constituents) are well channeled and represented in this process.

In general, municipalities should improve the participatory budgeting by encouraging citizens to have a voice in budgeting decisions and empowering neighborhood associations and small civil society organisations. In practice, the number of people from the community that participates in budget planning is limited, and they are not always representative of the youngest and marginalised groups. As revealed in a survey study conducted in 2017 by GAP Institute, the majority of citizens did not participate in any public gatherings organised by the municipality in the last 12 months. More importantly, most of the citizens were not aware that the municipality has an obligation to organise public hearings with citizens regarding the budget.

As it is usually the case, public demands go unnoticed during the budgeting process. Either municipality does not understand how to merge priorities identified by the public into the budgeting process or demands raised by citizens in an organised fashion (e.g. through Village councils, civil society organisations) surpass municipal capacities/competencies! In order to inspire citizens to be part of the budgeting process, in light of municipal limitations, a couple of municipalities have reformed the budgeting process. For instance, in the municipality of Kaçanik, a filtering mechanism has been applied, which demands that communities come up with only "one or top priority budget request" that is realistic to be addressed (instead of identifying many requests which ultimately go beyond the capacities of the municipality). This is one of the main mechanisms which can be viewed as a good practice among many other mechanisms identified by many municipalities such as presented in the following.

**Good practices for better budget planning**

The following good practices for budget planning have been revealed during field research: close cooperation with Village councils, planning at an earlier phase, good internal coordination within the municipality, in-depth discussion of the project budget by the Head of Caucuses, meetings with interest groups such as women, announcement of the budget hearing well in advance, merging of main priority needs into the budget forecast and better coordination and communication between the executive and the MA.

### 3.2.1.2. Quarterly budget reports

This indicator measures the municipal performance of fulfilling its obligation in presenting and discussing the "quarterly budget reports" in the MA. The quarterly reports are submitted to the MA by the Mayor every three months. Thus, in total 4 quarterly budget reports are required to be discussed by the MA as stipulated in the Law on public finance management and accountability. This gives MA the opportunity to review the budget expenditure in a regular basis and hold to account the executive accordingly. In the case the municipality has discussed the quarterly budget report four times according to the deadlines, it has received maximum points for its municipal performance in the PG. If less than two quarterly reports have been discussed by MA, the municipality has received zero points for its municipal performance.

As the data analysis indicates, in a large number of municipalities, the Mayor has been successful in presenting the quarterly budget reports to the MA for discussion. In 2016, in 24 municipalities all of the quarterly reports have been discussed. In four (4) municipalities, only three quarterly budget reports have been presented and discussed. In five (5) municipalities, less than two reports have been presented and discussed. Five municipalities have not reported any data for this indicator. See the figure below for a more visual presentation. In 2017, in 20 municipalities all of the quarterly budget reports have been discussed, a slight performance decrease if compared to the previous year. The number of municipalities in which two (2) or fewer budget reports have been discussed has increased from five (5) to 12 municipalities.

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In how many municipalities has the quarterly budget report been discussed by the MA? (PI-02)

<table>
<thead>
<tr>
<th>Number of Reports Discussed</th>
<th>Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>All of the reports</td>
<td>24</td>
</tr>
<tr>
<td>3 reports</td>
<td>20</td>
</tr>
<tr>
<td>2 or less reports</td>
<td>12</td>
</tr>
<tr>
<td>No data</td>
<td>5</td>
</tr>
</tbody>
</table>

**Figure 6. Illustration of the PI-02 data: Quarterly budget report being discussed among municipalities**

According to PG data, the weighted average for the performance indicator on the “discussion of quarterly budget reports” is 72.37% for 2016 while 65.79% for 2017. Although the data depicts a relatively good performance for this indicator, quarterly budget reports are not thoroughly discussed in the MA. For instance, budget reports are rarely contested by MA members and Mayors are rarely held to account for what they report to MA. In the meantime, the public is not kept informed about the budget reports. From the perspective of GAP Institute, “the remaining concern is the fact that over half of the municipalities failed to publish their budget reports on their website.”

Political spectre represented in municipal assemblies remains of different profiles. This profile disables the understanding of the role and responsibility that assembly members have in handling financial reports. Often, members of the assemblies do not have proper capacities in accurately reading information from financial reports discussed in the MA. Technical aspects in generating and compiling financial reports are another obstacle that causes delays in sending reports to the MA. Free balance software often faces problems in timely generation of periodical financial reports.

Increasing capacities of members of the MA on the role and responsibility as the highest decision-making authority remains crucial in handling, proper and accurate reading of financial reports generated by the municipal executive.

### 3.2.1.3. PMS reports

This indicator measures presentation and discussion of the municipal Performance Management System (PMS) reports of the previous year in the MA. By having the MA discuss the findings of the PMS report, it indicates that MA is responsible to hold to account the performance of the municipal executive. The PMS report is required to be presented once a year for which the municipality receives the maximum points for its performance in the PG. If the PMS report is not discussed, the municipality receives zero points. The quality of discussion is a question that might need further analysis in the years to come.

According to the data analysis, in the majority of municipalities, the PMS report has not been discussed by MA! In 2016, in only 10 municipalities the PMS report has been discussed by the MA. 7 municipalities have not reported any data for this indicator. Based on the findings from the fieldwork, municipalities fall short in...
this indicator since the majority of municipalities have not been well informed and familiarised about the PMS and its importance in practice. For a more visual presentation of data, see the figure below where similar findings are also reported for 2017, with the exception of a decrease in the number of municipalities which have not reported any data.

According to PG data, the weighted average for the performance indicator on the “discussion of the PMS by the MA” is 26.32% for 2016 or 28.03% for 2017. For this particular indicator, municipal performance is extremely low, mainly because MA was not legally required to discuss PMS reports in 2016, and MAs were not familiarised enough about PMS in general. The PMS report gives an overview of how municipalities perform in 14 areas/fields, covering in total 66 performance indicators for 2016. Capacity building on PMS is viewed as a necessity, considering the fact that discussing the PMS report by the MA is required by legislation in force.

MLGA as the responsible authority in evaluating and monitoring municipal public services and author of the PMS report sometimes faces delays in publishing this report. This delay reflects the absence of PMS discussions in MA. Also, changes of the legal grounds of PMS should be forwarded without delays to municipalities from MLGA. Despite this, the MA should show willpower and readiness in asking accountability from the municipal executive in offering services to citizens.

Discussion of the PMS report in the MA, in one side, incites the engagement of the municipal executive in increasing performance to offer public services, and on the other side enables engagement of the MA in requesting accountability directly from the mayor. Furthermore, discussion of PMS gives the possibility to members of the MA to promote such policies that influence municipalities’ performances in offering municipal public services.

### 3.2.1.4. Mayor in MA meetings

This indicator evaluates the extent the MA holds to account the work of the Mayor by observing the physical attendance level of the Mayor in the MA meetings/sessions. By law, Mayors are required to report to MA at least twice a year on the economic and financial matters, including the implementation of municipal plans on capital investments. In addition, the Mayor is also required to report or appear in the MA whenever requested by the MA. Mayor reporting to MA, as an oversight body, is an important process since it allows MA to observe systematically the activities of the municipality. It also fosters mutual cooperation between the Mayor and MA, hence the reason why the Mayor’s presence in MA meetings is considered extremely important. In

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other words, physical participation of the mayor in the MA meetings reflects his personal accountability and his staff towards assembly members as well as the sensitivity to being accountable towards the elected representatives of citizens.

As the data analysis findings indicate, in the majority of municipalities the Mayor has attended at least seven meetings — as it has been the case in 24 municipalities for 2016 or 22 municipalities for 2017. This indicates that majority of MAs hold to account the Mayor for his/her work. Meanwhile, for 2016, in 4 municipalities the Mayor has attended two to six MA meetings while in 4 other municipalities the Mayor has not attended any MA meeting! See the figure below for a more visual presentation of the data. Six municipalities have not reported any data for this indicator. For 2017, in 9 municipalities the Mayor has attended two to six MA meetings while in 5 municipalities the mayor has not attended any MA meeting.

![Figure 8. Illustration of the PI-04 data: Mayor attended the MA meetings](image)

According to the PG data, the weighted average for this performance indicator is 62.11% for 2016 or 63.03% for 2017. The purpose of evaluating the extent the Mayor attends MA meetings is to measure the level of accountability and checks & balances exercised in the municipality. By having the Mayor attend more MA meetings, maximum of 10 MA meetings required by law, it suggests that the MA is formally engaged enough to report and then demand better governance and performance from the municipal executive. According to MLGA, the Mayors have in total reported 101 times to the MAs (in 2016), specifically on issues related to economy and finance. From the data analysis, the Mayors have reported to MAs on other issues, many of which may relate directly to the indicators reported in the previous sub-sections (e.g. approving the municipal budget).

However, this indicator does not measure whether the Mayor is realistically held to account by the MA. As indicated in previous sections, municipal performance suffers from a “weak accountability” system between the executive and legislative branch of local government. That is why empowering MA members on how to hold to account the executive is considered a necessity.

### 3.2.1.5. Discussion of audit reports

Municipality’s senior management (the Mayor) shall establish an Internal Audit Unit, upon meeting any of the following criteria: a) the annual budget exceeds EUR 1 million, b) the number of full-time equivalent staff exceeds 50.³⁵ In special cases, because of the high-risk level, the senior management of a public sector entity

may establish independent internal audit units upon the proposal of the Central harmonisation unit and with
the prior consent from the Ministry of Finance.\textsuperscript{36}

Municipalities shall have the legal obligation to perform an internal audit at least once a year.\textsuperscript{37} Municipalities shall have the right to establish an autonomous in-house audit service or ensure internal auditing by an audit firm accredited in accordance with the applicable legislation of the Republic of Kosovo.\textsuperscript{38}

This indicator measures the extent the MA discusses the findings of the internal & external auditor’s reports and the findings and recommendations that come out of such reports. This indicator also covers the assessment of action plans for the implementation of the recommendations issued by the auditor (external and internal). In this context, the indicator does not measure the quality of the discussion. The discussion of this report is considered a very sensitive issue by the mayor and his team because it contains information about the handling of public funds. If the discussion of this report is qualitative it will increase transparency, improve accountability and governance.

At this stage, we measure the discussion of the report excluding the action plan for addressing the recommendation from the auditor. As the data analysis findings indicate, in the majority of municipalities reports issued by the auditors are not discussed by the MA. For 2017, in 25 municipalities none of such reports have been discussed, while in 13 municipalities only one audit report has been discussed by the members of the MA. There is no municipality in which both audit reports (external and internal) have been discussed by the MA. Data for this indicators for the year 2016 could not be generated, thus comparison is not possible. See the figure below for a more visual presentation of the data findings. As field research indicates, very rarely do municipalities prepare action plans for addressing the recommendations that come out of audit reports.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{pie_chart.png}
\caption{Illustration of the PI-05 data: Auditors reports been discussed in the MA}
\end{figure}

The law on local self-governance has determined external auditor as a central autonomous authority that carries annual external auditing of every municipality. All the auditor’s reports and answers of local authorities become public.\textsuperscript{39} MAs, despite that in their work plans, have the review and discussion of the external and internal auditor’s reports, they do not discuss these in their sessions. This institutional negligence is as a result of “political character”, while silently skipping handling of such reports. One

\begin{itemize}
\item Article 26 paragraph 1 of the Law on Local Self-Government No. 03/L-040, https://gzk.rks-gov.net/ActDetail.aspx?ActID=2530
\item Article 26 paragraph 2 of the Law on Local Self-Government No. 03/L-040, https://gzk.rks-gov.net/ActDetail.aspx?ActID=2530
\item Article 27 paragraph 1 and 2 of the Law on Local Self-Governance Nr. 03/L040, https://gzk.rks-gov.net/ActDetail.aspx?ActID=2530
\end{itemize}
of the other reasons why audit reports aren’t discussed in the assembly is negligence by its members to monitor implementation of the work plan of the assembly. Building members’ capacities, especially those in opposition, in monitoring and implementing policies approved by the MA could influence the executive to efficiently manage finances and other processes that affect offering municipal services. The engagement of the MA in reviewing the recommended implementation plans remain one of the immediate matters to be addressed in future.

