

2021

Municipal Budget Transparency Index

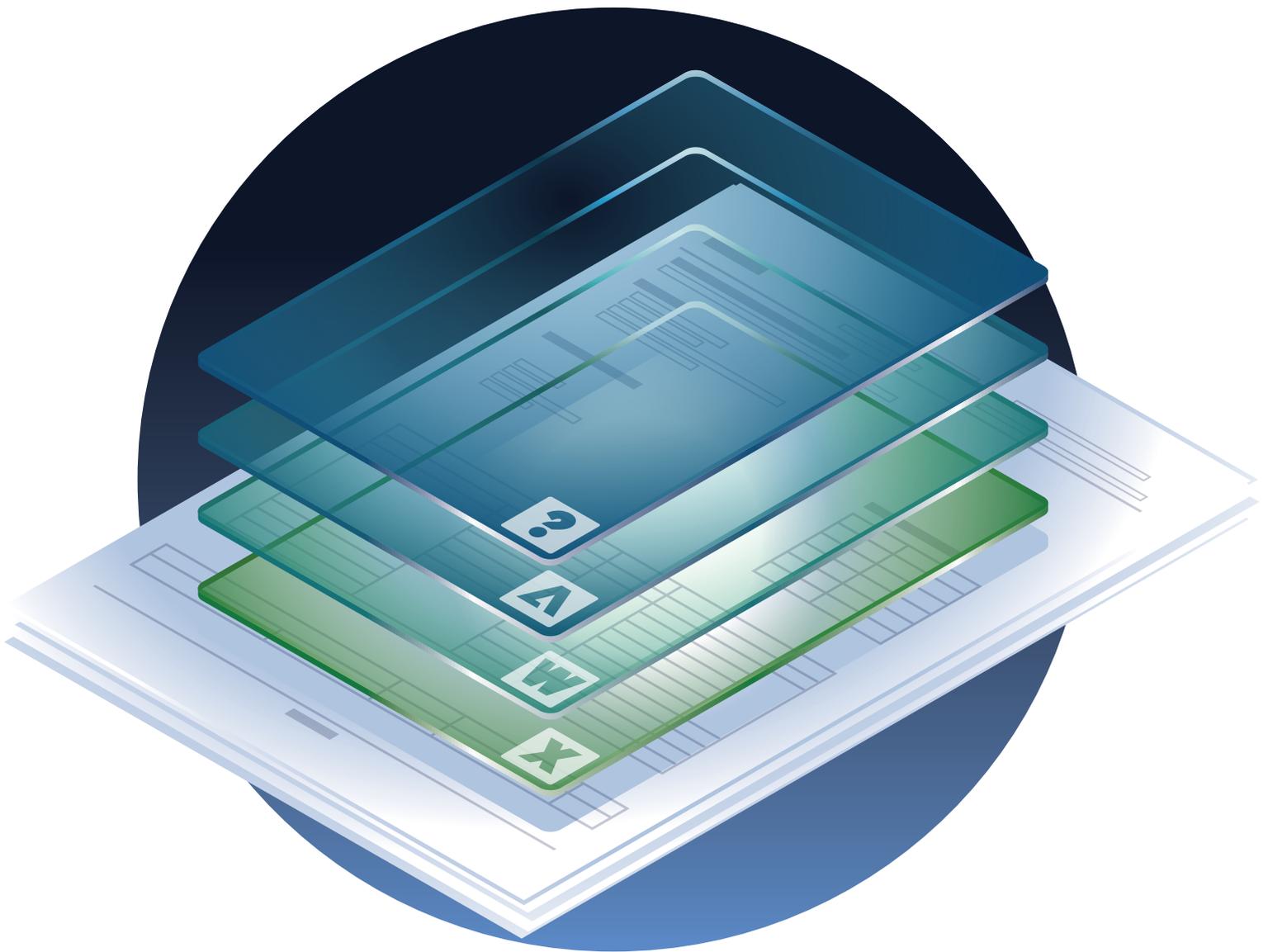


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Executive summary

Transparency in the budgeting process enhances accountability and trust in public institutions and helps support more efficient management of public funds. Therefore, timely disclosure of budget-related documents in user friendly formats affects the involvement of citizens and other stakeholders in budget processes. For all these reasons, GAP Institute advocates for greater budget transparency, encouraging municipalities to publish all budget-related documents.

