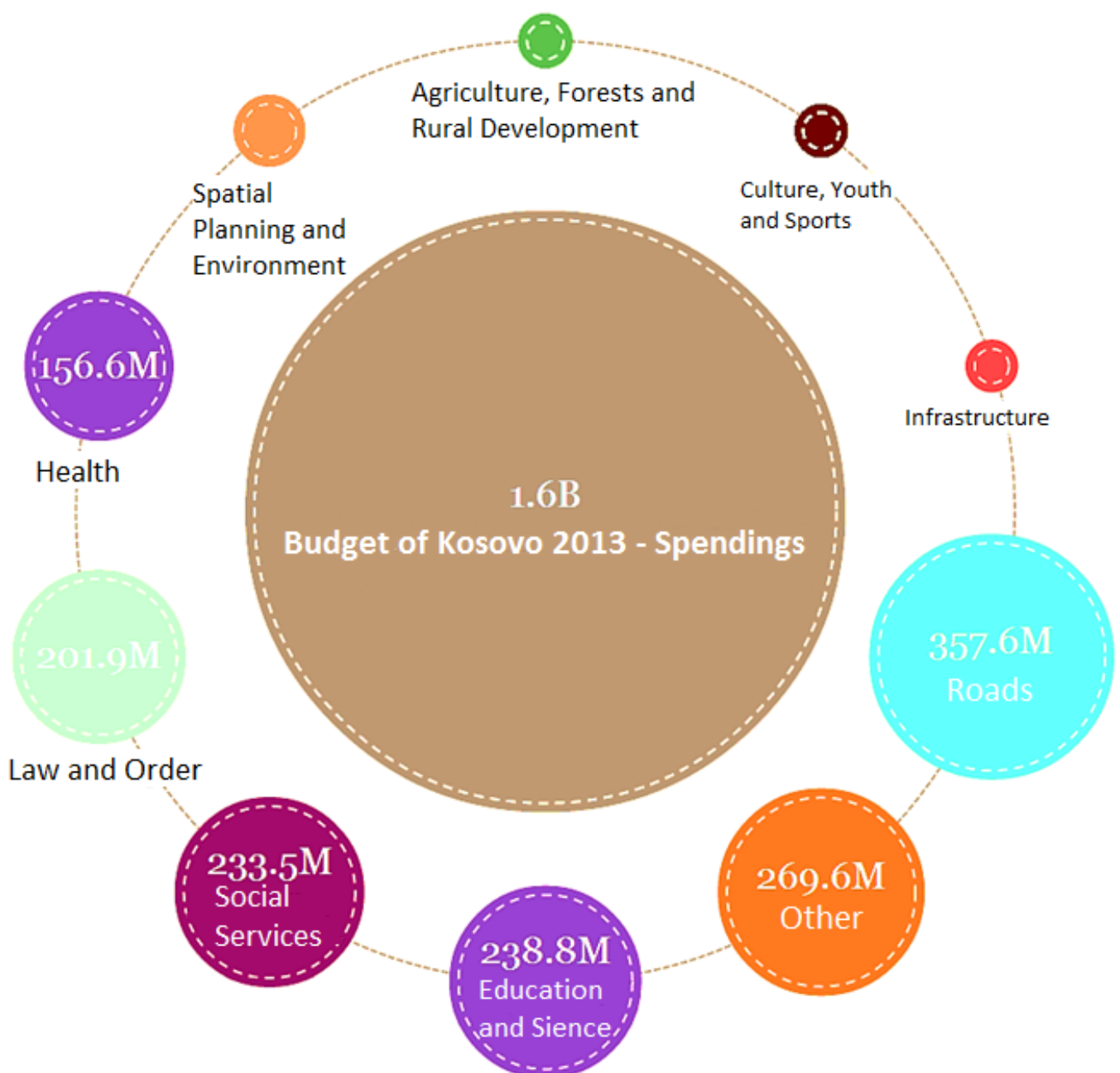


Kosovo Budget - transparency and forms of budget reporting



Executive summary

The state budget is one of the most important economic mechanisms available to the Government of Kosovo. Drafting and executing the Kosovo budget was a competence of local institutions since the establishment of Provisional Institutions of Self-Government. However, even after a decade passed when local institutions had the right of drafting and spending the state budget, there are still significant problems with drafting, executing and reporting procedures regarding the budget. The Kosovo budget on occasions was adopted in a hurry and without debate in the Assembly of Kosovo. The current form of appropriation and budgetary reporting is not detailed in the level that would allow the Members of the Kosovo Assembly and the citizens to clearly understand the allocation and expenditure of public money.

During the last three years, the Ministry of Finance (MF) has reduced the format of budget reports in quarterly and annual basis, reducing even further the transparency and accountability for the spending of public money. Budgetary organizations do not publish the detailed expenditure reports in their websites. Out of 19 ministries in the Government of Kosovo, only the Ministry of Justice regularly publishes data on budget expenditure by this institution. Independent institutions do not publish separate reports on budget expenditures, but only annual performance reports which also cover a brief description of the budget of the institution. Out of 37 municipalities in Kosovo, only the Municipality of Malisheva published periodic reports for budget expenditures, while the majority of municipalities did not publish the budget at all. With the exception of Municipality of Prizren, none of Kosovo Municipalities has allowed us access to detailed data regarding budget expenditure or “analytical card account”.

Budget policies were an object of criticism in the progress reports of the European Commission. With the aim to eliminate shortcomings in budget drafting, executing and reporting, GAP Institute for Advanced Studies recommends taking a series of measures such as: better budgetary planning by budgetary organizations; budget appropriations that are sent to the Assembly of Kosovo for approval need to be more detailed and avoid vague budget categories; quarterly and annual periodic reports need to be more detailed and at least should include data on how the budget was spent in those categories approved by the Assembly through the Law on Budget; MF should compel budgetary organizations to regularly publish the detailed reports on budget expenditures; MF should publish in an accessible format (“Excel format”) appropriations and expenditures to enable organizations and individuals to analyze the budget more easily.