MAs, with the assistance of different donors, draft annual plans. Plans mainly contain their legal obligations within a working year. The process of compiling work plans of assemblies was not in coordination with the work plans of the executive. Coordination of MA plans with other plans of the executive would increase accountability within the institution in relation to the MA, especially in relation to audit recommendations.

### 3.2.2. Public consultation

The sub-theme of the Public Consultation within the local democratic governance theme represents the gathered data and analysis regarding the function and consultation processes translated in two specific indicators: (i) published announcements for holding public meetings, and (ii) consulted the public for drafting and adopting municipal acts. Public consultation weights 10% of the total local democratic governance theme, while the specific indicators 7% of total performance Indicators. Following the content of this report, gathered data and analytics per indicator will be presented and elaborated.

#### 3.2.2.1. Announcement of public meetings

This indicator evaluates the extent municipalities publicly announce public meetings as it is legally required for at least 2 public meetings within a year. By law, the Mayor announces the public meeting at least 14 days before the meeting is held. The announcement is made public through outdoor promotion, particularly in most frequented public places, and internet via the official website, media and social media. The content of each announcement should be written in official languages of a particular municipality (i.e. Albanian, Serbian and/or Turkish). In the case the announcement was made for two public meetings, the municipality has received the maximum points in the PG. In the case, the municipality has not made any announcement for holding public meetings the municipality has received zero points.

According to the data analysis findings, in the majority of municipalities, the announcements for holding public meetings have been realised by meeting the minimum obligations specified in the Law on Local Self-Government. As shown in the figure below, in 2016, 23 municipalities have announced at least two public meetings. Four (4) municipalities announced only one public meeting, whereas in 6 municipalities have not announced any public meeting. For 5 municipalities, no data has been reported. Similar findings have been reported for 2017, although fewer municipalities failed to report any data for this performance indicator.

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40 Observations from the process of compiling work plans for 2018 of partner municipalities of project DEMOS 1
To what extent have public meetings been announced in municipalities? (PI-06)

Figure 10. Illustration of the PI-06 data: Public meeting been announced discussed in the MA

According to the PG data, the weighted average for this performance indicator is 65.79% for 2016 while 72.37% for 2017. Consistent with the data analysis, MLGA indicates that for 2016 all of the municipalities – with the exception of Kllokot, Fushë Kosovë, and the 4 municipalities in the North – have met the minimum legal requirements of holding at least 2 public meetings within a year.\(^{42}\) Out of 32 municipalities which have held public meetings, only 23 of them (71%) have applied the law in announcing such meetings. However, this does not relate to municipalities which have organised more public meetings than required by law, in which case the number of announcements would be lower. Each municipality is allowed, if not encouraged, to hold additional public meetings depending on the circumstances and approach of the municipality to involve the public in decision-making.

How productive public meetings prove to be is another matter of concern, which is not part of the assessment of this indicator. As the field research indicates, municipalities for the most do not have the skills and behavior necessary to moderate public meetings in such a format that it will help them capture community needs & problems and frame them into actual ideas and solutions! The findings of the field research, indicate that other than lack of coordination between the Mayor and MA, municipalities are not creative enough to attract the interest and attention of residents to be part of public meetings.\(^{43}\)

Organising public meetings remains one of the adequate accountable mechanisms of local institutions towards the citizens. In such meetings, municipal representatives inform participants about municipal activities, whilst participants can ask questions and give proposals to the assigned municipal representatives. The unwillingness of municipalities in having two such meetings within a year shows more about the lack of will and understating the importance of such events. Municipal officials tend to highlight this as a general, cultural or other problem and they do not reflect from their perspective if they can improve the situation.

### 3.2.2.2. Public consultation for municipal acts

This indicator evaluates the extent the public is consulted in the decision-making process. By law, MAs are required to hold public consultations for drafting and adopting municipal acts (decisions). This particular indicator measures the percentage of municipal acts which have undergone public consultations. In the case more than 90% of municipal acts have undergone public consultations, the municipality has received maximum points in the PG. For anything less than such threshold, the municipality has received fewer points, if not zero points. From either perspective, public consultation for drafting municipal acts is extremely important, and no matter how poor, fair or good municipalities have performed, greater caution should be placed on this indicator considering the fact that majority of MA members are fairly new in the current legislature. Their


understanding of this process should be widened in order to inspire greater accountability and legitimacy in decision-making.

As the data analysis indicates, in the majority of municipalities public consultations for drafting and adopting municipal acts have been less utilised. In 2016, in 20 (twenty) municipalities the public has been consulted for less than 50% of municipal acts. To a greater extent, in 2 (two) municipalities the public has been consulted for 50-90% of municipal acts and in 12 (twelve) municipalities for over 90% of municipal acts. See figure below for a visual presentation of data, which also draws a comparison with 2017. However, almost no changes have been identified between 2016 and 2017.

![Figure 11. Illustration of the PI-07 data: Public consulted of approved municipal acts by MA](image)

To what extent has the public been consulted in the process of approving municipal acts by the MA? (PI-07)

According to the PG data, the weighted average for this performance indicator is 42.00% for 2016 while 43.75% for 2017. Consistent with data presented in the PMS report for 2016, the weighted average for the indicator on “the percentage of municipal acts approved through public consultation” is 46.94.\(^4^4\) According to MLGA, in 32 municipalities a total of 311 public consultations have been held for the drafting of municipal acts. As also indicated by the GAP Institute, in reference to the data obtained from MLGA, the level of public consultation for the drafting of municipal acts has reached 45%.\(^4^5\)

In the meantime, MLGA has underlined key problems with holding public meetings as in the following:\(^4^6\)

1. lack of public interest to attend public meetings (e.g. not many people, including marginalised groups, are inclined to attend public meetings since they do not think that their opinion, ideas are taken seriously into consideration, and

2. no feedback from municipalities to inform the citizens about the final results (and to what extent their viewpoints and comments have been considered in the decision-making process).

These are all findings which have been discussed and validated during field research. They represent a serious challenge, considering the fact that municipalities adopt hundreds of municipal acts for which if the public is consulted at greater length, legitimacy could be increased in the process of decision-making. Only for 2016, municipalities have adopted 148 regulations and have taken 1678 decisions.\(^4^7\) These municipal acts range from decisions on finance and budget approvals to regulation & decisions on specific sectors, such as the economy, education, health, etc. Out of the total number of municipal acts, MLGA has legally reviewed 810 while other Ministries have reviewed 1016 municipal acts. In total, 38 municipal acts have been declared as unlawful (or without a legal basis).

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In 2017 Ministry of Local Governance and Administration has issued Regulation Nr. 01/2017 on the procedure of compiling and publishing municipal acts. Within this regulation, it is specified which of the municipal acts are subject to public consultation. Besides the acts of a general purpose that are specified in detail, there are no other data on which other acts or decisions of the local self-governing authorities should be consulted. Building capacities of members of the municipal assembly, legal officials, to address shortcomings of consultation of the local level acts should be the focus of further engagements. Also, members should be acquainted with their role in the consultation process of local level acts.

### 3.2.3. Inclusiveness

The sub-theme of the inclusion within the local democratic governance theme represents the gathered data and analysis regarding the function and inclusiveness of women in local processes translated in two specific indicators: vii) women participated in public meetings and (viii) women appointed in political positions. Inclusiveness weights 10 % of the total local democratic governance theme, while specific indicators 11 % of total performance indicators. Following the content of this report, gathered data and analytics per indicator will be presented and elaborated.

#### 3.2.3.1. Women participation in policymaking

This indicator measures the extent women attend municipal public meetings. By public meetings, this refers to regular public meetings (minimum of two meetings held in a year), budget hearings (minimum of two meetings held in a year), and consultative meetings. According to the PG, women’s involvement in decision-making helps improve local democracy by ensuring inclusiveness and fighting discrimination. Through public meetings, women should be given an opportunity to express their concerns with regards to the community. How useful their contribution has proven to be in the quality and content of public meetings cannot be measured through this indicator.

According to the data analysis, women participation in municipal public meetings has not been satisfactory. In 2016, in 12 municipalities less than 30% of participants in public meetings have been women while in 12 municipalities 30-50% of participants have been women. Only in 3 municipalities over 50% of participants have been women. A substantial number of municipalities (11 in total) have not reported any data for this indicator. For a visual presentation of data analysis findings, see graph below. In 2017, in 20 municipalities less than 30% of participants were women. It is important to note that more municipalities have reported data in 2017 compared to 2016.

![Graph: What has been the level of women participation in public meetings organised by the municipality? (PI-08)](https://gzk.rks-gov.net/ActDetail.aspx?ActID=15184)
As also indicated by the PG data, the weighted average for this performance indicator is very low - for 2016 it is 21.14% while for 2017 it is 22.35%. Part of the reason that may explain why municipalities fail to ensure higher women participation in public meetings relates to their limited approach to involving women in decision-making. Municipalities do not cooperate with non-institutional mechanisms (such as informal women’s groups, groups of women MA members, local councils or civil society) that address women’s participation in decision-making. They do not consider women as a marginalised group to apply any sort of a “affirmative action” by aiming to involve them in policymaking more than men! The municipality of Istog, for example, has applied affirmative action by working closely with civil society to target women as a special group and try to inspire them to attend public meetings.

### 3.2.3.2. Women in decision-making positions

This indicator measures the level of women holding political positions/offices in the municipality. It reveals a closer analysis of gender balance in political positions of municipal bodies, respectively their appointment as a deputy Mayor, political advisor, municipal director, and so forth. This list does not include civil servants or elected MA members. It is designed more to measure the representation of women in leadership positions as an approach to helping municipalities strengthen local democracy from a gender perspective. By assessing to what extent women are involved in the decision-making process, a closer understanding is revealed about local democratic governance. However, this indicator cannot measure the level of contribution of women as leaders. It only looks at the number of them being politically appointed, which is calculated based on a percentage of thresholds.

As the data analysis indicates, the level of women appointed in political positions is extremely low. In 2016, in 25 municipalities less than 30% of political positions are held by women, whereas in 2 municipalities 30-50% of political positions are held by women. None of the municipalities have reported having over 50% of women holding political positions. 11 municipalities have not reported any data on this matter. For a more visual presentation of the data analysis findings, refer to the figure below. Similar findings have also been reported for 2017. However, there was an increase in municipalities where the percentage of women holding political positions has slightly increased. For instance, 6 municipalities have reported that 30-50% of positions are held by women compared to two municipalities for 2016! Also, it is important to take note of the fact that more municipalities have reported data in 2017 compared to 2016.

![Graph showing the level of women holding political positions in municipalities](image)

**Figure 13. Illustration of the PI-09 data: Women holding political positions**

According to the last European Commission (EC) report (2018), “women remain underrepresented in local decision-making positions.” EC more specifically refers to the local elections held in 2017 to explain how

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women are not seeking political positions since they are not entitled to political support from both political
parties and the public. For instance, out of 204 mayoral candidates, only 8 were women. As a result, today
no woman holds any Mayoral position.

The trend of under-representation of women in political positions continued even after local elections of 2017.
During the election campaigns, candidates for municipal mayors promised to include women in the executive
body at the level of 50%. This promise was not met! The aspects of inconsistency are mainly political, espe-
cially in situations of governing coalitions, where names for directors of municipal directories are nominated
by political parties. Engagement in awareness building of political actors about the importance of women
appointment in political positions could potentially yield results.

### 3.3. Municipal management

PG defines municipal management according to performance indicators which measure (i) management of
human resources (HR), (ii) financial management and control, and (iii) service delivery. As indicated in the
data analysis, municipal performance falls short on financial management and audit, while their performance
on HR management and service delivery is comparatively better. Financial Management and audit sub-
theme is translated in five respective indicators (PI-15 to PI-19), while HR Management in four performance
indicators (PI-11 to PI-14). Service delivery sub-theme on the other side is covered with comparatively fewer
indicators (PI-20 to PI-22).

