

2022

Municipal Budget Transparency Index

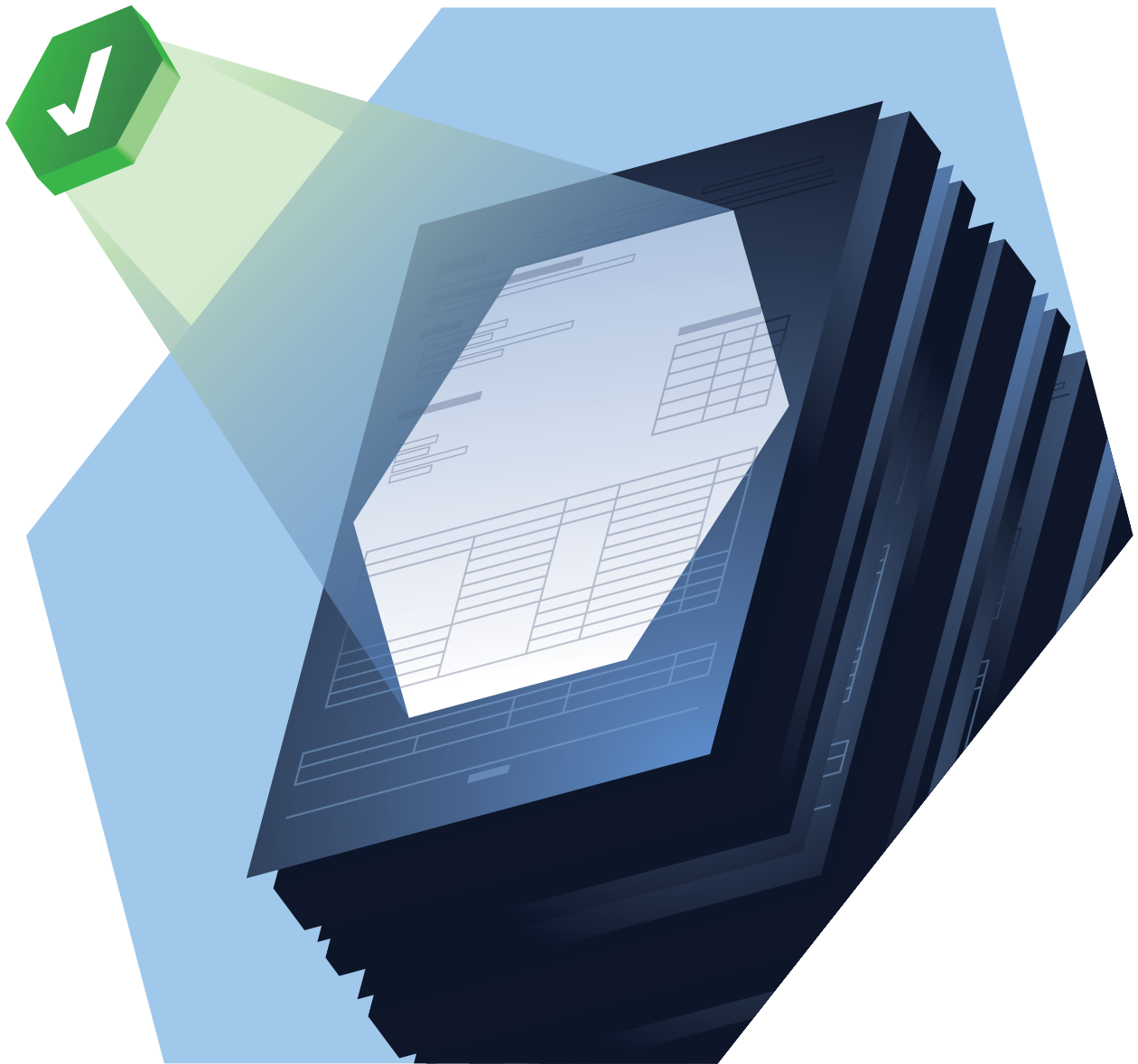


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Executive Summary

This report presents the seventh edition of GAP Institute's evaluation of municipal budget transparency in Kosovo. Since 2017, GAP Institute has conducted the annual evaluation of municipalities based on the transparency shown in the publication of budget-related documents and budget hearings held with citizens. In 2022, municipal budget transparency was at its highest level recorded since inception of the Index, with an average score of 62.8 points. In 2022, municipalities published 258 budget-related documents and hosted 130 budget hearings. Out of a total score of 100 in the Index, 28 municipalities (73.7%) managed to score more than 50 points.