1. Introduction

Since the establishment of Provisional Institutions for Self-Government (PISG) in 2001, the drafting and the approval of Kosovo Budget (initially known as the Kosovo Consolidated Budget) was a competence of local institutions. However, the right for final approval, and to make significant changes rested with the UN Special Representative of the Secretary General (SRSG). Even after the declaration of independence, drafting the budget remained an exclusive competence of the state institutions of the Republic of Kosovo.¹ Before the declaration of independence, when local institutions were known as PISG, the state budget in the majority of cases was adopted with accelerated procedures, or even by using the reserved competences of SRSG.²

However, what marked continuously the budget process in Kosovo was lack of transparency and inadequate reporting form. The Ministry of Finances, as the lead institution that coordinates the budget process and each budgetary organization separately, was not transparent in publishing detailed budget figures. Further, the reporting formats for expenditures were reduced, having been limited to only publishing total expenditures for budget categories.

This analysis of the GAP Institute for Advanced Studies provides a comprehensive overview on the transparency of spending the public money, by focusing on offering recommendations on how the form of budget reports should be improved in quarterly and annual basis. To illustrate this with existing examples, this policy brief offers an explanation of broad budget lines (that are applied in the Kosovo Budget) which makes its understanding impossible and seriously hinders the transparency of expenditure of public money. Here we also provide examples of countries that are ranked high in the list (US and UK) of transparency of spending the public money. Furthermore, these countries publish documents that make it possible to read in details about the expenditure of the budget in electronic form that is easily accessible and could be analyzed by the public. The opposite is applied in Kosovo, making the expenditure of the budget not adequately transparent.

¹However, the International Civilian Representative, according to the Comprehensive Proposal for Kosovo's Final Status Settlement had powers even regarding the budget. Article 8 of this document stated that "when preparing its budget, Kosovo should consult with ICR". However, in practice the ICR never used these powers.