In the following sections, the PG data analysis is examined in greater detail from the perspective of secondary
sources and field research. Some of the problems can be tackled through training, while some problems
are subject to political support and policy interventions. Problems with municipalities failing to address audit
recommendations requires training. However, considering the complexity of issues, this may also require
changes in the legislation and increased political awareness.

Helping municipalities present and discuss the HR report in the MA would fit training as another way of
strengthening accountability between the executive and legislative. The overall municipal performance for
HR indicators is relatively good. However, considering the fact that indicators are largely quantitative while
acknowledging many problems in these fields, capacity-building support is extremely important.

With the aim of understanding more closely municipal performance in the area of “municipal management,”
a traffic light system has been established to identify priority needs where interventions are essential to help
municipalities with capacity-building. The significance in colour is weighted based on the number of munici-
palities which have shown either poor, fair or good performance. The arrows indicate improvement, decline or
status quo in terms of performance compared between 2016 and 2017.

![Traffic light system illustration of the Municipal Management indicators](image)

As viewed in the figure above, the extreme majority of municipalities have shown poor performance for both 2016 and 2017 in the area of addressing the NAO recommendations. Almost all municipalities have not passed the minimum threshold of addressing the audit recommendations. In total, 37 municipalities have addressed less than 50% of recommendations. Better performance has been reported for the presentation and discussion of the HR report in the MA, although this has changed between 2016 and 2017. In 2016, in 13 municipalities the HR has not been discussed by the MA, while in 18 municipalities the HR report has been discussed, while 7 other municipalities lacked data reporting. But in 2017, in 20 municipalities the HR report has not been discussed compared to 15 MAs which did discuss the HR report.

Poor municipal performance is noticed for indicators related to tax registration & collection. In 29 municipalities, less than 20% of the property tax register has been updated through the “re-surveying process.” In 33 municipalities, less than 50% of property tax has been collected! This data indicates that municipalities fall extremely short in terms of “local fiscal autonomy,” the extent to which municipalities rely on locally raised revenues (e.g. property tax) rather than receiving transfers from the central government.

As for the remaining indicators, municipal performance is far better. Over 90% of the civil service performance appraisals have been implemented in 19 municipalities for 2016 and 2017, and over 90% of open vacancies have been processed through the HRMIS in 23 municipalities in 2016 and 19 municipalities in 2017. Only in 6 municipalities, over 90% of service contracts have been used, although in 20 municipalities more than 90% of payments have been executed for such contracts within the 30 days’ deadline as required by the legislation. A similar situation is with the implementation of procurement plans, in which case in 17 municipalities procurement plans have been executed above 90%.

According to the PG data analysis for 2017, municipal performance for contract implementation has received high score. In 37 municipalities, in over 90% of cases project managers have been assigned or appointed for managing public contracts (services, works & supplies). In 38 municipalities, over 90% of service deliverables have been approved before payments were done, and in over 90% of citizen requests have been addressed in 29 municipalities during 2016. For 2017, municipal performance for service delivery has slightly decreased to 24 municipalities in which over 90% of citizen requests have been addressed. For detailed data analysis findings, refer to the following sub-sections dedicated to each indicator.

3.3.1. Human resources management

The sub-theme of Human resources management represents the gathered data and analysis regarding the HR-related processes translated into four specific indicators: i) staff appraisals being conducted annually and in accordance with legal requirements; ii) vacancies for civil servants being processed through the Human Resource Information System (HRIS); iii) MA discussing the annual human resource report, and iv) special service contracts in compliance with the legal framework. Human resources management sub-theme weights 10% of the total Municipal management theme, while the specific indicators represent 15% of the total performance indicators. Following the content of this report, gathered data and analytics per indicator will be presented and elaborated.

3.3.1.1. Performance appraisals

This indicator measures the extent municipalities implement the performance appraisal system according to the principles and provisions set out in the legal framework. This refers to a job performance review or employee appraisal, a method by which the job performance of an employee in municipalities is documented and evaluated. As it is regulated by the Law No.03/L –149 on the civil service, each institution, including municipalities, conducts performance appraisals to evaluate the work performance and improve the quality and capacity of the civil service.52

As the data analysis indicates, the majority of municipalities have implemented the civil service performance appraisal. In 2016, 19 (nineteen) municipalities have conducted over 90% of appraisals for the performance of civil servants. To a lesser extent, only 7 (seven) municipalities have conducted 50-90% of the civil service performance appraisals and 7 (seven) municipalities less than 50%. 5 (five) municipalities have not reported any data. For a more visual presentation of the data, refer to the figure below. Very similar findings have been reported for 2017 for this performance indicator. On this time, slightly fewer municipalities have failed to report data.

![Figure 15. Illustration of the PI-11 data: Implementation of Civil service performance appraisal among municipalities](image)

This civil service performance appraisal is part of career development and consists of yearly reviews of employee performance within central and local public institutions. Certain performance categories or thresholds are particularly important for performance appraisals. According to the Regulation No. 19/2012 On Civil Servant’s Performance Appraisal Results, no more than 5% of civil servants can be evaluated as “excellent,” no more than 15% of civil servants can be evaluated as “very good,” and no more than 30% of civil servants can be rated as “fair.” The remaining 50% is divided into lower percentage performance appraisals such as “average,” “sub-average,” and “poor” performance. Performance appraisal is mandatory for supervisors/managers and failure to conduct it may be subject to disciplinary measures. However, no information could be obtained from secondary sources whether disciplinary measures have been taken for municipalities which have not conducted performance appraisals!

According to the PG data, the weighted average for this performance indicators is 59.22% for 2016 and 68.53% for 2017. Consistent with data analysis, 14 to 16 municipalities have failed to conduct over 90% of performance appraisals in 2016 and 2017 (if non-reporting municipalities are taken in consideration). In other words, these municipalities have not fulfilled their legal obligation to implement the performance appraisal process according to the civil service legislation. As indicated during fieldwork, no disciplinary measures have been taken against municipalities which have failed to conduct performance appraisals.

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54 Official Gazette. Regulation No. 19/2012 On Civil Servant’s Performance Appraisal Results.
Throughout the analysis, it has been evaluated that the main reasons for this indicators' non-fulfillment are related with the lack of overall planning, pre-performance appraisal (setting of objectives) and post-performance appraisal (in terms of action plans to address the result).

Appraisal based on working objectives is also regulated with the provisions of the Regulation No. 19/2012 On Civil Servant’s Performance Appraisal Results, which provisions stipulate that:

"Appraisal of achievement of objectives from the civil servant is done based on individual annual working plan (drafted according to priorities defined by the institution, respectively by the civil servant’s organisational unit) and his job description." 56 Another performance evaluation angle is appraisal conducted based on the civil servant competency.

Weak presence of each one of these planning phases diminishes the whole importance of performance appraisal since the performance process is being held within a framework which is detached from the institutions' strategic objectives and is far from being connected with a valid action plan for performers, respectively non-performers. Given the lack of institutional recognition of the importance of performance appraisals, they continue to be regarded merely as a “formality,” something that is more symbolic than necessary. Besides, the results of appraisals have "no formal consequences for salaries or career development," 57 except that negative appraisals disqualify civil servants for internal promotion.

More importantly, the performance appraisal system determines whether civil servants need additional training and whether they should be considered for promotion or dismissal. The Kosovo Institute for Public Administration (KIPA) conducts an annual training needs assessment process (as a result of performance appraisals), which results in the annual KIPA training plan, which in turn is sent to municipalities for directors to select participants. 58

Furthermore, although many institutions, including municipalities, make individual training needs assessments for their staff, they are not always communicated to KIPA. According to the European Commission (EC), some progress has been made in civil servants’ professional development, but KIPA has a very limited training budget to provide training for staff across all institutions. 59 The use of performance appraisals has increased, although they continue to have little impact on the performance of individual civil servant and their career development.

Unfortunately, in Kosovo, the performance appraisal system is "largely based on subjective criteria rather than a standardised, objective and quantifiable evaluation metric." 60 This allows for political interference and partisan influence. From the perspective of the EC, “performance appraisals are still not systematically implemented, and they have little impact on career development.” 61 For any decision taken as part of the performance appraisal, civil servants are allowed to file “an appeal” in the Independent Oversight Board (IOB). While the IOB is authorised to turn over the decisions of employers, this institution is subject to constant political interference. 62 For instance, “partisan influence” is likely to affect the dismissal process of civil servants, as it is usually the case with many decisions overturned by the IOB. As reported by the EC, the main problems with the IOB (besides political interference) are that it "lacks sufficient professional capacity." 63

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60 Task Force for European Integration. Discussion Paper: Kosovo Civil Service Reform. [No date], p. 5.
62 Task Force for European Integration. Discussion Paper: Kosovo Civil Service Reform. [No date], p. 5.
The procedures for settling grievances and appeals are administered by the Dispute and Grievances Appeal Committees (established in each institution) and the IOB. The decisions of the Appeal Committee may be appealed in IOB. For 2016, IOB has administered 246 appeals against decisions taken by municipalities, slightly less than appeals issued by central institutions. See figure on the right to view data comparison published by IOB. Out of 246 appeals filed against municipalities, 14 of them relate to “performance appraisals.”

Complaints against Public Institutions
(IOB Report, 2016, p.14)

In reference to the data on the number of complaints filed against a municipality, the majority of appeals relate to “disputed recruitment” (70 appeals), “salaries and allowances” (48 appeals), and “termination of a working relationship” (37 appeals). While the SIGMA monitoring report, “Principles of Public Administration,” does not draw a comparison between local and central institutions, it does elaborate on the data trends of complaints administered by IOB. Accordingly, there is a rise of appeals against municipalities for conducting performance appraisals from 2013 to 2016 by 217%. The table below illustrates in greater detail this percentage breakdown while presenting data on other topics.

<table>
<thead>
<tr>
<th>Topic</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Variation on the Number of Appeals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disputed recruitment</td>
<td>105</td>
<td>178</td>
<td>153</td>
<td>205</td>
<td>95%</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>163</td>
<td>217</td>
<td>116</td>
<td>101</td>
<td>-38%</td>
</tr>
<tr>
<td>Work termination</td>
<td>50</td>
<td>111</td>
<td>83</td>
<td>62</td>
<td>24%</td>
</tr>
<tr>
<td>Transfer and promotion</td>
<td>17</td>
<td>48</td>
<td>86</td>
<td>58</td>
<td>241%</td>
</tr>
<tr>
<td>Disciplinary measure</td>
<td>20</td>
<td>39</td>
<td>41</td>
<td>44</td>
<td>120%</td>
</tr>
<tr>
<td>Preventive suspension</td>
<td>19</td>
<td>20</td>
<td>19</td>
<td>31</td>
<td>63%</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>6</td>
<td>5</td>
<td>41</td>
<td>19</td>
<td>217%</td>
</tr>
<tr>
<td>Demotion</td>
<td>23</td>
<td>25</td>
<td>9</td>
<td>5</td>
<td>-78%</td>
</tr>
<tr>
<td>Other</td>
<td>49</td>
<td>46</td>
<td>65</td>
<td>71</td>
<td>45%</td>
</tr>
<tr>
<td>Total</td>
<td>452</td>
<td>689</td>
<td>613</td>
<td>596</td>
<td>32%</td>
</tr>
</tbody>
</table>

Table 1. Appeals managed by the Independent Oversight Board, by topic, 2013-2016

As indicated in the table, the rise of appeals for performance appraisal far exceeds other categories of complaints with the exception of “transfers and promotions,” which are part of the performance appraisal system. There are two opposing views which may explain why there is a relatively high increase in appeals related to performance appraisals. Either the (i) performance appraisal is not being well conducted amid political interference and biases involved in the process, prompting dissatisfied civil servants to file complaints, or (ii) performance appraisal system is functional and credible, hence the reason why civil servants a part of it, trust it and thus are inclined to file complaints for a given reason.

According to IOB, a very small number of appeals are approved. This refers to all sets of appeals. In 2016, only 114 appeals have been approved and 11 appeals partially approved (in total 20%) while the majority of them have been either rejected, refused, unaccepted and returned. Unfortunately, no data could be obtained on the number of approved appeals specifically related to performance appraisals! Of 114 approved appeals in total, 48 were appeals against municipalities. In total, about 80% of approved appeals have been implemented while the remaining 20% have not implemented.