As a result of the increase in the number of published budget-related documents, budget hearings held, and the improvement of the document publication format, 25 municipalities have shown improvement in their score, four municipalities have deteriorated, while the other municipalities have maintained their previous year's score. The municipalities of Skanderaj (42.5 points), Prizren (32.5 points), Vushtrri (31.5 points), Drenas (30 points), Klina (30 points), and Podujeva (30 points) have recorded the greatest improvement in terms of scores in the 2022 Index. In addition, municipalities made great improvements in the publication of gender-responsive budgeting, with a total of 22 municipalities (ten more than the previous year) publishing such documents on their websites or delivering such important budget-related documents by request.

The Mid-Term Budget Framework and the financial report for the second quarter (Q2) are the most published budget-related documents by the municipalities in 2022.

In terms of the publication format, the only municipality to publish all budget-related documents in 'Excel' or 'Word' format is that of South Mitrovica, while the Municipality of Obiliq is the only municipality to publish all documents in the 'scanned document' format.

Out of the 38 municipalities, only 15 (39%) of them have published all the budget-related documents they are required to publish according to the Administrative Instruction of Ministry of Local Government Administration (MLGA) on budget transparency in municipalities. While there are 13 municipalities that have failed to respond to GAP Institute's requests for access to budget-related documents.

Methodology

The 2022 Municipal Budget Transparency Index consists of 100 points distributed across budget-related documents, regulations, lists of subsidy beneficiaries, and public budget hearings. GAP Institute scores budget-related documents published on the official websites of municipalities in Kosovo. The number of points by document is the same across all municipalities and the score is set according to the evaluation conducted by GAP Institute based on the significance of budget-related documents in increasing transparency and accountability at the local level. Documents published in the most reader-friendly format, such as Microsoft Excel or Word, are awarded maximum points, while documents in PDF format and scanned documents are scored less by 30% and 50%, respectively. For any budget-related document not published on the official website of the municipality, but instead delivered by email, the scoring of that document was reduced by 70%. Exceptionally, for documents such as the Analytical Accounts Card, concluded contracts, and list of subsidy beneficiaries, even if delivered by email only upon request, their score is not reduced by 70% because such documents are not yet legally required for publication. Again, this year, similar to the previous year, GAP Institute examined how many of the municipalities have published documents on gender responsive budgeting, although this type of document is yet to be included in the scoring of municipal budget transparency.

Municipalities receive the maximum score only if they have published all the documents on their official website in 'Excel' or 'Word' format and organized at least four budget hearings (Table 1). Data collection on published documents was conducted by asking municipalities to complete a questionnaire with links to documents published on the official website of the municipality.

Table 1. Municipal Score on Document Publication, according to GAP Institute

Document	Excel/Word	PDF	Scanned Document	Request
2022 Q1 Financial Report	5	3.5	2.5	1.5
2022 Q2 Financial Report	5	3.5	2.5	1.5
2022 Q3 Financial Report	5	3.5	2.5	1.5
2022 Annual Financial Report	15	10.5	7.5	4.5
2023 Planned Budget	5	3.5	2.5	1.5
Regulation on Allocation of Subsidies	5	5	5	1.5
2022 List of Subsidy Beneficiaries	10	7	5	5
Analytical Accounts Card for budget expenditure in 2022	20	14	10	10
Public budget hearing on 2022 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2022 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2022 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2022 Budget	2.5	2.5	2.5	2.5
Mid-Term Budget Framework 2023–2025	10	7	5	3
2022 Concluded Contracts	10	10	10	10
Total	100	77.5	62.5	50
Gender Responsive Budgeting				

Source: GAP Institute

At the end of May 2023, GAP Institute sent requests to the municipal offices of public relations, while the monitoring of municipal websites was completed in June 2023. For any municipality that failed to respond to our request, the Index score was awarded based on the available information on their websites, by excluding from considering any document that could not be found in three clicks and on the relevant section designated for budget reports.