²In 2007, when Agim Çeku was Prime Minister, he threatened the Assembly that in case they would not approve the Law on Budget, this would be done by SRSG. On 15 February 2008, the Budget of Kosovo was adopted in both first and second reading within one day, without any debate.

2. Budget process and the institutions involved in this process

The Ministry of Finance in coordination with budgetary organizations prepares the Kosovo Budget which is approved by the end of the year by the Assembly of Kosovo. The budget for the next year is prepared during the current year through a number of actions known as the budget process. Until it reaches a final form as the Draft-law on budget, and before it is submitted for approval in Assembly, the budget process is usually conducted between the Ministry of Finance and budgetary organizations. The latter, according to MF guidelines, submit their budgetary proposals according to plans and objectives defined by the work plans.

According to the Law on Public Financial Management and Accountability, "*budget organization means any authority or public undertaking that directly receives an appropriation.*"³ In the process of drafting the budget, the Ministry of Finance and budget organizations interact with each other in two directions: from bottom-up – when budget organizations have the freedom of planning the expenses and requests for budget depending on their plans; and, from top-down – when budget organizations are allocated the budget taking into account the budget and expenditure of that organization from the previous year, but not by taking into account the budget needs of these organizations. As in many countries, Kosovo applies a mixed system of the two directions, which means that budget organizations prepare or propose their budget for expenditure within one year (bottom-up direction) but are limited in this preparation because of the budget ceilings, as it is known in this field (top-down direction).

According to the Guidelines on the preparation of the budget in Kosovo and its planning process,⁴ based on the Law on Public Financial Management and Accountability, the time-frame and steps followed in the budget process are as in Table 1:

³Law No. 03/L-048 Public Financial Management and Accountability, article 1.

⁴Guide to Kosovo's budget and planning proces, p.11

Table 1: Dates and activities to prepare the budget until its approval in the Assembly

Date	Activity
15 April ⁵	Ministry of Finance prepares the Medium Term Expenditure Framework for the next three years.
30 April	The last deadline when the Ministry of Finance sends the budget circulars to budget organizations
15 June	The last deadline when budget organizations send their proposals for budget, based on Ministry guidelines, expenditure priorities and budget ceilings
15 June – 31 October	Ministry of Finance consults proposals from budget from budget organizations and organizes public hearings with budget organizations. This process is usually conducted during July-August. Not later than 31 October, the Ministry of Finance sends a proposed budget appropriation to each budget organization and together with the Medium Term Expenditure Framework sends it to the Government for approval.
31 October	The Government adopts the proposed budget and sends it to the Assembly. The Assembly organizes sessions where the budget is presented by Ministry of Finance.
31 December	The last deadline when the Assembly adopts the Kosovo budget

3. Budget reports

Budget expenditure reporting is understood in two directions: the first is connected with reports from budget organizations to the Ministry of Finance, and the second, reporting from all these by the Ministry of Finance in the Assembly of Kosovo. If we refer to the reporting of budget organizations in the Ministry of Finance, the Law on Public Financial Management and Accountability as well as the Guidelines of the budget process, which is based on the law, present a number of mechanisms through which the budget organizations report their expenditures to the Ministry. The Financial Management System based on 'FreeBalance' where all budget organizations have access through the installed software in each organization, is the primary means of reporting expenditures of budget organizations in the Ministry of Finance. This system enables budget organizations to control spending the budget through notifications that the software produces: stop spending, slow down spending and the need for additional budget allocations.⁶ There are other procedures too in cases when a budget organization requires more budget, when a budget

⁵Some dates are not specified in the law but are specified in the Guidelines for 2008, prepared by the Ministry for Economy and Finances.