During fieldwork, many problems related to HR management have been aimed at laws and regulations. The legislation is not conducive for practical implementation of civil service reform. For instance, the before elaborated Regulation No. 19/2012 on Civil Servant’s Performance Appraisal sets biased limitations by forcing municipalities and other institutions to rate civil servants at certain categories. This is an example to demonstrate two disparate perspectives. The first perspective indicates that the legal framework in place does not help municipalities conduct performance appraisals (and other activities related to HR for that matter). The second perspective indicates that municipalities lack the initiative to build capacities of their staff and all other stakeholders (those in charge of the appraisal) to conduct, respectively facilitate the performance appraisal process.

For almost 2 years, the government has tried to amend and pass three laws on the (i) civil service, (ii) organisation of public administration and (iii) salaries of civil servants, which are designed to change the status quo, by helping institutions become more effective in conducting performance appraisals and the recruitment process. As predicted in the SIGMA monitoring report, the three laws would constitute a major reform in the public sector granted that they are approved in the legislative agenda for 2017.

The Strategy for Modernization of Public Administration (2015 - 2020) has been adopted, which sets key priority areas for Public Administration Reform (PAR) on policy coordination, civil service and service delivery, and public finances. Three laws have been adopted recently addressing some of these issues.

According to the last Country Progress Report of the EC, there are many loopholes to the Law 2010/03-L-149 on the civil service, which theoretically provides for merit-based recruitment, promotion, and dismissal based on objective criteria. Such loopholes in the law have allowed for contradictory practices, including the conversion of temporary staff into permanent civil servants without a public competition. Political influence over appointments and dismissals continues to be a serious concern, especially for senior management. The Ministry of Public Administration (MPA) still does not have sufficient capacity to actively supervise recruitment procedures.

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3.3.1.2. Recruitment through HRMIS

This indicator measures the extent municipalities have satisfied their obligations to process open vacancies through the Human Resource Management Information System (HRMIS). HRMIS is an electronic system which enables local and central institutions for the management of human resources by public administration institutions that employ civil servants, respectively for this case, to manage the employment process of civil servants. The institution in charge of managing and developing the HRMIS is Ministry of Public Administration (MPA). In particular, the MPA's Division of HRMIS is responsible to ensure that the system corresponds with the organisational structures and salaries, defines the rules and procedures for management and operation of HRMIS for all institutions, supervises data entry and verification, and organises training on the use of HRMIS. By having the recruitment process registered in the system, MPA is to ensure accountability and transparency in the process.

The HRMIS dissemination has been implemented in all institutions that have access to the government network. However, in three Municipalities (Zvecan, Leposaviq, and Zubin Potok) this dissemination has been implemented only in the 4th quarter of 2017, which should be taken in great consideration while analysing and interpreting the PG data for this specific indicator.

As the data analysis indicates, the majority of municipalities have processed open vacancies through HRMIS. As depicted in the figure below, in 2016, 23 municipalities have processed most open vacancies through HRMIS. Only 1 (one) municipality has processed over 50% of open vacancies through HRMIS while 4 (four) municipalities have processed less than 50% of open vacancies through HRMIS. In the mean-time, 10 (ten) municipalities have not reported any data. For a more visual presentation of the data, refer to the figure below, which also draws a comparison with the data for 2017, in which case the municipal performance has slightly declined. In 2017, only 19 (nineteen) municipalities have processed more than 90% of open vacancies through HRMIS.

To what extent have open vacancies been processed through HRMIS?

(PI-12)

![Figure 17. Illustration of the PI-12 data: Open vacancies being processed through HRMIS](image-url)

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According to the PG data, the weighted average for this performance indicator has declined from 62.24% in 2016 to 61.28% in 2017. It is evaluated that one of the reasons for such decline is technical: the increase of the number of municipalities which have reported in 2017 but have not reported in 2016. As the figure above illustrates, 8 new municipalities have reported data for 2017, 6 (six) of which have reported poor municipal performance for this indicator, hence slightly affecting the performance decline from 2016 to 2017.

Zooming out of the HRMIS management, national data regarding employee grievances in the public sector administered by the IOB detect a 95% raise of appeals related to disputed recruitment from 2013-2016. It is uncertain to conclude whether the number of these appeals would be affected (diminished) with the proper management of application through HRMIS since the appeals lack more detailed information. Nevertheless, proper application management through HRMIS could decrease disputed recruitment, respectively would guarantee traceable recruitment process steps in case of dispute.

The reason why 12 (twelve) municipalities were ranked in the range of “less than 50% opened vacancies processed through HRMIS” in 2017, is related to the fact that the pool of candidates applying from external channels is not able to apply directly using the HRMIS, which pool of candidates has to be manually incorporated in the system from the HR personnel. Main concern is the high number of applications and the low number of HR personnel to administer the data and incorporate them into the system. Three out of these twelve municipalities have experienced dissemination of the HRMIS system only in the 4th quarter of 2017 according to the Ministry of Public Administration.

Disproportion between number of applications and HR staff to administer and input data in the HRMIS

MPA is responsible for central coordination of human resources management, although the current Law on civil service law does not explicitly assign such coordination role and it does not oblige municipalities to report to the Ministry. A job classification system, which has been rolled out since January 2016, covers now approximately 80% of civil servants. Although there has been progress with the HRMIS, which now covers nearly all institutions, it is only partially developed, and it is not being used for management and monitoring purposes. In particular, the implementation of HRMIS is being faced with major challenges due to the lack of human resource staff capacities across institutions as well as the use of such a system for the first time. As part of public administration reform, many training activities for the use of HRMIS have been realised with the support of international organisations, such as UNDP.

3.3.1.3. Discussion of Human resource report by Municipal Assembly

This indicator measures the extent the Human resources report is presented and discussed in the MA. The HR report consists of information on the work activities of the personnel. By law (Law Nr. 03/L-040 on Local Self Government), municipal directorates report regularly to the Mayor’s office, who then is required to report annually to the MA. In this report, the personnel activities and overall HR-related achievements are presented for the MA members to review, discuss and question.

As the data analysis indicates, in many municipalities the HR report is presented and discussed by MA. In 2016, 13 (thirteen) municipalities presented the report for discussion by MA members. In 18 (eighteen) municipalities, the HR report hasn’t been presented and discussed in the MA and in 7 (seven) cases no data has been reported by municipal authorities. The HR report is considered merely a formality in municipalities, a requirement that is not respected by almost half of municipalities. See figure below for a more visual presentation, which also draws a data comparison with 2017, in which case municipal performance has declined.

**In how many municipalities has the HR report been presented and discussed by MA? (PI-13)**

![Bar chart showing HR report presentation by MA in 2016 and 2017.]

Referring to the PG data, the weighted average of this performance indicator in 2016 was 48.69%, while in 2017 experienced a decrease to 39.74%.

Having in regard the specifications of this indicator measurement: the HR report (whether independent or integrated into the Mayor’s report) presented and discussed by MA at least once per year until the last MA session, (in the time frame 1 January - 31Dec) external factors shall be considered. MA sessions in 2017 were partly affected by the conduction of local elections in October 2017, hence the MA experienced changes in the agenda. Nevertheless, the MA agenda shrinkage does not automatically justify the authorities for non-presenting the HR report in front of MA members beforehand, however it is elaborated because it is considered to have had affected the final results.

In addition, it has been evaluated that capacity building mechanisms shall be implemented in municipalities in regard to HR reporting and analytics. Besides having the majority of municipalities (20) not presenting nor discussing the HR report, a considerable number of municipalities (five) also failed to deliver relevant data for this specific indicator (the reported values failed to match the pre-set values for this indicator, hence were evaluated negative points).

In the first glance, the decrease of the number of municipalities not reporting any data in 2017 could be considered as an improvement, however, the number of municipalities reporting inaccurate data per the measurement criteria was also an indicator for the lack of reporting and analytics skills.

Within the *Strategy for Modernization of Public Administration* (SMPA 2015-2020) the HRMIS is planned to be functionalised with extra modules aiming to extract statistical data per relevant HR processes. The provided opportunity to gather data within a unified system will ensure a very useful tool to generate data and compile needed HR management reports to be shared with the MA members.
Proper HR management in the public sector has a particular impact on creating an effective public administration and good governance in the public service. In this regard, transparent municipalities in regard to general HR management in front of the MA members sets the foundation for accountability and improvement of the function.

### 3.3.1.4. Special services contracts

Aiming to meet institutional objectives and demands of citizens and of work efficiency, public administration bodies may also engage additional resources under specific agreements, respectively contracts for specific duties and tasks.

The purpose of engaging into Special Services Agreement (SSA) and contracts for specific tasks are to engage other parties for temporary tasks which are unable to be carried out by regular staff. Provisions of the Law No.03/L –149 On The Civil Service Of The Republic Of Kosovo stipulate that “Fixed-term appointments of less than six (6) months shall be governed by contracts called Special Service Agreements”. Provisions of the same Law refer to limited duration contracts that regulate the employment of civil servants for the implementation of specific projects or kinds of replacement in case of workload, however, highlight that fixed-term appointment of less than six months are the ones that simplified recruitment process shall be applied to.

Such resources for specific tasks and duties should be engaged based on proper planning of needs and monitoring of results. Nevertheless, MPA’s Report on the Situation of the Civil Service of the Republic of Kosovo, emphasizes the fact that in most cases, institutions have filled regular positions in civil service by SSA, despite the fact that those positions were planned to be filled through regular recruitment procedures, hence affecting the accomplishment of civil service personnel planning.

According to data collected by public administration institutions for 2017, the number of civil service vacancies with special services agreement is higher compared to the number of regular employment recruitment procedures. Institutions during 2017 concluded 991 employment contracts with the special agreement, while 723 were employed through regular recruitment procedures (both in central and local levels of public administration). To draw a comparison between the central and local level regarding the engagement on SSA, the table below shows that 56.30% of the total SSA belong to the local level.

<table>
<thead>
<tr>
<th>Functional category</th>
<th>Central level</th>
<th>Local level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior level management</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Managerial level</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Professional level</td>
<td>319</td>
<td>384</td>
</tr>
<tr>
<td>Technical-administrative level</td>
<td>114</td>
<td>169</td>
</tr>
<tr>
<td>Total</td>
<td>433</td>
<td>558</td>
</tr>
</tbody>
</table>

*Table 2. Number of staff members engaged with SAA by functional categories*

This indicator measures the extent municipalities fulfill their legal obligations in terms of engaging in contracts for special/specific services. There are three criteria used to measure the municipal performance according to this indicator: (i) if the recruitment procedures have been simplified, (ii) if the agreement has been utilised for specific deliverables, and (iii) if the timeline for the implementation of the agreement has been respected according to the law. In order for municipalities to be evaluated positively for this specific indicator, the three before mentioned conditions were to be fulfilled cumulatively.

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As the data analysis indicates, the majority of municipalities have shown poor performance. As depicted in the figure below, in 31 municipalities less than 50% of contracts have been managed in compliance with the legal requirements. Only in 6 municipalities, over 90% of contracts have fulfilled legal requirements and in one municipality 50-90% of contracts have been implemented in compliance with legal requirements. According to the PG data, the weighted average for this performance indicator is 19.00%, one of the lowest performance indicators, even lower than the indicator related to the addressing of auditor’s recommendations.

SSAs within public institutions have been subject of the National Audit Office as well. Conclusions of the Audit Report On Special Service Agreements And Employment Contracts For Specific Tasks issued by the NAO in 2017 elaborate irregularities in terms of:

i. The high number of employees under SSa without any proper analysis or planning for the necessity of their engagement and the assessment of the benefits from these engagements;

ii. Shortcomings in adhering to procedural legal requirements such as exceeding legal deadlines, more than six or four months, failure to apply withholding tax on personal income and pension contribution, non-documentation on using simplified recruitment procedures for selection of engaged persons as well as covering regular staff positions through SSA. Moreover, analysing the situation of the civil service in Kosovo, MPA’s annual report concludes that the SSA phenomenon has become more evident, and thereby hampers civil servants’ career development, and contradicts the legal civil service procedures.