GAP Institute requested access to public documents from the 38 municipalities of Kosovo, with 25 responding positively, 10 municipalities failed to respond to the request, while opting to not send any request to three municipalities (Leposaviq, Zubin Potok, and Zvečan) because of the change of mayors and local administration, as well as the situation created in the northern part of the country. Finding the budget-related documents was quite challenging for some of the municipalities, as those were not published under the category/section intended for such documents. Additionally, due to problems with access to the websites of the municipalities as a result of their poor speed or malfunction, it takes approximately three minutes to open a budget-related document.

Key Findings for 2022

The Constitution of the Republic of Kosovo and the Law on Access to Public Documents guarantee the right to access public documents to the citizens. The Law on Access to Public Documents allows access to documents related to public money expenditures and obliges institutions to publish documents related to public money expenditures in electronic format and open data to the public.¹ Institutions must publish any completed public document, regardless of whether the citizens have requested access to such documents. Moreover, the data must be open and accessible allowing citizens to use and compare such data.

On the other hand, the Law on Public Financial Management and Accountability makes the mayors responsible for publishing financial reports on the municipality's website and for holding budget hearings with citizens.² In addition, the Administrative Instruction of MLGA on Transparency in Municipalities requires at least two public hearings with citizens per year and additional public meetings on budget and other issues of interest for the municipality.³ In some cases, budget circulars prepared by the Ministry of Finance require the mayors to engage in budget review with the citizens. Further, the MLGA Administrative Instruction requires municipalities of Kosovo to publish budget-related documents, such as the budget plan and investment plans, quarterly expenditure reports, Mid-Term Budget Framework (MTBF), financial summary report for the last fiscal year, and National Audit Office Report on Annual Financial Reports for the last fiscal year.⁴

In 2022, municipal budget transparency scored at a higher level than in previous years. While in 2021 the average score was 53.1 points, in the 2022 Index this average goes to 62.8 points. In 2022, a total of 22 municipalities (58%) have exceeded the average Index score. The maximum Index score of 100 for 2022 was achieved by seven municipalities: Drenas, Klina, Lipjan, South Mitrovica, Prizren, Rahovec, and Skenderaj. These seven municipalities have published all the budget-related documents in either 'Excel' or 'Word' format, with the exception of documents with textual content that have been published in other formats, such as 'PDF' or scanned documents. High budget transparency has also been shown by the Municipality of Hani i Elezit (95 points), as well as the Municipality of Vushtrri (93.5 points). These two municipalities, although they have published all the budget-related documents, due to the publication format of certain documents, have fallen short of reaching the maximum Index score. A total of nine municipalities (23.7%) are in the top or upper quartile,

1 Law No. 06/L-081 on Access to Public Documents. Source: <https://bit.ly/3A9JcMM>

2 Law on Public Financial Management and Accountability, Art. 61. Source: <http://bit.ly/2h3BfRW>

3 Ministry of Local Government Administration (MLGA). Administrative Instruction No. 03/2020 on Transparency in Municipalities. Source: <https://bit.ly/3ElevHh>