⁶Guidelines on the Kosovo Budget and the Planning Process, p.26.

organization needs to transfer the budget that did not spend and has a surplus, approval of additional budget in the Assembly from the reserve fund that could be used with the approval of the Minister, especially in cases of natural disasters.⁷

Although a good system for reporting expenditures from budget organizations in the Ministry of Finance is developed, the reporting of expenditures from the Ministry of Finance to the Assembly is unclear and not transparent with regard to expenditures. According to the Law on Public Financial Management and Accountability, the Minister prepares and the Government reviews the quarterly budget reports and after 30 days of reviewing, these reports are submitted to the Assembly.⁸ Based on this, the Ministry of Finance prepares quarterly, six monthly, nine-monthly and annual reports that are submitted to the Assembly. Apart from this, no later than March 31 of each calendar year, the Minister prepares and submits for approval in the Assembly a final general budget report for the previous fiscal year and the two prior fiscal years.⁹

However, the quarterly and annual reports from the MF to the Assembly of Kosovo do not contain the same budget lines that were approved by the Assembly when the Law on budget and allocation was approved. The MF, during the last three years has reduced the form of budget reports, by only reporting on the overall budget categories. Based on the current form of reporting, it can be said that there is no logical connection between the requests for budget, expenditures executed based on it and reports on that expenditure.

4. Publishing of expenditures by budget organizations

Expenditure reports in the summary form as well as those done separately for each organization should be easily readable. During their drafting, it should be taken into account that not everyone is familiar with the concepts that are used by the professionals of the field of budget, finance, and expenditures.¹⁰ Publishing of expenditures from budget organizations will fill the gap over the uncertainty and lack of transparency with regards to expenditures in quarterly summarized reports.

⁷LawNo. 03/L-048 Public Financial Management and Accountability, p.28.

⁸LawNo. 03/L-048 Public Financial Management and Accountability, p.36.

⁹LawNo. 03/L-048 Public Financial Management and Accountability, p.37.

¹⁰Managing Public Expenditure, a reference book for transition countries, edited by Richard Allen and Daniel Tomas, OECD, p. 317.

Whereas the quarterly reports of the Ministry of Finance are public and can be accessed through the official webpage of this Ministry, the publication of expenditures from the budget organizations is very limited.

A very small number of budget organizations publish budget expenditures. Out of 19 Ministries of the Kosovo Government only the Ministry of Justice publishes a separate and detailed report on budget expenditure. Whereas other ministries are satisfied by only publishing the final reconciliatory reports that are incorporated in the reconciliatory report drafted by the Ministry of Finance to be submitted to the Assembly.

The majority of independent institutions fail to publish detailed reports on revenues and expenditures. These institutions only include the overall budget expenditure in the annual performance reports.

Out of 37 municipalities in Kosovo, the Municipality of Malisheva is the only one that published in its official webpage its quarterly, six-monthly, nine-monthly and annual expenditure reports during 2012, but not the previous years. The municipalities of Hani i Elezit, Dragash, Skenderaj and Lipjan have published uncompleted expenditure reports for 2012, while other municipalities (32) do not have reports on budget expenditures for 2011.

Table 2: Publishing of expenditures by budget organizations in 2011

Budgetary organization		Publication of expenditure in the official webpage (2011)
1	Assembly of Kosovo	No
2	Office of the President	No
3	Office of the Prime Minister	No
4	Ministry of Finance	No
5	Ministry of Public Administration	No
6	Ministry of Agriculture, Forestry and Rural Development	No
7	Ministry of Trade and Industry	No
8	Ministry of Infrastructure	No
9	Ministry of Health	No
10	Ministry of Culture, Youth and Sports	No
11	Ministry of Education, Science and Technology	No
12	Ministry of Labor and Social Welfare	No
13	Ministry of Environment and Spatial	