Drafting of sub-legal acts in support of the actual legal framework concerning the SSA is evaluated to be a necessity in order to determine in detail the procedure of engaging resources under such agreements. Moreover, mechanisms of reporting and monitoring of those subject to SSA is evaluated to help reflect the outcome of the engagement.

To what extent have the contracts for special services been used by Municipalities according to the law? (PI 14)

![Figure 19. Illustration of the data PI-14: Contracts on Special Services being used in accordance with the law](image)


This represents the last indicator that has served to measure municipal performance in regard to the human resources management sub-theme, along with three other indicators discussed above. This indicator represents a relatively new indicator in the overall PG analysis, hence comparisons to previous years are not applicable.

Correlations have been performed in order to come to a conclusion on what has influenced performers or non-performers for their specific result in the HR sub-theme. Size of the municipality, political party governing the municipality, achievement of minimal conditions were compared and correlated with high performers, middle performers, and poor-performers, however, no correlation was found.

In summary of the above discussion of HR-related indicators, a relatively positive performance is detected in the first two indicators (performance appraisal being conducted in compliance with legal requirements and vacancies being processed through HRIMS). Non-satisfactory result is detected in the remaining two indicators (PI-13 and PI-14), respectively in the HR report being presented and discussed in front of MA members and the SSA being in compliance with legal requirements. The last mentioned scored the lowest weighted average (19%) of all indicators.

Nature and justifications of performance have been drawn in the content above, while the conclusions and recommendations for the theme will be drawn in the ending sections.

### 3.3.2. Financial management and audit

Financial management and audit are one of the three sub-themes of the municipal management. This sub-theme assesses municipal performance using five indicators such as financial discipline (PI15), procurement (PI16), property tax registry (PI17), property tax collection (PI18) and Auditor General’s recommendations (PI19). The total points for this sub-theme are 20 out of 40 maximum points on the municipal management theme. The weight of the sub-theme is 20% toward the overall 100%. Whereas the five indicators of this sub-theme account for 19% toward the total 27 indicators.

Indicators carry various specific weight. Indicators PI 15-17 each carry a maximum of three points, whereas indicator PI17 carry five points and the last indicator PI19 carry 6 points. Out of five indicators in this sub-theme, addressing NAO’s recommendations is rated as the indicator with a weighted average score of 24.69% followed by tax registry 12.18% and property tax collection 35.84%.

#### 3.3.2.1. Financial discipline

This indicator measures the extent municipalities fulfill their legal obligations in terms of executing financial obligations within the deadline of 30 days after having received them. This is an assessment taken from the financial samples reviewed during the external auditing process. This indicator does not show the financial value of the selected samples or as a percentage to its population, instead, it only shows the number of samples and the percentage of the samples where payment has been executed within the 30 days deadline.

As the data analysis indicates, over half of the municipalities are well disciplined in executing their invoices. In 20 municipalities, more than 90% of payments have been paid within the deadline as regulated by the legislation. In 16 municipalities, 60-90% of payments have been executed on time, and only in three municipalities less than 60% of payments have been executed within the 30 days deadline. In general, most municipalities seem to follow the legal deadlines. In this regard, financial discipline refers to how municipalities are able to conform their spending to the plans that they have set to achieve their goals. According to the PG data, the weighted average for this performance indicator is 86.21%, a relatively high-performance indicator.
To what extent have the payments been executed by municipalities within the 30 days deadline? (PI-15)

According to PG data, six municipalities have scored 100% on this indicator. Despite some municipalities scoring 100% at this indicator, some municipalities have reported significant amounts of unpaid obligations in their annual financial statements. For instance, the municipality of Prishtina scored 100% in this indicator, while the unpaid obligation at the end of 2017 was 1,262,935€. Similarly, municipality of Vushtrri scored 99%, whereas unpaid obligations were 121,141€. Reviewing financial statements of municipalities for 2017 show that majority of the unpaid obligations fall under the goods and services category, in particular expenses for official lunches constitute a large part of the unpaid obligation. That may be the case due to the lack of legislation regulating this area. Majority of municipalities list the insufficient funds as the main reason why those invoices remain unpaid at the year-end. Another reason stated by municipalities is that invoices from economic operators are not always complete. Their completion takes time whereas the countdown of 30 days deadline starts at the moment of registering the incomplete invoice in the system immediately after it is received by municipality.89

### 3.3.2.2. Public procurement

This indicator measures the extent municipalities fulfill their legal obligations in terms of the implementation of procurement activities foreseen by the procurement plan for which the contracts have been signed. More specifically, this indicator looks at the percentage of which and how many activities listed in the procurement plan have been concluded with a contract. This way, the level of the implementation of the procurement plans is measured based on the number of contracts signed and whether the planned activities were realised in respect to the time and value agreed upon.

As the data analysis indicates, slightly less than half of the municipalities implement the activities foreseen in the procurement plan. For 2017, in 17 municipalities over 90% of the procurement plan is implemented whereas in 16 municipalities 60-90% of the procurement plan is implemented. In 4 municipalities less than 60% of the procurement plan is implemented. Only one municipality has not reported any data for this specific indicator. For a more visual presentation of these findings, refer to the figure below. Data for 2016 are not available, thus comparison is not possible.

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89 Observations from meetings with Mayors
To what extent has the procurement plan been implemented by municipalities? (PI-16)

As for the PG data, the weighted average for this performance indicator is 91.08%, a relatively high-performance indicator. However, as the PG data show, there are eight municipalities that implemented their procurement plans above 100%, varying from 110% up to 325%. This might be mainly for two main reasons, poor procurement planning, and new or unplanned procurement activities during the year. Instead of specifying each procurement activity on their procurement plans, municipalities often group their procurement activities under one single procurement activity like “asphalting of local roads”. Out of this activity, municipalities may issue several procurement activities and therefore eventually sign several contracts. This then may cause the implementation rate to go above 100%. Therefore, omitting these eight municipalities from the calculation, the weighted average for this indicator would be around 74.33%.

A proper procurement planning is a key element in the entire procurement cycle. A recent study by SIGMA emphasizes the importance of the proper procurement planning by adding that “annual procurement plans should be prepared in such a way that the plan is ready and agreed before the start of the budget year”. The study suggest that ex ante controls over the procurement by external institutions should be replaced by targeted monitoring by municipalities. Improving planning capacities would not only help to improve this indicator but also would affect other indicators as well. Apart from wages and salaries and subsidies and transfers, other expense categories go through the procurement process. Therefore, a significant part of the municipal budget is spent using procurement. A frequent reason identified by municipalities for the low budget execution for capital expenditure is delays and challenges faced with procurement procedures. As such improved procurement procedures, especially procurement planning could help municipalities increase their capital expenditure rate and service delivery. One way to do that is by ensuring that public procurement managers play a proactive role in their procurement plans. This can be done by better coordination between the procurement unit and municipal directorates on determining the purchasing needs when procurement activities should be initiated to accommodate for any delays or any complaints by economic operators. Apart from the challenges with procurement procedures, an increased attention should be paid to the contract management and implementation. Although formally each contract has an assigned contract manager, such managers should be playing a more proactive role by ensuring timely implementation of contracts. Going forward, specific indicators that measure whether capital projects are implemented according to the proposed and agreed timelines might be helpful to improve municipal performance on this regard.

These are findings which are also validated according to many secondary sources. In the last EC Progress report, it has been emphasized that the country “needs to address the weak capacity of public procurement

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institutions to administer public procurement, [and in addition] the insufficient monitoring and enforcement of contracts.\textsuperscript{91} However, without building the capacities of municipalities as contracting authorities, any reform towards better procurement is difficult. As indicated in a study conducted by Democracy Plus (D+) in 2018, “Benchmarking Public Procurement,” capacity-building for municipalities will especially ensure sustainable public procurement, in developing better procurement activities from planning to contract management.\textsuperscript{92} Although this study covers a small number of municipalities, it still explains the scale of the problem, how institutions fail to invest in capacity-building for better planning and implementation of procurement activities.

### 3.3.2.3. Property tax registry

This indicator measures the extent municipal authorities fulfill their legal obligations of updating the property tax registry through the “re-surveying process.” This process refers to identifying existing property subject to taxation and other relevant changes related to property tax. Property tax is an annual municipal tax billed twice a year. Income from property tax is used primarily for capital investments in municipalities across the country.

As the PG data analysis for 2017 indicates, the absolute majority of municipalities scored extremely low for this indicator. In 29 municipalities, less than 20% of the property has been surveyed and updated. In 4 municipalities, 20-30% of the property has been re-surveyed and only in 5 municipalities over 30% of the property has been re-surveyed. See the figure below for a more visual presentation of these findings. Also, according to the PG data analysis for 2017, the weighted average for this performance indicator is 12.18%, the lowest performance indicator if compared to other indicators. Data for 2016 are not available, thus comparison is not possible.

Based on discussions held with municipalities they claim that municipalities lack the required human capacities to perform an appraisal of the monetary value for each property, based on which the tax is assessed. Often some municipalities are required to engage short term staff to meet this requirement. Lacking the human capacities both in terms of the number of staff and the required appraisal skills could be one of the reasons why municipalities fail in their efforts of collecting property tax for the purpose of investing for capital investments.

![To what extent has the property tax register been updated through the “re-surveying process” by municipalities? (PI-17)](image)


\textsuperscript{92} Democracy Plus (D+). Benchmarking Public Procurement. May 2018, p. 45.
In January 2018, Kosovo Assembly passed a new law on the Immovable Property Tax Law No.06/L-005. Unlike the previous law which did not tax the land, under the new law, the land will be taxed as well. The implementation of the new law will begin starting from 2019 onward. Going forward, meeting the requirements of the new law to tax the land may require that municipalities increase their human capacities in this regard. In doing so, the municipal staff at the property tax units should be equipped with the adequate skills set to meet the existing and future challenges arising from taxing the land. However, the new law has lowered the requirement to inspect the objects annually from 33% to 20%. While this percentage is only a minimum requirement set to municipalities, the PG data show that some municipalities went beyond the minimum percentage such as the Municipality of Gracanica which in 2017 inspected 100% of the objects.

Property tax is calculated as a percentage of the assessed value of the property. When the value of property is high, the property tax is higher and vice versa. Updating the property tax registry by annual resurveying leads to better information on the current values of the properties, therefore, leading to an improvement in the property tax collection as well.

### 3.3.2.4. Property tax collection

This indicator measures the level of collection of the annual property tax by municipalities. To what extent municipalities collect property tax is the main question being asked by this indicator. This indicator does not measure the financial amount collected from taxes imposed on property income or the amount of debt collected from the previous years. It rather measures the amount of tax collected within the year against the tax invoices issued for the same year.

As the PG data analysis for 2017 indicates, almost all municipalities have collected less than 50% of property taxes within a year. As shown in the figure below, in 17 municipalities, less than 40% of property tax has been collected, whereas in 16 other municipalities, 40-50% of property tax has been collected. More than 50% of property tax collected has been the case in only one municipality. In the meantime, four municipalities have not reported any data for this indicator. Also, according to the PG data analysis, the weighted average for this performance indicator is 35.84%. Data for 2016 are not available for all municipalities, thus comparison is not possible.

![What is the level of collection of the annual property tax among municipalities? (PI-18)](image)

**Figure 23. Illustration of the PI-18: Collection of the annual property tax bill (without debt, fines, interests, etc.)**

93 Official Gazette. Law No. 06/L-005 on Immovable Property Tax. 26 January 2018
For 2017, the average percentage among municipalities of the capital expenditure execution rate by municipalities is 75%. The PG data analysis indicates that there’s a direct positive relationship between the property tax collection rate (PI18) and the budget execution for capital expenditure (MC2). Municipalities finance their capital expenditures from two main sources, the Government grant and own source revenues. While the government grant is executed to large extent, this is not the case from own source revenues. According to the Law on public financial management and accountability, if the government grant is not executed entirely during a fiscal year, the remaining balance should be returned to the Kosovo budget. Whereas when it comes to own source revenues, municipalities can carry them forward to the upcoming year. According to the budget law for 2017, the total capital investments planned by municipalities where 130,838,116 mil EUR. Out of this, 54% were planned to be financed from the Government grant and 46% from own source revenues. Property tax revenue is the largest single own source revenue and represents a significant portion of the own source revenue. Property tax accounts for 38% of the total own source revenues, therefore failing to collect property tax can directly affect the execution rate for capital expenditures.