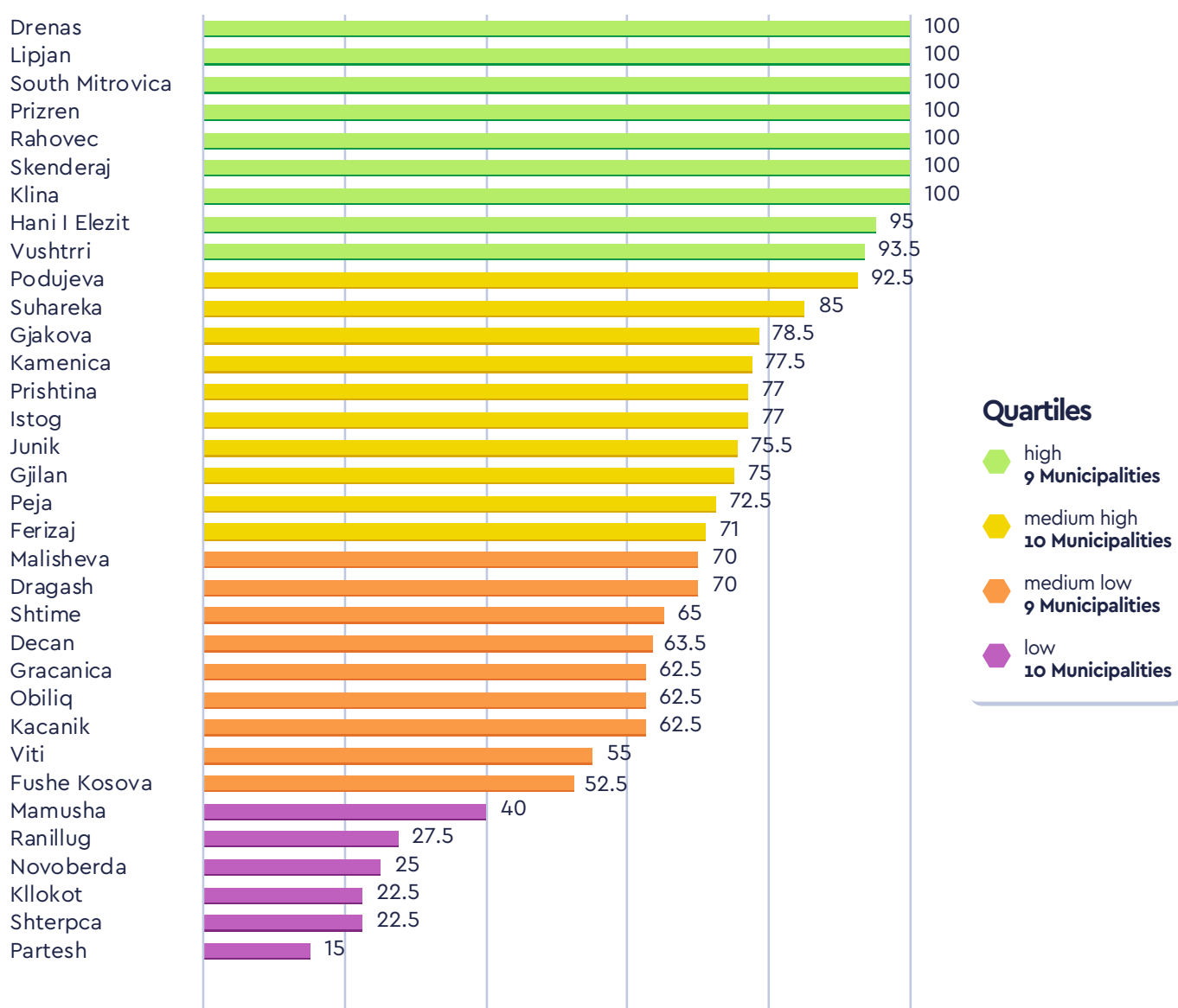
4 Ibid.

ten municipalities (26.3%) in the upper median quartile, nine municipalities (23.7%) in the lower median quartile, and ten municipalities (26.3%) in the bottom or lower quartile.

Quartiles represent a statistical concept used to divide datasets into four roughly equal parts in increasing order. Through quartiles we can understand the spread of the data within a given data set and how it can be analyzed. This year, because of the greater number of points scored by the municipalities, the data is skewed towards the top or upper side. The top or upper quartile includes municipalities that have collected more than 92.5 points, the median upper quartile includes municipalities that have collected between 70.5 and 92.5 points, the median lower quartile includes municipalities that have collected between 40 and 70.5 points, while the bottom or lower quartile includes municipalities that have collected from 0 to 40 points.

The municipalities of North Mitrovica, Leposaviq, Zubin Potok, and Zveçan were awarded zero points on the Index because they failed to publish any budget documents on their official websites in 2022 and have not responded to the request by GAP Institute for access to budget documents.