For the sixth successive year, GAP Institute is publishing the Municipal Budget Transparency Index, scoring and ranking municipalities based on the transparency shown in the publication of budget-related documents and budget hearings held with citizens. In 2021, municipal budget transparency was at a higher level than in previous years. Municipalities have published 256 budget-related documents and hosted 106 budget hearings. Out of a total score of 100 in the Index, about 65% of the municipalities managed to score 50 or more. In the 2021 Budget Index, compared to the 2020 Index, 17 municipalities have shown progress (11 more than in the previous edition of the Index), while 16 municipalities have shown setbacks (nine less than in 2020). The municipalities of Drenas (+25 points), Mamushë (+23.5 points), and Lipjan (+20 points) have recorded the greatest progress in terms of scores. The improved performance of these three municipalities on the 2021 Index is a result of the increased number of published budget-related documents and held budget hearings, and the better format of publication. While, in terms of the percentage of publication of gender budgeting documents, the municipalities of Kosovo have suffered a decline.

In the 2021 Index, the financial report for the second quarter (Q2), the Mid-Term Budget Framework (2022–2024), and the Annual Financial Report feature as most frequently published by the municipalities. Documents such as the '2022 Planned Budget' and the '2021 Annual Financial Report' are the two most frequently published documents in 'Excel' format, allowing user-friendly access to data for interested parties. Out of the 38 municipalities, 18 of them have published all the budget-related documents that they are required to publish according to the Administrative Instruction of the Ministry of Local Government Administration (MLGA) on budget transparency in municipalities. There are 13 municipalities that have failed to respond to GAP Institute's requests for access to budget-related documents.

In terms of the publication format of budget-related documents, municipalities such as South Mitrovica, Rahovec, and Lipjan are the municipalities that have published all their budget-related documents in 'Excel' or 'Word' format. While the municipalities of Deçan, Obiliq, and Drenas are the municipalities that have published most of the budget-related documents on their websites in 'scanned document' or 'PDF' format, which makes the use of information therein more challenging for both citizens and monitoring organizations.

Methodology

In line with previous years' the practice, the 2021 Municipal Budget Transparency Index consists of 100 points distributed across budget-related documents, regulations, lists of subsidy beneficiaries, and public budget hearings. In addition to the documents that must be published according to the applicable law, the Index also encompasses other detailed documents on public expenditures by the municipalities of Kosovo, such as the Analytical Accounts Card, which provides detailed information on all municipal budget transactions within a year. The number of points by document is the same across all municipalities, yet it varies in importance.

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

Document	Excel/Word	PDF	Scanned Document	Request
2021 Q1 Financial Report	5	3.5	2.5	1.5
2021 Q2 Financial Report	5	3.5	2.5	1.5
2021 Q3 Financial Report	5	3.5	2.5	1.5
2021 Annual Financial Report	15	10.5	7.5	4.5
2022 Planned Budget	5	3.5	2.5	1.5
Regulation on Allocation of Subsidies	5	5	5	1.5
2021 List of Subsidy Beneficiaries	10	7	5	5
Analytical Accounts Card for budget expenditure in 2021	20	14	10	10
Public budget hearing on 2021 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2021 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2021 Budget	2.5	2.5	2.5	2.5
Public budget hearing on 2021 Budget	2.5	2.5	2.5	2.5
Mid-Term Budget Framework 2022-2024	10	7	5	3
2021 Concluded Contracts	10	10	10	10

Documents published in the most reader-friendly format, such as Microsoft Excel or Word, are awarded maximum points, with the exception of the Regulation on subsidies and Concluded contracts with economic operators, which are rated equally across the board, as their content is almost entirely textual. Documents published in PDF formats and scanned documents are scored less than editable formats by 30% and 50%, respectively.

For any budget-related document not published on the official website of the municipality, where the municipality responded to our request and sent it via email, the scoring of that document was reduced by 70%. For documents such as the Analytical Accounts Card, Concluded contracts and List of subsidy beneficiaries, even if delivered only upon request, the score is not reduced by 70% because such documents are not yet legally required for publication. Accordingly, a municipality may receive the maximum score only if it has published all the documents on its website in 'Excel/Word' format and organized at least four budget hearings.

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. The request was sent to the official email of the municipality for public communications, in September 2022, while the monitoring of municipal websites by GAP Institute was completed in October 2022. For each municipality that failed to respond to

GAP Institute request, the Index score was awarded based on the available information on their websites. In a nutshell, if a document cannot be found on the municipal website in three clicks and on the relevant section designated for budget reports, then it is not considered in the evaluation.