	Planning	No
14	Ministry for Communities and Return	No
15	Ministry of Local Government	No
16	Ministry for Economic Development	No
17	Ministry for Internal Affairs	No
18	Ministry of Justice	Yes
19	Ministry of Foreign Affairs	No
20	Ministry for the Kosovo Security Force	No
21	Ministry for European Integration	No
22	Ministry of Diaspora	No
Independent Institutions		
23	Public Procurement Regulatory Commission	No
24	Academy of Arts and Sciences	No
25	Telecommunications Regulatory Authority	No
26	Anti-Corruption Agency	No
27	Energy Regulatory Office	No
28	Procurement Review Body	No
29	Legal Aid Commission	No
30	University of Prishtina	No
31	Constitutional Court	No
32	Kosovo Competition Commission	No
33	Kosovo Intelligence Agency ¹¹	No
34	Kosovo Council for Cultural Heritage	No
35	Election Complaints and Appeals Panel	No
36	Independent Oversight Board for Civil Service	No
37	State Prosecutor	No
38	Office of the Auditor General	No
39	Water and Waste Regulatory Office	No
40	Railway Regulatory Authority	No
41	Civil Aviation Authority	No
42	Independent Commission for Mines and Minerals	No
43	Independent Media Commission	No
44	Central Elections Commission	No
45	Ombudsperson	No
46	Kosovo Judicial Institute	No
47	Kosovo Judicial Council	No
48	Kosovo Property Agency	No
49	Agency for the Protection of Personal Data	No
Local level		
50	Municipality of Hani i Elezit	Not complete
51	Municipality of Dragash	Not complete

¹¹ No official webpage.

52	Municipality of Malisheva	Not complete
53	Municipality of Skenderaj	No
54	Municipality of Mamusha	No
55	Municipality of Shtërpca	Yes
56	Municipality of Shtime	Yes
57	Municipality of Vitia	No
58	Municipality of FushëKosova	No
59	Municipality of Prizren	No
60	Municipality of Podujeva	Yes
61	Municipality of Vushtrri	Yes
62	Municipality of Kaçanik	Yes
63	Municipality of Ferizaj	Yes
64	Municipality of Rahovec	Yes
65	Municipality of Graçanica	Yes
66	Municipality of Mitrovica	Yes
67	Municipality of Obiliqi	No
68	Municipality of Gjilan	No
69	Municipality of Lipjan	No
70	Municipality of Klina	No
71	Municipality of Drenas	No
72	Municipality of Istog	Yes
73	Municipality of Kamenica	Yes
74	Municipality of Prishtina	No
75	Municipality of Ranillug	No
76	Municipality of Klllokot	Yes
77	Municipality of Junik	No
78	Municipality of Gjakova	No
79	Municipality of Partesh	No
82	Municipality of Suhareka	No
81	Municipality of Peja	No
82	Municipality of Deçan	No
83	Municipality of Novobërd	Yes
84	Municipality of Zveçan	No
85	Municipality of Leposaviq	No
86	Municipality of ZubinPotok	No

5. Responses from the Ministries and Municipalities to GAP Institute for access to representations expenses and budget for 2012

Seeing that central and local institutions are not active and responsible in publishing reports on budget expenditure, GAP Institute used the right for access to public documents, and sent a considerable number of requests for access to detailed budget expenses to all ministries and municipalities in Kosovo.

Twenty requests were sent in the central level, in all ministries as well as the Office of the Prime Minister. Out of which, GAP Institute received responses that can be considered complete from 17 Ministries and the Office of the Prime Minister. As the table below shows, the Ministry of Environment and Spatial Planning did not send a response, whereas the Ministry of Public Administration, the Ministry for Infrastructure did not send complete responses.

Table 3: Responses from Ministries to the GAP request for representation expenses

Ministries		Responses
1	Ministry of Finance	Yes
2	Ministry of Culture, Youth and Sports	Yes
3	Ministry of Public Administration	Not complete
4	Ministry of Justice	Yes
5	Ministry of Foreign Affairs	Yes
6	Ministry of Labor and Social Welfare	Yes
7	Ministry for Economic Development	Yes
8	Ministry for Communities and Return	Yes
9	Ministry of Trade and Industry	Yes
10	Ministry of Education, Science and Technology	Yes
11	Ministry of Health	Yes
12	Ministry for Internal Affairs	Yes
13	Ministry of Diaspora	Yes
14	Ministry for the Kosovo Security Force	Yes
15	Ministry for European Integration	Yes
16	Ministry of Agriculture, Forestry and Rural Development	Yes
17	Ministry of Infrastructure	Not complete
18	Ministry of Environment and Spatial Planning	No
19	Ministry of Local Government	Yes
20	Office of Prime Minister	Yes