Discussions with municipal staff have revealed several reasons why municipalities fail to collect to a high degree the property tax. Among many reasons, municipalities fail to properly plan their own source revenues especially the revenues from property tax. Current practices show that municipalities are very conservative in planning their own source revenues. Municipalities use simple trend methods from last year’s figures or consider the last year’s actual collected amounts and add a 10% increase. This shows that the revenue generating capacities are not fully utilised by municipalities.

### 3.3.2.5. General Auditor’s recommendations

This indicator is measured based on the extent the recommendations of the National Auditor Office (NAO) are addressed by municipalities. This indicator refers to high and medium level recommendations explicitly derived from the audit reports of NAO for 2016. By law, NAO is responsible to provide recommendations in order to help public institutions, such as municipalities, establish and implement sound financial management, in addition to promoting standards on good governance (transparency, accountability, management, and performance).

As the data analysis indicates, municipalities fail the worst, if compared to other performance indicators, in addressing the recommendations of the NAO. Overall, 37 (thirty-seven) municipalities have addressed less than 50% of recommendations issued by NAO. This refers to high and medium priority recommendations in the individual audit reports on the annual financial statements for 2016. Only the municipality of Ranillug has addressed 56% of NAO recommendations. As illustrated in the figure below, none of the municipalities have addressed over 50% of the NAO recommendations. Unfortunately, according to the PG data, the weighted average for this performance indicator is 24.47% for 2016 while 24.69% for 2017, making it as one of the lowest performance indicators in the Financial management sub-theme.
In how many municipalities have the auditor’s recommendations been addressed? (PI-19)

![Bar chart showing the percentage of recommendations addressed in 2016 and 2017](chart)

**Figure 24. Illustration of the PI-19: Auditor General recommendations (Source: Municipal Individual Audit Reports)**

For 2016, municipalities have received in total 650 recommendations—about 50 percent of all recommendations issued to all public institutions, including the central and independent institutions. About the same number of recommendations have been issued for 2015 as well or precisely 640 recommendations. The table below illustrates the extent the recommendations have been implemented by municipalities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of recommendations</th>
<th>Priority</th>
<th>Fully implemented</th>
<th>Partially implemented</th>
<th>Not implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>650</td>
<td>n/a</td>
<td>165</td>
<td>191</td>
<td>294</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>25%</td>
<td>29%</td>
<td>45%</td>
</tr>
<tr>
<td>2015</td>
<td>640</td>
<td>High</td>
<td>113</td>
<td>192</td>
<td>211</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>22%</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>2014</td>
<td>630</td>
<td>Medium</td>
<td>40</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>32%</td>
<td>30%</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Table 3: Implementation of the Auditor General recommendations by municipalities for three years 2014-2016**

As indicated in the table above extracted from the Annual audit report of NAO for 2017, the level of NAO’s recommendations (both fully and partially) addressed by municipalities falls below 55%. In contrast to other institutions from central government and independent agencies where there is a decline, at the local level there is a slight increase on the number of audit recommendations (going from 630 in 2014 to 640 in 2015 and 650 in 2016). According to the annual audit report for 2017, almost all municipalities do not have measures in place to conduct systematic monitoring of addressing NAO recommendations. As a result, municipalities constantly fail to address the same issues. The areas where recommendations have been reiterated include… disclosure of information in annual financial statements, governance (self-assessment and risk management), classification of expenditures, budget execution, procurement, internal audit, receivables, outstanding liabilities, asset management, etc.

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97 At the time of analysing the information for this report, data for 2017 were not available.
However, it is encouraging to see several initiatives aiming to help municipalities in addressing audit recommendations. One case is a recent series of discussions facilitated by Balkan Investigative Reporting Network throughout MA in Kosovo regarding the level of addressing audit recommendations. Apart from the assembly members, municipal staff and the civil society representative, in some sessions the Auditor General and/or deputy Auditor General were present as well. For instance, in the session for the municipality of Kamenica held in December 2018, the Auditor General emphasized the importance of addressing audit recommendations to improving governance and good financial management, in particular the role of the action plans as a starting point to improve the current situation and to show serious commitment for good governance. Addressing audit recommendations have been a topic of discussion in other initiatives as well. A recent meeting of the Budget and Finance Collegium held on December 2018, organised by Association of Kosovo Municipalities, MLGA and the USAID/TEAM project emphasized that the high level of the audit recommendations remained not addressed.

From the perspective of NAO, municipalities, like many other institutions, have not implemented a formal process or system for monitoring, evaluating and reporting on the progress level of addressing NAO recommendations. By the formal process, this refers to adequate and systematic monitoring through establishing action plans on addressing recommendations of NAO. This is to indicate that municipalities thus far have not shown commitment to change the status quo. From the perspective of NAO, the root cause to this problem stems from “weak accountability mechanisms,” set between the legislative and executive bodies (a problem that has been reported both at the central and local level). The weak oversight by the MA is indicated by the PG data as well. According to the performance indicator PI5, only 10 municipalities have discussed the external audit report, 13 municipalities have discussed the audit report and the action plan, whereas the remaining 15 municipalities have discussed neither the audit report nor the action plan. An increased role of the MA in discussing the audit report could improve the performance of municipalities in addressing the audit recommendations (PI19).

In the context of local governance, MA fail to hold to account the Mayors, to which effect NAO recommendations continue to not be addressed in practice! Therefore, for future improvements, the NAO has made specific recommendations to municipalities, targeted for a different audience as below:

- Mayors – should implement an effective monitoring process on the implementation of action plans for the implementation of NAO recommendations, and ask from the internal organisational units (i.e. directorates) to report on a regular monthly basis on the progress made.
- Municipal Assemblies – should oblige Mayors to report on a regular basis regarding the progress made and challenges faced during addressing the NAO recommendations.

Besides issuing recommendations, the NAO is also responsible for promoting principles & mechanisms on good governance. For instance, as reiterated in the annual audit report (2016), institutions are responsible for developing a functional internal control system. Such systems come highly recommended by the NAO, which could potentially overcome challenges with addressing recommendations! Other issues which could be tackled by using this system include poor support by the internal auditor and Audit committees, lack of planning of financial costs, limited risk management, and so forth. However, any step forward would require a serious improvement of self-assessments conducted by municipalities.

As indicated by the NAO, “the process and the impact of self-assessment is insufficient in terms of quality or even actions that need to be taken to address challenges faced by [budget organisations].” By self-assessment, this refers to a process where the organisation identifies its shortcomings and takes serious steps to improve. A key improvement factor is the establishment and implementation of an effective internal control system. The Ministry of Finance has drafted a self-assessment questionnaire which requires budget

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organisations (including municipalities) to evaluate their organisation through 106 questions according to five categories on governance: control environment, risk management, control activities, information & communication, and monitoring.

### 3.3.3. Service delivery

Service delivery is one of the three sub-themes under the municipal management theme. This sub-theme assesses municipal performance using three performance indicators such as cases reviewed (PI20), contract management (PI21) and contract deliverables approved (PI22). The total maximum points for this sub-theme are 10 out of 40. The weight of this sub-theme is 10% toward the overall 100%. The first indicator carries a maximum of four points, whereas the last two indicators carry a maximum of three points each. The three indicators in this sub-theme account for 11% toward the total 27 indicators.

The overall performance in the service delivery sub-theme is relatively high considered with the other sub-themes. For 2017, the weighted average score for indicator PI20 was 80.18%, while the other two indicators scored above 99%. However, it’s worth to note that all the indicators in this sub-theme measure performance from a procedural point of view rather than looking into the quality of the performance.

#### 3.3.3.1. Cases reviewed

Under the service delivery indicator, municipal performance is measured based on the effectiveness of municipalities in reviewing requests submitted by the citizens and other stakeholders. This specific indicator measures only the requests/cases processed through the Municipal Citizen Service Centre (MCSC). MCSC covers cases which are either submitted during the reporting year or inherited from the previous year. Also, MCSC consists of cases which are transferred to the following year (for which the municipality has already responded within the deadline set by law for 15 January).

As the data analysis indicates, a large number of municipalities are effective in responding towards citizens’ requests through MCSC. According to PG data, in 2016, 29 municipalities have reviewed or responded to over 90% of cases or requests, while 5 (five) municipalities have reviewed 70-90% of cases and only 1 (one) municipality less than 50% of cases! Also, according to the data, the weighted average for this performance indicator is 85.94%. Similarly, for 2017, the weighted average for this performance indicator is 80.18%. What makes this performance decline is the fact that fewer municipalities for 2017 have reported that over 90% of cases have been reviewed by the municipal authorities. See the figure below for a more visual presentation.

![What is the level of cases being reviewed (and answered) my municipalities? (PI-20)](image-url)

*Figure 25. Illustration of the PI-20: Responsiveness of the municipality to request and complains*
### 3.3.3.2. Contract management

This indicator measures the extent the formal procedures and the laws are respected for assigning contract managers for monitoring the public works, supplies, and services. By assigning contract managers, it refers to assigning the tasks and responsibilities to one municipal official for managing the contract on behalf of the municipality. This process is evaluated based on a review sample according to which the level or percentage of the contract implementation is measured for which a contract manager has been assigned in an official manner.

As the PG data analysis for 2017 indicates, in almost all municipalities over 90% of managers have been assigned or appointed for managing of public. In only 1 (one) municipality, 70-90% of managers have been assigned or appointed. Also, according to the PG data analysis, the weighted average for this performance indicator is extremely high at 99.37%. Data for 2016 are not available, thus comparison is not possible.

#### To what extent the project manager has been appointed for managing of public contracts (services, works and supplies)? (PI-21)

![Figure 26. Illustration of the PI-21: Project managers are appointed to monitor contract implementation](image)

### 3.3.3.3. Contract deliverables approved

This indicator is measured based on the extent municipalities approve the contract deliverables before the payments are made. By contract deliverables, this refers to all the works completed and documented by the municipality. This is measured through a review sample according to which the level or percentage of the payments executed is measured for which there was an official approval of deliverables. As the PG data analysis for 2017 indicates, in all municipalities over 90% of service deliverables have been approved. See the figure below for a more visual presentation of these findings. Also, according to the PG data analysis, the weighted average for this performance indicator is extremely high at 99.74%. Data for 2016 are not available, thus comparison is not possible.
To what extent has the municipal executive approved the deliverables before payments are done? (PI-22)

Figure 27. Illustration of the PI-22: Municipal executives’ sigs off prior to final payments on satisfactory delivery against contracts

3.4. Transparency and integrity

PG defines transparency and integrity according to performance indicators which assess the municipality’s responsiveness to public requests for accessing public documents. It also measures institutional integrity as far as the (i) MA discussing the results of the implementation of the municipal integrity plan, and (ii) whether there are indictments of civil servants; and if so, whether the municipality has taken measures to suspend them. For the latter measurements on the indictments and suspensions, the margin of error is high since almost half of the municipalities which have reported: “no data” for 2016 could have reported that either “there has been no suspensions of indicted civil servants,” or that “there have been no indictments” at all.

In the following sections, the PG data analysis is examined in greater detail from the perspective of secondary sources and field research. Based on the criteria system designed to define priorities for training, some of the problems can be tackled through training while some problems are subject to political support and policy interventions. Problems with municipalities failing to report on the implementation of integrity plans may require changes in the legislation by making it a legal requirement, which is in process with the support of UNDP/SAEK project. As for suspension of indicted civil servants, this may require increased political will and awareness that could be addressed through an effective communication campaign. In the meantime, no training support or other intervention is necessary for helping municipalities in the area of access to public documents since this indicator has been evaluated as a good performer.