According to the Law on Access to Public Documents, access to documents related to public money expenditures shall always be granted and institutions are encouraged to publish documents electronically, namely in any format enabling greater public access. Additionally, the law provides for open data and requires institutions to proactively publish every completed public document, regardless of whether the citizens have requested access to such documents. Furthermore, by law, institutions should publish open data that enable citizens to use and compare such data.¹

On the other hand, the Administrative Instruction of the Ministry of Local Government Administration (MLGA) on municipal transparency, requires municipalities to publish the following budget-related documents: 1) budget plan and investment plans; 2) quarterly expenditure reports; 3) Mid-Term Budget Framework (MTBF); 4) Financial summary report for the last fiscal year; and 5) National Audit Office Report on Annual Financial Reports for the last fiscal year.²

The Law on Public Financial Management and Accountability makes the mayors responsible for the quarterly budget reports, to be published on the website of the municipality, within thirty (30) days from the end of each quarter.³ In addition, according to this law, the Municipal Assembly is required to hold public budget hearings, in accordance with the applicable municipal normative acts. While the Administrative Instruction of MLGA on Transparency in Municipalities stipulates that municipalities, in addition to the requirement to hold at least two public hearings with citizens during the year, must organize additional public meetings on budget and other issues of interest for the municipality.⁴ Further, in some cases, budget circulars prepared by the Ministry of Finance (MoF) require the mayors to engage in budget review with the citizens.⁵

Of the 38 municipalities, 25 of them responded positively to requests by GAP Institute for access to public documents. Finding and opening budget-related documents, during the process of monitoring the websites of the municipalities, proved to be quite challenging for some of the municipalities. It took an average of three minutes to open a budget-related document. While, on some municipality websites, budget-related documents are published in categories/section that are not intended for budget-related documents or official documents in general (e.g., quarterly and annual financial reports, planned budget, Mid-Term Budget Framework appear under the news section).

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

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

3 Law on Public Financial Management and Accountability, Article 45. Source: <http://bit.ly/2h3BfRW>

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

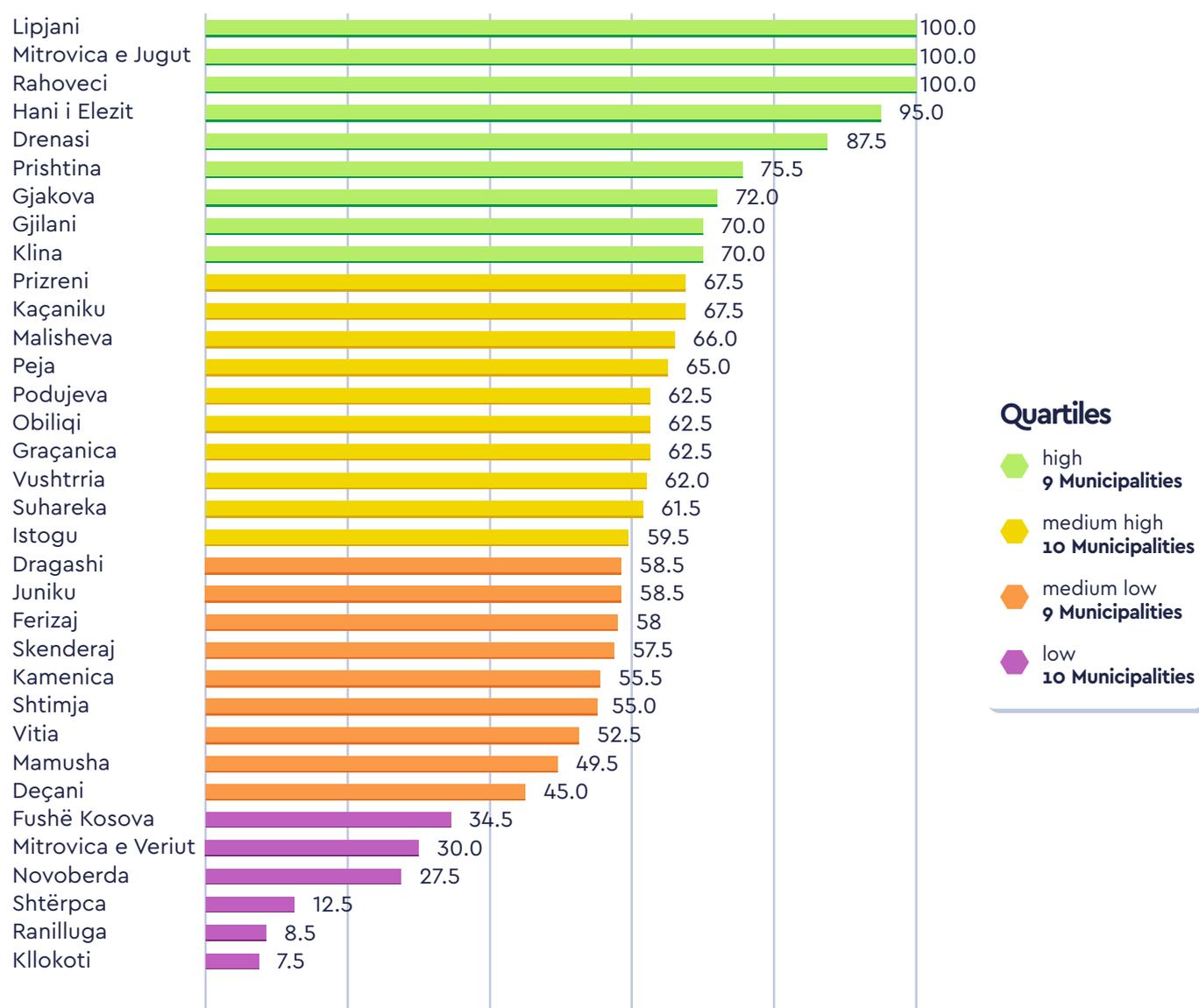
5 Ibid.