GAP Institute sent 34 requests to all Municipalities in Kosovo (excluding the municipalities in the north) or access to detailed budget expenses or known as –“analytical card account”. As the table below shows, only the Municipality of Prizren has allowed access to analytical card account, a document which explains in details all expenses, time, responsible person for the expense, the business where the expenses were made, as well the purpose of the expense. No other Municipality has accepted to allow access to the analytical card account.

Table 4: Responses from municipalities to the GAP request for detailed budget expenses

	Municipality	Response
1	Municipality of Hani i Elezit	No
2	Municipality of Dragash	No
3	Municipality of Malisheva	No
4	Municipality of Skenderaj	No
5	Municipality of Mamusha	No
6	Municipality of Shtërpce	No
7	Municipality of Shtime	No
8	Municipality of Vitia	No
9	Municipality of FushëKosova	No
10	Municipality of Prizrenit	Yes
11	Municipality of Podujeva	No
12	Municipality of Vushtrri	No
13	Municipality of Kaçanik	No
14	Municipality of Ferizaj	No
15	Municipality of Rahovec	No
16	Municipality of Graçanica	No
17	Municipality of Mitrovica	No
18	Municipality of Obiliq	No
19	Municipality of Gjilan	No
20	Municipality of Lipjan	No
21	Municipality of Klina	No
22	Municipality of Drenas	No
23	Municipality of Istog	No
24	Municipality of Kamenica	No
25	Municipality of Ranillug	No
26	Municipality of Klokot	No
27	Municipality of Junik	No
28	Municipality of Gjakova	No
29	Municipality of Partesh	No
30	Municipality of Suhareka	No
31	Municipality of Novobërda	No
32	Municipality of Peja	No
33	Municipality of Prishtina	No
34	Municipality of Deçan	No

6. Unclear budget allocation

This section deals with the problem of labeling, definition and understanding budget expenses, in particular capital expenditures. The aim is to identify some of the typical problems when analyzing the budget expenditure and its categorization.

A label that we find particularly in budget allocation at municipal level is that large amounts of the budget are labeled 'Co-financing with donors' without specifying the projects that will be funded. If

we look at the 2013 budget for municipalities, we can see that at least 5.5 million Euros of capital expenses are labeled in this manner. This general labeling allows the possibility for manipulation opportunities based on the interest of individuals that manage with these funds and at the same time creates problems with the categorizations of expenditures if the public is interested to know in which fields the ministries or municipalities focused their spending. Some other problematic labeling can be observed in capital expenditures in municipalities, for example infrastructure in a particular village, without specifying the type of infrastructure (sewage system, water supply, road or something else).

Another problem on the central level budget is that often capital investments are not specified in which municipality they will be implemented, for example, there are three such cases with the Ministry of Education, Science and Technology when only the type of investment is described such as building schools or something else, without specifying the municipality where such investments will go to. We can also see that in the Ministry of Infrastructure, a 4.3 million Euro investment is not specified in which municipality will be invested, which is only labeled as: "Co-financing program with municipalities". The Ministry of Culture, for 4 million Euros worth of capital investments, applies another general label "Co-financing with IPA" that does not provide clear information for the public.

However, it should be mentioned that there are cases when not specifying expenditures and keeping the expenses confidential is necessary, as the particular project is categorized in this way for national security reasons. Such projects are budgeted in the Ministry of Internal Affairs, Ministry of Security Force, and Kosovo Intelligence Agency and are labeled as unspecified or confidential projects.

7. Successful examples of transparency of public expenditures in other countries

The following section provides some examples from the most transparent countries in the world with regard to publication of documents on spending public money. Based on these examples we can see that the number of documents and the means of reporting expenditures from the Government of Kosovo, offers a minimal budget expenditure transparency. Therefore, the goal of this section is to inform the Government on the best forms of reporting and to

increase the expectations of the public for a more qualitative reporting of government expenditures.