Figure 1. 2022 Municipal Budget Transparency Index



Leposavic / Partesh / Zubin Potoku / Zvecan ○

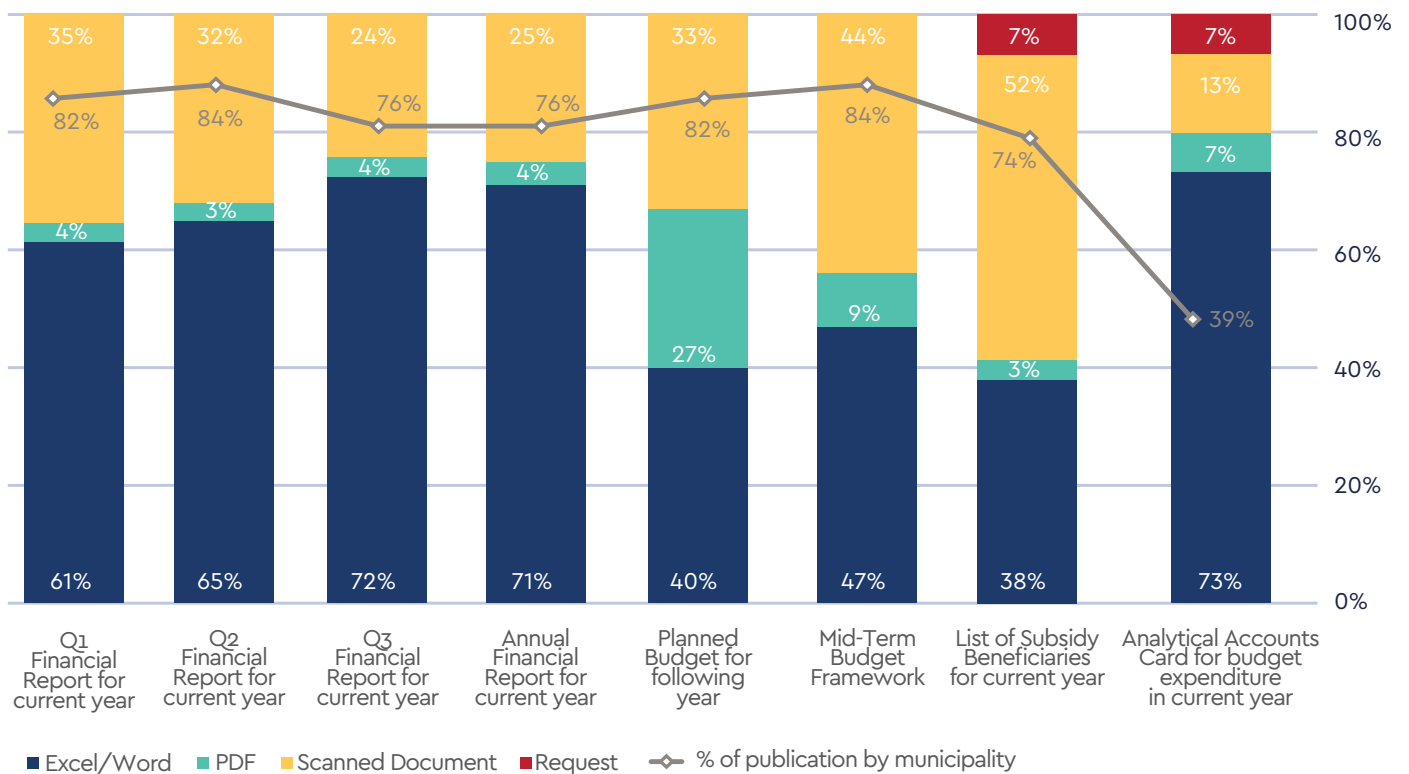
According to GAP Institute's Index of budget transparency, municipalities have collectively published 258 budget-related documents (not including concluded contracts), or 32 documents more than in the previous year. Also, in 2022, there were 130 public budget hearings held (24 more than in 2021). The largest number of budget-related documents were published in 'Excel' or 'Word' format, namely 140 documents (61%), while 75 budget-related documents were published in 'scanned document' format (31%), 15 budget-related documents were published in 'PDF' format (7%), while through request we received only three budget-related documents (1.2%).

Figure 2. Format of published budget-related documents



In the 2022 Budget Transparency Index, the Mid-Term Budget Framework (2023–2025) and the Q2 Financial Report feature as most published documents by the municipalities. Leading in percentage of most published in 'Excel' or 'Word' format are the Analytical Accounts Card, the Q3 Financial Report, and the Annual Financial Report. The budget-related document published mostly in 'PDF' format by the municipalities is the 2023 Planned Budget. In the 'scanned document' format, featuring most prominently are the Mid-Term Budget Framework and the list of subsidy beneficiaries, with the latter topping the list of documents delivered through request, together with the Analytical Accounts Card.

Figure 3. Percentage of municipalities publishing budget-related documents featured in the Index



According to the Administrative Instruction of the MLGA on municipal transparency, municipalities are required to systematically publish quarterly and annual budget reports, the budget plan for the next year, and the mid-term budget framework. However, not all municipalities comply with this requirement. In terms of budget-related documents subject to request for access, 31 municipalities have published the Q1 Financial Report, 32 municipalities have published the Q2 Financial Report, while 29 municipalities have published the Q3 Financial Report. The Annual Financial Report was published by 29 municipalities, while the Mid-Term Budget Framework was published by 32 municipalities. The most detailed budget document (Analytical Accounts Card), which also represents the top-scoring document in GAP Institute's Index of budget transparency, this year, similarly to previous years, is the least published document by municipalities (15 municipalities).