Key findings for 2021

In 2021, municipal budget transparency scored at a higher level than in previous years. The average score of the 2021 Budget Transparency Index for all municipalities is 53.1 points. Of the 38 municipalities, 65% or 25 of them have exceeded the average Index score (50+). The maximum Index score of 100 for 2021 was achieved by three municipalities (South Mitrovica, Rahovec, and Lipjan). These three 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. Likewise, according to the GAP Institute Index, the Municipality of Hani i Elezit is ranked high in terms of budget transparency in 2021, with an aggregate score of 95 points and having published all documents, however, it fell short of achieving the maximum score due to the format of some documents. The same applies to the Municipality of Drenas, which ranked fifth with 87.5 points.

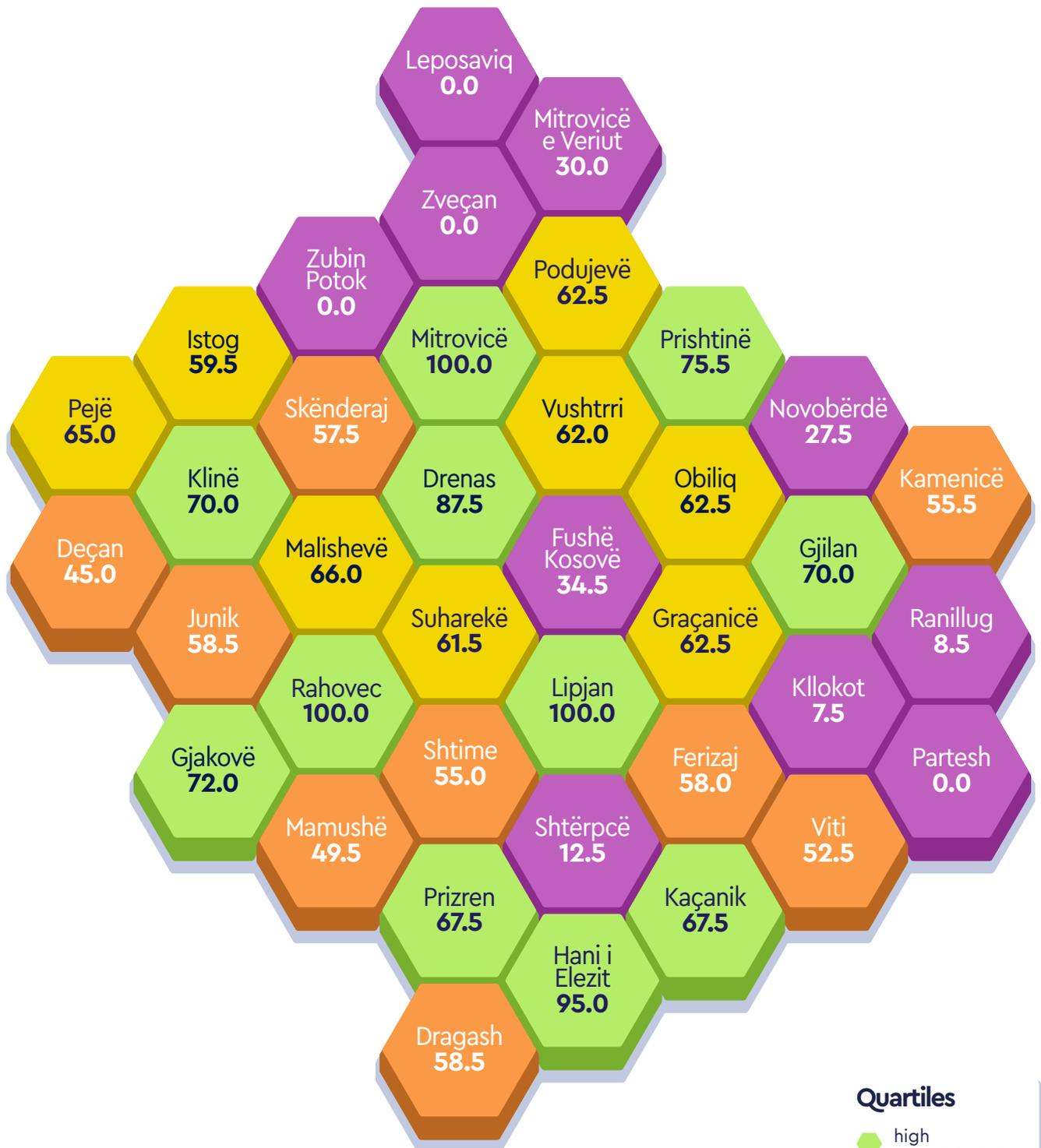
The municipalities of Zubin Potok, Zveçan, Partesh, and Leposaviq were awarded zero points on the Index, because they failed to publish any documents and have not responded to the request of GAP Institute for access to budget-related documents.