With the aim of understanding more closely municipal performance in the area of “transparency and integrity,” a traffic light system has been established to identify priority needs where interventions are essential to help municipalities with capacity-building. The significance in colour is weighted based on the number of municipalities which have shown either poor, fair or good performance. The arrows indicate improvement, decline or status quo in terms of performance compared between 2016 and 2017.
As viewed in the figure above, the majority of municipalities have shown poor performance in the area of reporting on the integrity plan in MAs for 2016 and 2017. In 24 to 26 municipalities, the report on the integrity plan has been timely presented and discussed by the MA. Other indicators on transparency and integrity demonstrate better performance. In 26 to 28 municipalities 90% of public requests for public information have been answered. Furthermore, in 10 municipalities no indictments or charges have been issued against civil servants for 2016. In 2017, the number of municipalities in which no indictments have been issued more than doubled. In 22 municipalities, no charges were issued. It is important to acknowledge that this improvement is not necessarily subject to the performance increase. It is rather subject to a margin of error since municipalities for 2016 have confused the option of reporting “no data” with “no indictments.” As for 2017, municipalities understood better reporting requirements and procedures, and therefore, have reported data more accurately.

3.4.1. Access to public information

The sub-theme of the Access to public information represents gathered data and analysis regarding the level of municipal responsiveness towards citizens’ requests for access to public information. Access to public information weights 10% of the Transparency and integrity theme weight, while this specific indicator weights 7% of total performance indicators.

3.4.1.1. Responsiveness to citizens’ request for public documents

This indicator measures the level of the municipality’s responsiveness towards citizens’ requests for access to public information. By law, every citizen has the right to access public documents, with the exception of documents which contain protected or classified information.

As the data analysis and comparison indicates, an absolute majority of municipalities have shown good performance in the area of transparency, by responding to or addressing citizens’ requests for access to public documents. In 2016, 28 municipalities addressed over 90% of citizens’ requests for access to public documents. Only in five (5) municipalities 70-90% of requests have been addressed while only in one (1) municipality less than 60% of citizens’ requests have been addressed. In the figure below, the data analysis findings are presented in a more visual format, which also draws a comparison with the data for 2017, in which case the municipal performance has slightly declined. In comparison to 2016, in 2017 26 municipalities have addressed over 90% of citizens’ requests.
Figure 29. Illustration of the PI-24 data: Access to public documents

According to the PG data, the weighted average for this performance indicator has decreased from 84.23% in 2016 to 77.69% in 2017. Consistent with the data findings, similar findings are revealed by the MLGA report on the functioning of municipalities January – December 2016, with a slight difference in the numbers. However, the majority of the requests for public documents are related to documents which should normally be published in the municipal websites such as, documents related to the municipal budget and expenditures, advertisements, decisions, municipal plans, etc. In addition, the EC country report 2018 points out the progress made in addressing NAO and Ombudsperson’s recommendations to access public documents. However, the report emphasized the need for a revision of the Law on access to public documents to address the challenging and fragmented implementation.

The GAP Institute’s municipal budget transparency index results show a moderate level of municipal budget transparency. The report points out that over half of municipalities failed to publish their budget reports on their websites or failed to reply to the request of GAP Institute for access to one or more budget documents that they are required to publish. In most cases, these municipalities failed to publish any of the quarterly financial reports, the summary report of the 2016 budget and, in rarer cases other documents. In particular, municipalities are not transparent when it comes to publishing their budget reports on the websites. According to GAP Institute, for 2017 over half of the municipalities have failed to publish their budget reports into their websites. The three municipalities which scored highest in the budget transparency index are Istog, Prizren, and Drenas. The three municipalities which scored the lowest are Novobërsa, Partesh, and Killoko. Those which have received a zero score for not publishing the document at all include Leposavic, Zubin Potok, North Mitrovica and Zveçan. By law, municipalities are required to publish the following documents: budget plan and investment plans, three monthly expenditure reports, MTBF, a summary report of the municipal budget for the previous year, and the National Audit’s report.
None of the municipalities reporting on requests for access to public documents didn’t meet legal requirements for providing answers at 100% level. This might come as a result of lack of capacities of responsible officers. The municipality of Dragash during 2017 continued with the gap of assigning the officer for information, thus becoming one of few municipalities that such official isn’t recruited yet. Also, lack of inter-institutional coordination, such is the case with information officer and municipal directorates, resulted in a lack of returning answers to all requests made for having access to public documents. Municipalities should provide transparency in publishing documents and municipal acts in a municipal web page. Inability to provide access to municipal documents and decisions remains a technical issues and institutional coordination. Organising trainings with PIO and directors of municipal assemblies remains relevant in understanding responsibilities in offering answers to requests for access to public documents.

3.4.2. Integrity

The sub-theme of Integrity represents gathered data and analysis regarding the integrity level of municipalities. Sub-theme has two specific indicators: (i) MA discussing the level of implementation of municipal integrity plan, and (ii) whether there are indictments of civil servants. Integrity plan weighs 10% of the total Transparency and integrity theme, while specific indicators weight 7% of total performance indicators.

3.4.2.1. Integrity plans

This indicator measures to what extent municipalities report on the implementation of the integrity plan in the MA. Integrity plans are viewed as preventive instruments against corruption. The annual report must be presented to the MA once a year as an overview of all progress achieved with the implementation of the integrity plan. According to the definition of this indicator, the MA is expected to review and question the performance of the municipality for the implementation of the integrity plan. However, the ultimate measure for this indicator is whether the integrity plans have been discussed on time or not.

As the data analysis and comparison indicates, the majority of municipalities have not reported on time to MA on implementation of the integrity plan. In 2016, 24 (twenty-four) municipalities have not reported on time. Only eight (8) municipalities have managed to successfully present the report on time. In the meantime, six (6) municipalities have not reported any data for this indicator. For a more visual presentation of the data analysis findings, refer to the figure below, which demonstrates how municipalities have largely failed in presenting integrity plan reports on time in the MA. In comparison to 2016, the municipal performance has slightly decreased in 2017, in which case in slightly more municipalities or in 26 municipalities the integrity plan has not been discussed on time. This performance decrease could be a result of additional municipalities reporting in 2017.

111 Communication with Mr. Ymer Berisha – official for information in municipality of Prizren
According to the PG data, the weighted average for this performance indicator is similar between 2016 and 2017 (21.05% and 25.66% respectively). As reported by secondary sources, municipalities have increasingly been able to draft and adopt municipal integrity plans, with the support of the UNDP/SAEK project. However, less than half of municipalities have not adopted such plans. That could explain why the majority of municipalities have not reported to MA. Integrity planning is a fairly recent endeavor and it will take time for all municipalities to ultimately adopt and report on such a system. UNDP/SAEK has been the key supporter in this direction. It is not clear yet whether UNDP will continue to push forward this agenda in helping municipalities draft and adopt integrity plans as a means of preventing corruption in the future.

Municipal leadership should provide institutional integrity and provide relevant mechanisms to address possible risks of corruption on the local level. Discussions with municipal leadership on the importance of institutional integrity plans should be the focus of further engagement.

### 3.4.2.2. Indictments & suspensions

This indicator measures the institutional integrity of the municipality by analysing (i) whether there are indictments of civil servants for misuse of public function, and (ii) whether indicted civil servants have been suspended. As explained earlier, almost half of municipalities have reported: “no data” in 2016. According to field research, this indicator has a high margin of error since data could have mistakenly reported: “no data” instead of reporting “no indictments” as it has been the case in many municipalities. This would have increased the number of municipalities that had “no indictments,” thus increasing the overall level of municipal performance as it has been the case with 2017.

According to the data analysis and comparison findings, municipal performance has slightly increased, presumably from the technical perspective. While in 2016, 17 municipalities have not reported any data, in 2017 only four (4) municipalities have not reported any data! For a more visual presentation of the data analysis and comparison findings, refer to the figure below. In this case, a large number of municipalities in 2016 seem to have confused the reporting requirements for “no data” and “no indictments.” That could be the reason why there is a large increase in municipalities – from 10 to 22 municipalities – reporting that there are no indictments or charges issues against corrupt municipal officials.

In how many municipalities has the annual report on the implementation of the “municipal integrity plan” been presented in the MA? (PI-26)

According to the PG data, the weighted average for this performance indicator has increased from 26.32% in 2016 to 31.58% in 2017. Unfortunately, for the indicators related to integrity, there is a lack of secondary data. There are sources which depict some progress made in general in Kosovo in the fight against corruption, but with no concrete examples or data for indicted civil servants, or even municipalities that have adopted measures against corruption. According to the Anti-Corruption Agency (ACA), the basic legal framework on integrity in the public service has been established, but key actors for preventing corruption in the public sector are not coordinated.113

According to the EC Country report, measures and mechanisms to prevent corruption and promote integrity in the public service are in place. Good initial progress has been made with the publication in December 2017 of an annual report on disciplinary measures against civil servants. These measures are taken either by the administration or the court for violation of ethics and anti-corruption clauses.115 The report points out the need to adopt legislative amendments (as part of the criminal legislation) for suspension and removal of public officials respectively indicted and convicted for corruption. There is a partial legal framework for suspension of civil servants as part of the Law on civil service and as part of the revised Law on public procurement.

ACA has undergone investigations on 718 cases of alleged corruption and forwarded these cases to the judicial authorities. However, violations related to corruption constitute the smallest number of investigated crimes, but also crimes with the smallest number of convictions.114

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4. CONCLUSIONS AND RECOMMENDATIONS

This report is based on three main sources of information: analysis of data from the Performance grant for the years 2016 and 2017, review of literature (i.e. legislation, strategies, report of local and international organisations, etc), and focus group discussion with selected number of municipal representatives. The following main conclusions per specific theme have been drawn for shaping the training, in light of the research findings presented in the NAR.

4.1. Minimum conditions

The minimum conditions are used in the PG to qualify municipalities for a grant. The three minimum conditions include (i) signing a PG participation agreement, (ii) municipality was issued at least clean or unmodified with the emphasis of matter audit opinion, and (iii) municipality has spent at least 75% of its municipal budget of capital investments.

All municipalities, with the exception of one, have signed a participation agreement. Overall, there is a decline in minimum condition performance, meaning that less municipalities qualified in 2017 compared to 2016.

While more municipalities have received a clean audit opinion for 2017, less of them received unmodified opinion with emphasis of matter! This mainly relates to misstatements in the annual financial statements. Other issues of concern, which do not necessarily affect the audit opinion, include incomplete asset registry in the free balance or e-pasuria system, entering into liabilities without commitments, engagement of employees without working contracts, etc.

Similarly, less municipalities spent over 75% of their capital investment budget during 2017. The main challenges identified are related to budget planning and execution, procurement as well as contract management.

Those challenges require not only increased capacities of civil servants but also systematic interventions, political awareness and will to improve the system!

4.2. Local democratic governance

The PG defines local democratic governance by assessing the role of the MA as an oversight body. More concretely, it measures (i) the role of the MA as an oversight body, (ii) citizen participation and consultation and (iii) inclusiveness.

Majority of municipalities have shown good or fair performance related to the MA’s role in approving and discussing the budget accordingly and having the Mayor attend its meetings. However, performance is not as good when it comes to discussing audit recommendation or the PMS report.

It is important to note that about 70% of MA members are newly elected in the existing legislature. They are of different professional background and profile and do not necessarily have all the capacity required to fulfil their role as representatives of citizens. For example, handling and reading financial and/or audit reports, understanding and executing the role of the assembly member in the process of budget planning, harmonisation of budget with sectorial strategies, the role and importance of members in addressing citizens’ requests, etc., are matters that require capacities building. Many field research findings demand that training be focused in these areas helping MA members understand their role and responsibility in articulating citizens’ interests and opposing policies sponsored by the municipal executive that is detriment to general interest.

Announcement of public meetings and consultation of public for municipal acts are of fair performance level, but there is a lot of room for improvement as well.

PMS reports are not discussed by the MA of most municipalities. Similarly, external audit reports and not discussed by majority of MAs. The findings show that there are no proper follow-up mechanisms that would
ensure that. This is a challenge for both reports because they provide an overall picture of municipal performance during a year. MA should play a stronger role in its oversight function in order to ensure that municipality manages well its governance processes, steers relevant local policies and delivers services to citizens.