In a study conducted by International Budget Partnership,¹² countries are assessed for transparency based on how many, out of eight important documents linked with the budget process are published, and how many of these documents can be accessed by the public.

These eight documents are:

- 1) The document that establishes the necessary linkage between the budget and the government policies;
- 2) The document containing concrete plans how will revenues be collected to implement policies;
- 3) The legal document (law) that authorizes the executive to raise financial resources and spend;
- 4) The existence of a non-formal document that presents to the public the means of collecting revenues and the orientation of expenditures;
- 5) Monthly and quarterly reports that show the trends of income, public debt and expenditures;
- 6) Mid-term review of the budget in order to review if the economic indicators have moved from the initial assumptions;
- 7) The annual report that reviews the implementation of the budget compared with the planning in the previous year;
- 8) Independent audit from the highest and independent institutions for auditing, which review if revenues were raised and spent in accordance with the approved budget and to check if government accounts are accurate.¹³

Two countries which continuously stay in the top-10 of this list are the United Kingdom and the United States.¹⁴ One of the documents that are published in UK is the document which encompasses the three main goals of the budget for that particular year.¹⁵ Further, detailed explanations are listed concerning taxes, which is one of the main sources of revenue for state coffers. Some of the key aspects of this document are explanations regarding:

- a) Which are the fiscal policies that this budget aims to fulfill, for example reducing public debt;

¹²International Budget Partnership. Source: <http://internationalbudget.org/what-we-do/major-ibp-initiatives/open-budget-initiative/>

¹³International Budget Partnership. Open Budget Survey 2012. Source: <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

¹⁴Country ranking by International Budget Partnership. Source: <http://survey.internationalbudget.org/#rankings>, 06 February 2013.

¹⁵ Her Majesty (HM) Treasury Budget 2011, source: http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf, 06 February 2013.

- b) Goals of monetary policies, for example decreasing inflation, decreasing loan interest rates or any other goal;
- c) Which are the categories where the state will decrease or increase taxes, for example decreasing corporate taxes to increase the countries competitiveness.

Such practice is also followed by US and New Zealand, as countries listed high in the abovementioned report. A publication in the US in 2013, looks at the macroeconomic situation and the challenges that the budget aims to overcome.¹⁶

Apart from standard documents, an interesting analysis published in US is the document which measures the performance and management of the public administration, with the aim to increase accountability and efficiency of spending public money. In principle, objectives are set for each budget organization which is conveyed to leaders from all levels, workers and public. Such objectives are measurable, thus keeping the public administration accountable to their achievement.

Another interesting publication offered by the UK government, to increase the transparency and make it easier to inform the public, is the possibility that is offered to the British public to look at investments in their area. This is done very simply and easily.

Information in this section includes data such as:

- a) Investments in education,
- b) Business support projects,
- c) Number of persons that will benefit from the changes in taxation and benefits system, etc.

An important part of publishing the budget is the section on statistical analysis. The basis for reporting expenditure and other accompanying documents in UK is a complex system called “Combined Online Information System (COINS)”. Thanks to this system, the Department of Treasury¹⁷ publishes a “spreadsheet” where budget expenditures are reported in detail as well a history of investments based on sectors from previous years, in such a format that could be easily used by the public for statistical analysis.¹⁸ The same thing is done by the Department of Management and Budget in

¹⁶Fiscal Year 2013, Mid-Session Review, Budget of the U.S Government, Source: <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/13msr.pdf>

¹⁷Department of Treasury manages the budget in UK.

¹⁸ HM Treasury, Statistics section, http://www.hm-treasury.gov.uk/pesa2011_section2.htm 06 February 2013

US, by publishing analysis done by the department or by publishing “spreadsheets” where the public could do their own analysis.