Table 2. Published documents considered in the 2022 Municipal Budget Transparency Index

Document	Excel/Word	PDF	Scanned Document	Request	TOTAL
Q1 Financial Report for current year	19	1	11	0	31
Q2 Financial Report for current year	21	1	10	0	32
Q3 Financial Report for current year	21	1	7	0	29
Annual Financial Report for current year	21	2	6	0	29
Planned Budget for following year	20	5	6	0	31
Mid-Term Budget Framework	16	3	13	0	32
List of Subsidy Beneficiaries for current year	11	1	15	2	29
Analytical Accounts Card for budget expenditure in current year	11	1	2	1	15
2022 Concluded Contracts	11	6	12	0	29

In terms of the format of published budget-related documents, the Municipality of South Mitrovica published all budget-related documents in 'Excel' or 'Word' allowing for ease of access and use of the published data. The municipalities of Lipjan, Prizren, and Suhareka are the municipalities that have published 90% of their budget-related documents in 'Excel' or 'Word' format. In large measure, these municipalities have published the Regulation on Allocation of Subsidies in 'scanned document' format". On the other hand, the only municipality that published all documents in 'scanned document' format is the Municipality of Obiliq. The Municipality of Deçan came in second with the largest number of documents published in scanned format (90%), followed by Kaçanik (60%), and Kamenica (50%).

Table 3. Municipalities publishing most budget-related documents in Excel or scanned document format

Municipality	Excel/Word	Municipality	Scanned Document
South Mitrovica	100%	Obiliq	100%
Lipjan	90%	Deçan	90%
Prizren	90%	Kaçanik	60%
Skenderaj	90%	Kamenica	50%

Municipal Performance Analysis – 2022 Index vs 2021 Index

In the 2022 Index, 17 municipalities have recorded improvement in ranking compared to 2021, while 12 municipalities have deteriorated in ranking. The rest of the municipalities have maintained their 2021 ranking.

The Municipality of Skenderaj is the municipality with the greatest improvement in ranking, which, by contrast to the 2021 Index where it was ranked 23rd, in the 2022 Index is ranked first, though together with five other municipalities, jumping up 22 positions (+42.5 points), while the Municipality of Kamenica is the second municipality with the greatest improvement in ranking compared to 2021 (+11 positions), followed by Prizren (+9 positions), Vushtrri (+8 positions), and Klina (+7 positions). On the other hand, the 2022 ranking deteriorated for Kaçanik (-14 positions), Obiliq (-10 positions), Graçanica (-10 positions), Gjilan (-9 positions), and Malisheva (-7 positions).

Table 4. Municipalities with the greatest improvement and deterioration in ranking on the Budget Transparency Index

Municipality	2022 Ranking	2021 Ranking	Difference
Skenderaj	1	23	22 ▲
Kamenica	13	24	11 ▲
Prizren	1	10	9 ▲
Vushtrri	9	17	8 ▲
Klina	1	8	7 ▲
Malisheva	20	12	-8 ▼
Gjilan	17	8	-9 ▼
Graçanica	24	14	-10 ▼
Obiliq	24	14	-10 ▼
Kaçanik	24	10	-14 ▼

Since introduction of GAP Institute's Municipal Budget Transparency Index in 2017, municipalities have already made some progress in improving their budget transparency. In contrast to 2021, it turns out that in 2022 municipalities published more budget-related documents and held more public budget hearings with citizens. Further in contrast to the previous year, there is an increase in the number of publications by municipality for each budget-related document, with the exception of the Annual Financial Report and the Regulation on Subsidy Allocation, which were published this year by the same number of municipalities as in 2021. The year 2022 also marks the year with the most budget hearings hosted by municipalities and attended by citizens for the following year's budget since 2016.