Majority of municipalities have also shown poor performance in the area of women holding political offices/positions and attending public meetings! In the majority of cases, women continue to be excluded from decision-making and policymaking processes. Problems such as women holding political positions may require training, but increased political awareness and will is of paramount importance. Project interventions through communication would be an effective tool for persuading municipalities to change course. Likewise, communication could also inspire municipalities to ensure greater attendance of women in public meetings.

As it can be concluded, there are two sets of performance gaps: some indicators are very technical and easy to achieve while some others are more difficult for they are related to changes of behaviour. Some of the identified gaps can be tackled through training, while some others are subject to political support and policy interventions. Some of the identified gaps can be tackled through training, while some others are subject to political support and policy interventions. Problems such as women holding political positions may require training, but increased political awareness and will is of paramount importance. Project interventions through communication would be an effective tool for persuading municipalities to change course. Likewise, communication could also inspire municipalities to ensure greater attendance of women in public meetings.

Training should focus on strengthening checks and balances and accountability between the executive and legislative branches of local governments. Three priority areas are identified: (i) women participation and representation in decision-making, (ii) reporting of the executive to the legislative on financial issues, audit and PMS, and (ii) announcing and holding of public meetings with citizen involvement. In this process, it is important to include also other municipal officials such as the information officers, legal officers, relevant municipal directors, PMS coordinators, but also village/neighbourhood councils, local representatives of political entities and civil society organisation if need be.

Apart from the performance indicators gaps identified above, municipalities should be supported with capacity development on data reporting in the PMS. Responsible municipal officials should be supported to better understand and apply reporting requirements and procedures, so that the reported data are timely and more accurate.

4.3. Municipal Management

PG defines municipal management according to performance indicators which measure (i) management of human resources, (ii) financial management and control, and (iii) service delivery. As indicated in the data analysis, municipal performance falls short on financial management and audit, while performance on HR management and service delivery is comparatively better. As is the case with local democratic governance theme, some of the identified gaps can be tackled through training, while some problems are subject to political support and policy interventions.

The overall municipal performance for HR indicators is below moderate. Considering the fact that indicators are largely quantitative and acknowledging many challenges in these fields, capacity-building support is extremely important.

There is moderate performance when it comes to processing of vacancies through the HRMIS and implementation of civil service performance appraisal. Yet, performance appraisals are conducted with general lack of pre-planning and results of the appraisals are not followed up with certain action plans for both performers and non-performers. Strategic objectives of municipalities do not always cascade down to the directorate level and specific objectives/indicators for civil servants respectively. Apart from training, a more robust performance appraisal framework would be very beneficial.

The use of special service contracts is among the lowest performance indicators. Such contracts are not utilised with proper analysis or planning, often exceed deadlines or do not follow legally binding procedures.
There appears to be a need for secondary legislation/procedures regulating the area of special service contracts as well as setting the monitoring and reporting system in this regard. Poor performance is also witnessed in HR reports being part of the agenda and discussed in the MA sessions. Helping municipalities present and discuss the HR report in the MA would fit training as another way of strengthening accountability between the executive and legislative.

When it comes to financial management, execution of payments within deadline and implementation of procurement plans are of a relatively good performance. A major challenge facing municipalities in public procurement is lack of human capacities for proper planning, implementation, and contract management, which results in inefficiencies, delays and low budget execution mainly for capital expenditure and goods and services.

Property tax and addressing NAO recommendations are areas that require significant improvement. Majority of municipalities have shown poor performance in the area of addressing the NAO recommendations, making this among the lowest performance indicator. Municipalities have not established formal processes or systems for monitoring, evaluating and reporting on the progress toward addressing NAO recommendations, leaving a high number of recommendations in major fields not addressed. Considering the complexity of issue, apart from training, this may require improvements in procedures and increased political awareness. In terms of property tax, very low level of properties is re-surveyed and less than half of property tax is collected! This indicates that municipalities fall extremely short in terms of local fiscal autonomy and rely heavily on transfers from the central government. Municipalities list lack of human capacities as the main reason they fail to perform an annual re-surveying process. The new law on immovable property tax has lowered the re-surveying of properties to 20%, which might ease the process. While property tax collection suffers from not so good planning, the challenges appear to be rather of political nature, and thus training would have limited effect.

Municipal performance is good in contract implementation, i.e. appointing project managers for managing public contracts (services, works & supplies) and approving deliverables before execution of payments. Similarly, citizen requests have been reviewed within set deadlines.

In conclusion, training should be prioritised for addressing NAO recommendations as well as for special service contracts. Other areas should follow in combination with necessary policy interventions, if and where possible. It goes without saying that continuous communication and necessary explanations are offered to municipalities for performance improvements. USAID/TEAM project is supporting municipalities with trainings in a number of these topics and DEMOS will coordinate its intervention to avoid overlaps.

### 4.4. Transparency and integrity

PG defines transparency and integrity according to performance indicators which assess (i) municipal responsiveness to public requests for accessing public documents, and (ii) municipal integrity.

Municipal have a relatively good performance in responding to citizens’ requests for access to public documents. It is to be noted though that this is only related to requests that have been registered in municipal systems and that lots of documents should have been published in municipal websites anyway.

Majority of municipalities have not reported to MA on implementation of integrity plans. In fact, a significant number of municipalities do not have an integrity plan at all. This may require legislative changes by making it a legal requirement, which is in process with the support of UNDP/SAEK project. In terms of suspension of indicted civil servants for misuse of public function, the margin of error is high due to possible mistakes in data reporting. Improvements in this indicator may require increased political will and awareness that could be addressed through an effective communication campaign.

In conclusion, transparency and integrity theme requires improvements in integrity planning and placing basic public documents for public access without creating burdens for citizens to request the same. Generally, this theme requires more structured and continuous communication with municipalities compared to trainings.
The content of this annex is designed to serve as a mapping of results per respective indicator in order to visually reflect municipal performance. Evaluation of indicators has been conducted only for the results of 2017, considering some of the indicators were relatively new and only applicable for 2017.

The evaluation on green, red and yellow is based on the overall weighted average of indicator and interpretations of experts per specific field in cases weighted averages were impacted by one factor or another.

<table>
<thead>
<tr>
<th>Theme / Indicator area</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Democratic Governance</strong></td>
<td></td>
</tr>
<tr>
<td>I Role of the municipal assembly as an oversight body</td>
<td></td>
</tr>
<tr>
<td>1 The municipal assembly approves the annual budget in time</td>
<td>●</td>
</tr>
<tr>
<td>2 The municipal assembly discusses the expenditures versus budget reports on a regular basis</td>
<td>●</td>
</tr>
<tr>
<td>3 Discussions on the municipal performance report by the municipal assembly</td>
<td>●</td>
</tr>
<tr>
<td>4 Attendance of mayors in municipal assembly meetings</td>
<td>●</td>
</tr>
<tr>
<td>5 The municipal assembly discusses the findings of the internal and external audit reports</td>
<td>●</td>
</tr>
<tr>
<td><strong>II Citizen participation and consultation</strong></td>
<td></td>
</tr>
<tr>
<td>6 Legally required public meetings of the municipality with citizens are duly and timely announced</td>
<td>●</td>
</tr>
<tr>
<td>7 Public consultation on municipal acts prior to adoption by the municipal assembly</td>
<td>●</td>
</tr>
<tr>
<td><strong>III Inclusiveness</strong></td>
<td></td>
</tr>
<tr>
<td>8 Women participation in public meetings of the municipality with citizens</td>
<td>●</td>
</tr>
<tr>
<td>9 Women in politically appointed positions in municipality</td>
<td>●</td>
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<tr>
<td>10 Municipal compliance with the use of official local languages</td>
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<tr>
<td><strong>Municipal Management</strong></td>
<td></td>
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<tr>
<td>IV Human Resource Management</td>
<td></td>
</tr>
<tr>
<td>11 Staff appraisals are done annually and in accordance with legal requirements</td>
<td>●</td>
</tr>
<tr>
<td>12 Vacancies for civil servants are processed through the Human Resource Information System</td>
<td>●</td>
</tr>
<tr>
<td>13 The municipal assembly discusses the annual human resource report</td>
<td>●</td>
</tr>
<tr>
<td>14 Special service contracts are in compliance with the legal framework</td>
<td>●</td>
</tr>
<tr>
<td><strong>VI Financial management and audit</strong></td>
<td></td>
</tr>
<tr>
<td>15 Invoices are paid within the legal deadline of 30 days</td>
<td>●</td>
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<tr>
<td>16 Implementation of the annual procurement plan</td>
<td>●</td>
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<td>--------------------------------------------------------------------------------------------</td>
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<tr>
<td>17</td>
<td>The property tax register has been regularly updated</td>
</tr>
<tr>
<td>18</td>
<td>Collection of the annual property tax bill (without debt, fines, interests, etc.)</td>
</tr>
<tr>
<td>19</td>
<td>High and medium priority recommendations from the NAO have been addressed</td>
</tr>
<tr>
<td>VI</td>
<td><strong>Service Delivery</strong></td>
</tr>
<tr>
<td>20</td>
<td>Responsiveness of the municipality to request and complaints</td>
</tr>
<tr>
<td>21</td>
<td>Project managers are appointed to monitor contract implementation</td>
</tr>
<tr>
<td>22</td>
<td>Municipal executive signs off, prior to final payment, on satisfactory delivery against contracts</td>
</tr>
<tr>
<td></td>
<td><strong>Transparency and Integrity</strong></td>
</tr>
<tr>
<td>VII</td>
<td><strong>Access to information</strong></td>
</tr>
<tr>
<td>23</td>
<td>Municipal website is up to date as per legal requirements</td>
</tr>
<tr>
<td>24</td>
<td>Responsiveness to citizen’s requests for public documents</td>
</tr>
<tr>
<td>25</td>
<td>Publication of acts as approved by the municipal assembly and the mayor</td>
</tr>
<tr>
<td>VIII</td>
<td><strong>Integrity</strong></td>
</tr>
<tr>
<td>26</td>
<td>The municipal assembly discusses the annual implementation report of the integrity plan</td>
</tr>
<tr>
<td>27</td>
<td>Suspension of civil servants that are indicted for misuse of official position</td>
</tr>
</tbody>
</table>

*Table 4. Visualization of performance evaluations per indicator for 2017*
The content of this annex is tailored to illustrate the recommendations in a zoom-out perspective in order to map needed interventions per specific indicator.

Deriving from the revealed findings the assessment is made to determine whether interventions shall be designed and conducted in the regard of capacity building, policy change or political will and awareness.

Below, the content of the table consists of the specific indicator per field, while the symbol “x” marks the type of intervention proposed.

<table>
<thead>
<tr>
<th>DEMOCRATIC GOVERNANCE</th>
<th>Capacity Building</th>
<th>Policy Intervention</th>
<th>Political will awareness</th>
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<tbody>
<tr>
<td>Role of the MA as an oversight body</td>
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<tr>
<td>MA approves the budget on time</td>
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<td>x</td>
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<tr>
<td>The MA discusses budget expenditures vs. budget reports on a regular basis</td>
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<tr>
<td>Discussion of Municipal Performance report by MA</td>
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<td>x</td>
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<tr>
<td>Attendance of Mayors in MA meetings</td>
<td>x</td>
<td></td>
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<tr>
<td>The MA discusses the findings of internal and external audit reports</td>
<td>x</td>
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<td>x</td>
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<tr>
<td>Citizen participation and consultation</td>
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<tr>
<td>Legally required public meetings of the municipality with citizens are duly and timely announced</td>
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<td></td>
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<tr>
<td>Public consultation on municipal acts prior to adoption by the municipal assembly</td>
<td>x</td>
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<tr>
<td>Inclusiveness</td>
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<td>Women participation in public meetings of the municipality with citizens</td>
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<td>x</td>
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<tr>
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<tr>
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<tbody>
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<td>Access to Information</td>
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<tr>
<td>Responsiveness to citizen’s requests for public documents</td>
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<th>Integrity</th>
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<tbody>
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</table>

(Footnotes)