Figure 1. 2021 Municipal Budget Transparency Index



Leposaviqi / Partesh / Zubin Potoku / Zveçani 0

Figure 2. Municipal Budget Transparency Index (shown on map)



Quartiles

- high
9 Municipalities
- medium high
10 Municipalities
- medium low
9 Municipalities
- low
10 Municipalities

According to GAP Institute Index for budget transparency, municipalities have collectively published 256 budget-related documents (16 less than in the previous year) and hosted 106 public budget hearings (22 more than in the previous year). The largest number of the budget-related documents (107 or 55%) were published in 'Excel' or 'Word' format, another smaller part (53 or 27%) in 'scanned document' format, while 27 documents, or 14%, were published in 'PDF' format. Whereas the rest of the documents (5%) were delivered only upon request by GAP Institute for access to public documents.

Figure 3. Format of published budget-related documents



Table 2. Percentage of municipalities publishing budget-related documents featured in the Index

Document	% of publication by municipality	Excel	PDF	Scanned Document	Request
2021 Q2 Financial Report	79%	47%	13%	37%	3%
Mid-Term Budget Framework 2022-2024	76%	41%	24%	28%	7%
2021 Annual Financial Report	76%	76%	10%	10%	3%
2022 Planned Budget	74%	75%	18%	4%	4%
2021 Q1 Financial Report	74%	43%	18%	36%	4%
2021 Q3 Financial Report	66%	48%	16%	32%	4%
2021 List of Subsidy Beneficiaries	53%	35%	5%	50%	10%
Analytical Accounts Card for budget expenditure in 2021	18%	71%	14%	0%	14%
Regulation on Allocation of Subsidies	79%				
2021 Concluded Contracts	76%				
Public budget hearing on 2022 Budget	106 Budget Hearings				

In the 2021 Index, the Q2 Financial Report, the Mid-Term Budget Framework (2022-2024), and the Annual Financial Report feature as most frequently published by the municipalities. While, the Analytical Accounts Card, as the most detailed budget-related document, has been published by only six municipalities, while two municipalities attached the document in response to our request for access to public documents. Whereas documents such as the '2022 Planned Budget' and the '2021 Annual Financial Report' are the two most frequently published documents in 'Excel' format, allowing user-friendly access to data for interested parties.

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

Municipality	Excel/Word	Municipality	Scanned Document
Mitrovicë	90%	Deçan	100%
Rahovec	90%	Obiliq	78%
Lipjan	80%	Drenas	60%

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. More precisely, in 2021, there are only 18 municipalities that have published all the required budget-related documents. Of the required budget-related documents, 31 municipalities have published the 2021 Q2 Financial Report, 29 municipalities have published the 2021 Annual Financial Report and the Mid-Term Budget Framework 2022-2024, 28 municipalities have published the 2022 Planned Budget. For each type of required document, there are on average 10 municipalities that have failed to publish the document. Based on the format of the published budget-related documents, the municipalities of Deçan, Obiliq, and Drenas are the municipalities that have published most of the budget-related documents on their websites in 'scanned document' or 'PDF' format, which makes the use of information therein more challenging for the citizens. While South Mitrovica, Rahovec, and Lipjan are the municipalities that have published all budget-related documents in formats that make them eligible for the maximum score.