In contrast with these countries, if a citizen of Kosovo, be that a student or a person who is curious regarding the government expenditures, wants to analyze the Kosovo Budget, the first problem that he/she will face is that the budget data are published in “PDF” format, from which even the simplest statistics could not be drawn. If such a student wants to copy the budget of Kosovo in an “Excel” format, which is most commonly used to analyze data and present it in a graphic form, it would take approximately 40 hours of work to make such a budget possible for analysis.

8. Conclusions and Recommendations

Based on explanations above, it can be concluded that reports on expenditure of the budget by the Ministry of Finance to the Assembly of Kosovo are not appropriate and do not offer transparency on spending of public money. Quarterly and annual reports from the Ministry of Finance are general and the tables with total expenditures for categories are unclear and not transparent.

Further, if we look in the level of budget organizations, publishing of expenditures from the ministries of the Government of Kosovo is very limited. Out of 19 ministries, only the Ministry of Justice publishes the budget expenditures in a detailed form on a ministry level. Other ministries are satisfied with providing some notes on budget expenditure within the overall annual report of the particular ministry. The practice of not publishing the budget expenditures is also followed by the Office of the Prime Minister, the Assembly of Kosovo and the Office of the President.

This trend, of including the budget expenditures in the annual report, can be observed also in a large number of independent institutions that incorporate those expenditures in the annual reports. However, the number of independent institutions that provide better reports on expenditures is greater than the number of ministries in the Government.

The same situation with regard to publication of budget expenditures is observed in the local level. Out of 37 municipalities of Kosovo, only the Municipality of Malisheva published quarterly, six-monthly, and annual financial statements on budget spending for 2012. Only, the Municipality of Prizren has allowed to have access on detailed budget spendings for 2011.

Based in these conclusions GAP Institute recommends the following steps:

- The Ministry of Finances, when it submits the Law on Budget and the Law on Appropriations to the Assembly of Kosovo for review and approval, should also prepare a document which explains the connection between the budget of that particular year with government policies. This document should provide details how the implementation of budget will impact the overall economic development and achievement of governmental policies.

- MF in coordination with budget organizations, should avoid unclear budget appropriations, such as labeling them: “co-financing with donors”, “improving infrastructure”, “investments in villages”, “co-financing with Municipal Assemblies”, etc. as in this way, the Members of Kosovo Assembly and consequently the citizens will not understand for what projects was the budget allocated. To avoid these unclear categorizations, better budget planning is needed.
- The Ministry of Finances should change the budget reporting form in quarterly and annual basis. Budget reports should include detailed data on implementation of all those projects that required funds with the Law on Budget. Members of Kosovo Assembly and citizens should be provided with more information how the appropriated budget was managed based on budgetary projects. This is especially crucial in the lines of capital investments and goods and services.
- The Ministry of Finances should oblige all budget organizations to publish reports on budget expenditures in their websites and make these reports accessible for the public. Individual reports from budget organizations should contain more detailed data on budget spending, compared to the current ones sent to Assembly of Kosovo for approval.
- The Ministry of Finances should regularly publish all quarterly and annual budget reports, as well as budget allocation and expenditures in “Excel” format, with the aim of allowing nongovernmental organizations and independent students to analyze the budget.

INSTITUTI PËR STUDIME TË AVANCUARA



The Institute for Advanced Studies GAP is a leading Kosovo Think Tank, established in October 2007 in Kosovo. GAP's main purpose is to attract professionals by creating a professional research and development environment commonly found in similar institutions in Western countries. This will include providing Kosovars with an opportunity to research develop and implement projects that would strengthen Kosovo society. A priority of the Institute is to mobilize professionals to address the country's pressing economic, political and social challenges. GAP's main objectives are to bridge the gap between government and people, and to bridge the gap between problems and solutions.

This policy brief and the project on the transparency of budget spending and increasing the accountability for budget spending is financed by the British Embassy – Prishtina. The stances presented in this analysis do not necessarily reflect the stances of the British Embassy – Prishtina.



British Embassy
Pristina