Table 5. Number of published budget-related documents and public budget hearings by municipalities

Document	2016	2017	2018	2019	2020	2021	2022
Q1 Financial Report for current year	25	25	30	30	28	28	31
Q2 Financial Report for current year	25	27	29	29	29	30	32
Q3 Financial Report for current year	23	23	29	27	29	24	29
Annual Financial Report for current year	27	28	33	34	30	29	29
Planned Budget for following year	24	29	30	35	34	28	31
Mid-Term Budget Framework	22	22	30	31	32	29	32
Regulation on Allocation of Subsidies	23	28	30	33	32	30	30
List of Subsidy Beneficiaries for current year	23	21	27	25	24	20	29
Analytical Accounts Card for budget expenditure in current year	6	4	8	9	7	8	15
Public budget hearing for following year	87	91	109	121	84	106	130

Gender Responsive Budgeting

In Kosovo, gender equality represents a constitutional value, but in practice, society remains discriminatory towards women in the field of politics, the labor market, and in terms of benefits from public funds.⁵

According to Law No. 05/L-020 on Gender Equality, Kosovo institutions are responsible for the inclusion of gender budgeting in all areas, as a necessary tool to guarantee that the principle of gender equality is respected in collecting, distribution and allocation of resources.⁶ Gender responsive budgeting is an application of gender mainstreaming in budgetary processes. It involves conducting a gender-based assessment of budgets at all levels of the budgetary process and allowing more efficient allocation of public expenditures, thus reducing gender inequality within municipalities.

The Ministry of Finance issues budget circulars with instructions for the preparation of Kosovo's budget for the current year and early planning for the following three years. As of 2018, these circulars also provide for gender responsive budgeting compelling budget organizations to make the effects of public spending visible in terms of gender equality in producing the Annual Budget, as well as in the municipal internal budget circular as a baseline document for planning municipal budgets for the following three-year period.⁷

Although gender responsive budgeting was not subject to the scope of scoring for budget transparency, again this year similar to last year, GAP Institute did examine how many municipalities have published documents related to gender responsive budgeting. Report findings provide that in 2022, Kosovo municipalities have made considerable improvements in terms of disclosure of gender-responsive budgeting. In contrast to 2021, where only 12 municipalities (31.6%) had published such budget documents, in 2022, there are 22 municipalities (57.9%) that have published on their official website or have delivered the tables for gender responsive budgeting upon request. All the remaining 16 municipalities (42.1%) that failed to publish gender responsive budgeting in 2022, had not published such budget-related documents in the previous year either.

5 GAP Institute. Gender-Responsive Budgeting in Municipalities. Source: <https://bit.ly/GAP-BPGj>

6 Law No. 05/L-020 on Gender Equality. Source: <https://bit.ly/3SO9oGd>

7 Budget Circular 2018/01. Source: <https://bit.ly/46TVlpS>

Table 6. Publication of documents on Gender Responsive Budgeting by municipality for 2021 and 2022

Municipality	2021 Gender Responsive Budgeting	2022 Gender Responsive Budgeting
Deçan	✓	✓
Dragash	✓	✓
Drenas	✓	✓
Ferizaj	✗	✓
Fushe Kosova	✗	✗
Gjakova	✓	✓
Gjilan	✗	✓
Graçanica	✓	✓
Hani i Elezit	✗	✓
Istog	✗	✓
Junik	✓	✓
Kaçanik	✓	✓
Kamenica	✗	✓
Klina	✗	✓
Klllokot	✗	✗
Leposaviq	✗	✗
Lipjan	✓	✓
Malisheva	✗	✗
Mamusha	✗	✗
South Mitrovica	✓	✓
North Mitrovica	✗	✗
Novoberda	✗	✗
Obiliq	✓	✓
Partesh	✗	✗
Peja	✗	✗
Podujeva	✓	✓
Prishtina	✗	✗
Prizren	✗	✗
Rahovec	✗	✓
Ranillug	✗	✗
Shterpca	✗	✗
Shtime	✓	✓
Skenderaj	✗	✓
Suhareka	✗	✓
Viti	✗	✗
Vushtrri	✗	✓
Zubin Potok	✗	✗
Zvecan	✗	✗

Conclusion and Recommendations:

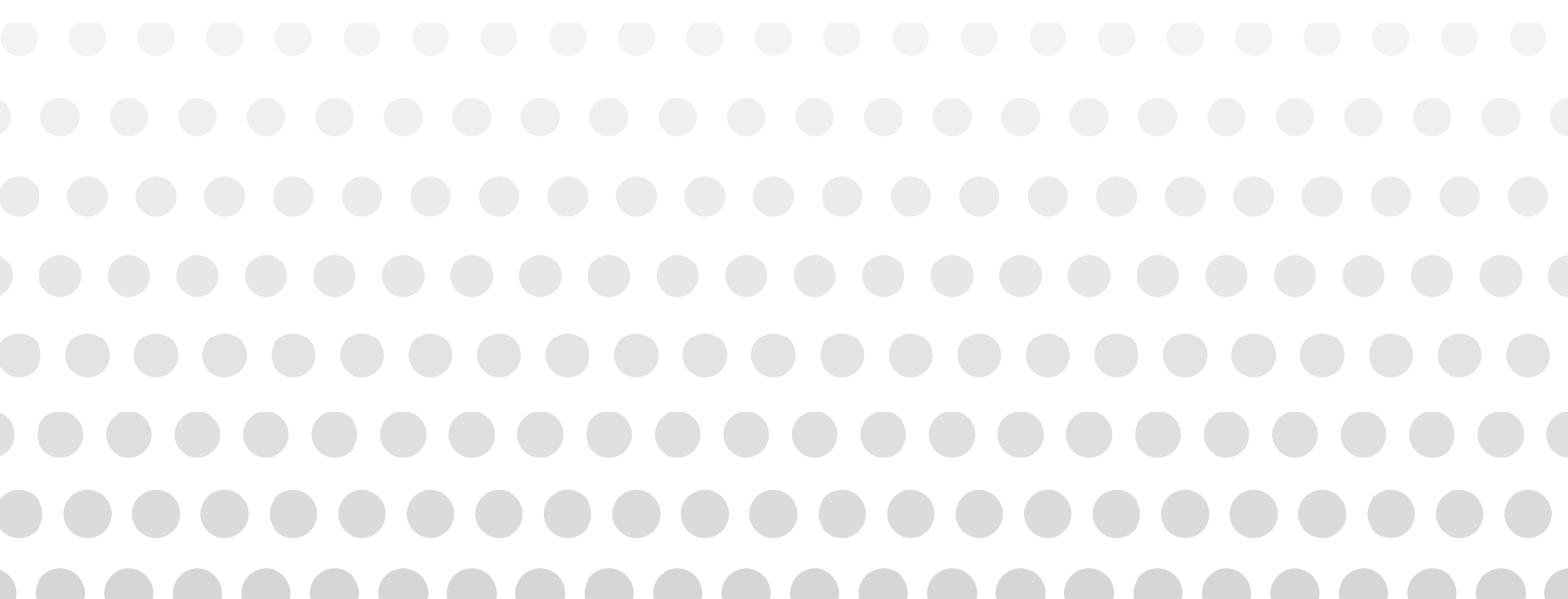
In 2022, municipal budget transparency was at a higher level than in previous years, with 58% of municipalities exceeding the average Index score. Seven municipalities have reached the maximum score of 100 in the 2022 Index, while four municipalities have not published any budget-related document and consequently received zero points in the Index. In 2022, the most published documents by municipalities are the Q2 Financial Report and the Mid-Term Budget Framework, while the top-score document in the Index, the Analytical Accounts Card, was published by 15 municipalities only.

Although this year marks progress in the budget transparency of municipalities, the level of transparency in Kosovo's municipalities can still be considered weak as a result of the failure to publish all budget-related documents. Out of the 38 municipalities in Kosovo, only 15 (39%) of them have published all the budget-related documents they are required to publish according to the Administrative Instruction of MLGA on budget transparency in municipalities. Based on the ongoing findings from these reports, GAP Institute recommends the following:

- Publication of budget-related documents on the official websites of the municipalities should be done within required time limits, which are also provided by the Law on Access to Public Documents.
- Municipalities should publish documents in user-friendly formats that are easy to read and download.
- MLGA should monitor and promote the implementation of Administrative Instruction No. 03/2020 on Transparency in Municipalities, specifically a) to establish whether the required budget-related documents are being published by municipalities, and b) whether such documents are published accordingly by section.
- Designated sections should be established on the official websites of municipalities. As most municipalities do not have well-structured published documents, municipalities could create designated sections on their official websites dedicated solely to publishing information on the budget and their budget-related documents.
- Municipalities should ramp up efforts to promote public participation in budget hearings and publish records of budget hearings.



GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.



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