Table 4. Published documents considered in the 2021 Municipal Budget Transparency Index

	Excel	PDF	Scanned Document	Request
2021 Q2 Financial Report	14	4	11	1
Regulation on Allocation of Subsidies	4	-	25	1
2021 Concluded Contracts	4	3	21	1
Mid-Term Budget Framework 2022-2024	12	7	8	2
2021 Annual Financial Report	22	3	3	1
2022 Planned Budget	22	3	2	1
2021 Q1 Financial Report	12	5	10	1
2021 Q3 Financial Report	13	3	8	1
2021 List of Subsidy Beneficiaries	7	1	10	2
Analytical Accounts Card for budget expenditure in 2021	5	1	-	2

Comparison: 2021 Index vs 2020 Index

The scoring and ranking of municipalities on the budget Index were produced in the same manner as in previous years. In the 2021 Index, compared to the 2020 Index, 17 municipalities have shown progress (11 more than in the previous edition of the Index). On the other hand, 16 municipalities have recorded setbacks (nine less than in 2020). The rest of the municipalities have had neither progress nor setbacks.

The greatest progress in 2021 in terms of score was achieved by the municipalities of Drenas, moving up from 62.5 points in 2020 to 87.5 points (+25 points), followed by Mamusha scoring 23.5 points more than in 2020 (moving up from 29 to 49.5), and finally Lipjan, which in the 2021 Index received maximum points, namely 20 points more than in the 2020 Index. The improved score on the 2021 Index is a result of the increased number of published budget-related documents and held budget hearings, and the better format of publication.

While the municipalities with recorded setbacks in budget transparency in 2021, are the municipalities that have published fewer documents, in less user-friendly formats, or held fewer budget hearings with citizens. For example, the Municipality of Shtime has received 31 points less compared to the 2020 Index, the Municipality of Shtërpçë 27.5 points less, and the Municipality of Partesh 15 points less (it dropped to zero, as it has not published any document in 2021).

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

	2016	2017	2018	2019	2020	2021	Difference (2021–2016)
Q1 Financial Report for current year	25	25	30	30	28	28	+3
Q2 Financial Report for current year	25	27	29	29	29	30	+5
Q3 Financial Report for current year	23	23	29	27	29	24	+1
Annual Financial Report for current year	27	28	33	34	30	29	+2
Planned Budget for next year	24	29	30	35	34	28	+4
Mid-Term Budget Framework	22	22	30	31	32	29	+7
Regulation on Allocation of Subsidies	23	28	30	33	32	30	+7
List of Subsidy Beneficiaries for current year	23	21	27	25	24	20	-3
Analytical Accounts Card for budget expenditure for current year	6	4	8	9	7	8	+2
Public Budget Hearings for next year	87	91	109	121	84	106	+19

Since the introduction of GAP Institute Municipal Budget Transparency Index in 2017, according to the baseline transparency assessment of the previous fiscal year (2016), municipalities have now made some progress in this regard. In 2021 versus 2016, except for the List of subsidy beneficiaries, the other documents considered for Index purposes have been published by more municipalities.

The above table features the documents considered in all six years for comparability purposes. Although in 2021, municipalities have published a smaller number of budget-related documents compared to 2020, the average score for all municipalities is higher because of the growing number of budget hearings. Whereas, compared to 2020, the number of municipalities that have published the Analytical Accounts Cards on their website it is one less. In the longer term (2016–2021), there is a notable trend in the openness of the municipalities in terms of publishing public money expenditures and

holding budget hearings.

Table 6. Difference between municipalities with greatest progress and setback in ranking on the Budget Transparency Index

Municipal Budget Transparency Index	2021 Score	2021 Ranking	2020 Score	2020 Ranking	Difference in Score 2020–2021	Difference in Ranking 2020–2021
Lipjani	100	1	80	5	20	4 ▲
Rahoveci	100	1	82.5	4	17.5	3 ▲
South Mitrovica	100	1	85	3	15	2 ▲
Hani i Elezit	95	4	100	1	-5	-3 ▼
Drenasi	87.5	5	62.5	14	25	9 ▲
Prishtina	75.5	6	74	7	1.5	1 ▲
Gjakova	72	7	78.5	6	-6.5	-1 ▼
Gjilani	70	8	70	9	0	1 ▲
Klina	70	8	62.5	14	7.5	6 ▲
Kaçaniku	67.5	10	62.5	14	5	4 ▲
Prizreni	67.5	10	63.5	13	4	3 ▲
Malisheva	66	12	51.5	22	14.5	10 ▲
Peja	65	13	68.5	11	-3.5	-2 ▼
Obiliqi	62.5	14	50.5	23	12	9 ▲
Podujeva	62.5	14	68.5	11	-6	-3 ▼
Graçanica	62.5	14	47.5	25	15	7 ▲
Vushtrria	62	17	69	10	-7	-6 ▼
Suhareka	61.5	18	55.5	20	6	3 ▲
Istogu	59.5	19	62	19	-2.5	0
Dragashi	58.5	20	72.5	8	-14	-12 ▼
Juniku	58.5	20	46.5	26	12	6 ▲
Ferizaj	58	22	42	27	16	5 ▲
Skënderaj	57.5	23	62.5	14	-5	-9 ▼
Kamenica	55.5	24	62.5	14	-7	-10 ▼
Shtimja	55	25	86	2	-31	-23 ▼
Vitia	52.5	26	52.5	21	0	-5 ▼
Mamusha	49.5	27	26	30	23.5	3 ▲
Deçani	45	28	50.5	23	-5.5	-5 ▼
Fushë Kosova	34.5	29	39.5	29	-5	0
North Mitrovica	30	30	25	31	5	1 ▲
Novobërda	27.5	31	10	35	17.5	4 ▲
Shtërpca	12.5	32	40	28	-27.5	-4 ▼
Ranilluga	8.5	33	12.5	34	-4	1 ▲
Klllokoti	7.5	34	20	32	-12.5	-2 ▼

Municipal Budget Transparency Index	2021 Score	2021 Ranking	2020 Score	2020 Ranking	Difference in Score 2020–2021	Difference in Ranking 2020–2021
Leposaviqi	0	35	0	36	0	-
Zubin Potok	0	35	0	36	0	-
Zveçani	0	35	0	36	0	-
Parteshi	0	35	15	33	-15	-2 ▼

Gender Responsive Budgeting

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 preparing the Kosovo budget for the current year and early planning for the next three years. As of 2018, the circular also includes gender responsive budgeting according to the applicable law, where budget organizations must 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 next three-year period.⁷ Although gender responsive budgeting was not subject to the scope of scoring for budget transparency, in this report, GAP Institute did examine how many of the municipalities have published documents related to gender responsive budgeting. From the findings of the report, it appears that only 29% of the municipalities have published documents on gender responsive budgeting compared to 42% last year. Hence, compared to the previous year 2020, in 2021, the municipalities of Kosovo have suffered a setback in terms of the percentage of publication of general responsive budgeting.

Table 7. Publication of documents on Gender Responsive Budgeting by municipality for 2020 and 2021

Municipality	2020 Gender Responsive Budgeting	2021 Gender Responsive Budgeting
Deçan	✘	✔
Dragash	✔	✔
Drenas	✔	✔
Ferizaj	✔	✘
Fushë Kosovë	✘	✘
Gjakovë	✔	✔
Gjilan	✘	✘
Graçanicë	✘	✔
Hani i Elezit	✔	✘
Istog	✔	✘
Junik	✘	✔

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

⁷ Budget Circular 2018/01. Source: <https://bit.ly/390PthV>

Municipality	2020 Gender Responsive Budgeting	2021 Gender Responsive Budgeting
Kaçanik	✓	✓
Kamenicë	✓	✗
Klinë	✗	✗
Klllokot	✗	✗
Leposaviq	✗	✗
Lipjan	✓	✓
Malishevë	✗	✗
Mamushë	✓	✗
South Mitrovica	✓	✓
North Mitrovica	✗	✗
Novobërdë	✗	✗
Obiliq	✓	✓
Partesh	✗	✗
Pejë	✗	✗
Podujevë	✓	✓
Prishtinë	✗	✗
Prizren	✗	✗
Rahovec	✗	✗
Ranillug	✗	✗
Shtërpcë	✗	✗
Shtime	✗	✓
Skënderaj	✓	✗
Suharekë	✓	✗
Viti	✓	✗
Vushtrri	✗	✗
Zubin Potok	✗	✗
Zveçan	✗	✗

Conclusion and recommendations

The findings of this report show that, in 2021, the average score in the Municipal Budget Transparency Index is higher than in 2020. In 2021, municipalities have organized more budget hearings, but have published a smaller number of budget-related documents. In the longer term (2016–2021), there is an increasing trend in the openness of the municipalities in terms of publishing public money expenditures and holding of budget hearings.

In 2021, there are 17 municipalities or 11 more than in the previous edition of the Index that have shown progress. By contrast, 16 municipalities have shown setbacks, namely 10 less than in 2020.

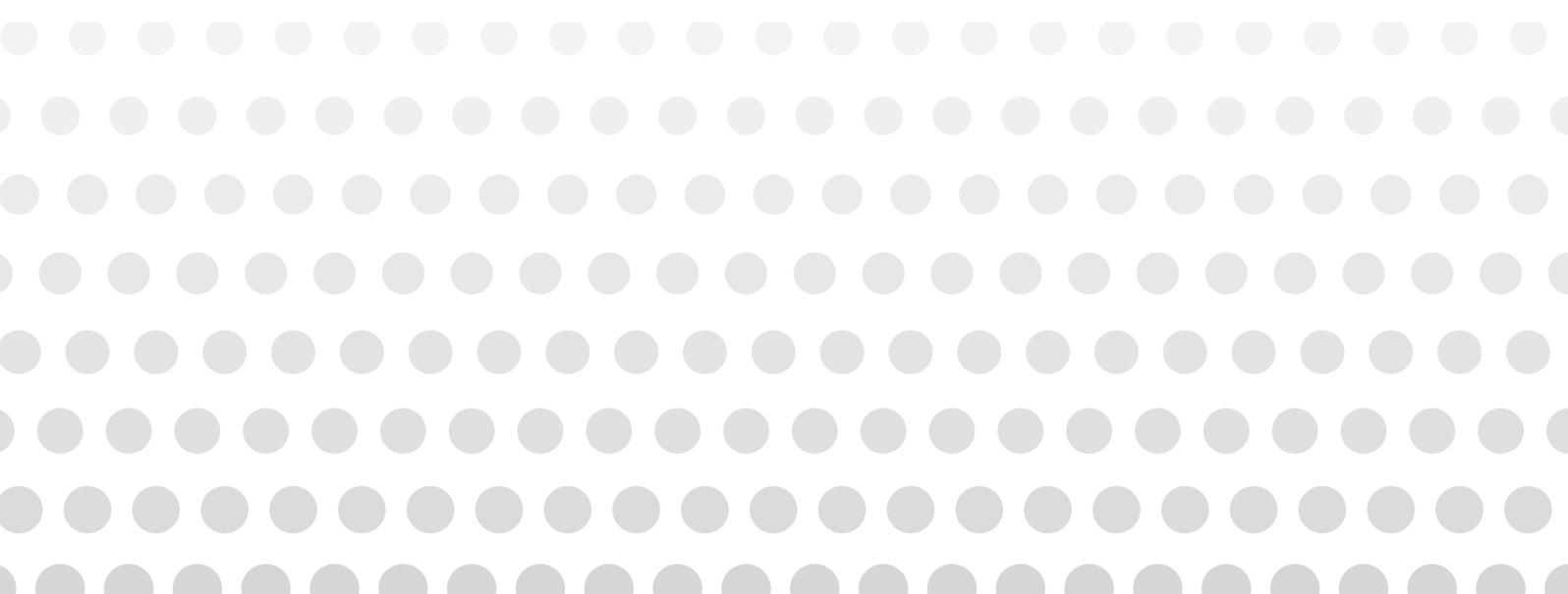
Despite legal requirements, a significant number of municipalities persist in failing to publish budget-related documents as required by the applicable law, namely the Administrative Instruction (MLGA) on Transparency in Municipalities. More precisely, in 2021, only 18 out of 38 municipalities have published all the required budget-related documents.

Seeking to bolster budget transparency in municipalities, it is important that:

- Municipalities should publish budget related documents according to required deadlines.
- Municipalities should also pay attention to the format of published budget-related documents. Such documents should be published in machine-readable formats (e.g., Excel), to make it easier for citizens to access and use the data.
- MLGA should monitor and promote the implementation of Administrative Instruction No. 04/2018 on Transparency in Municipalities, specifically to establish whether the required budget-related documents are being published by municipalities, and whether such documents are published accordingly under the designated sections.
- 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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