

# 2018 Municipal Budget Transparency Index



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## Executive Summary

Municipal budget transparency increases accountability in terms of public money expenditures. Publication of important budget documents in formats that allow easy use of their data, affects inclusion of stakeholders, such as civil society organizations, citizens and other institutions, in the monitoring and analysis of budget documents. In 2018, municipalities published a larger number of budget documents and organized more budget hearings than in the previous two years, indicating a positive trend of municipal transparency as regards public spending.





Results of the GAP Institute 2018 Index show an above average level of municipal budget transparency, with 27 of 38 municipalities collecting 50 or more points. In 2017, only 17 of 38 had collected over 50 points in the index, while in 2016 only 16 of 38 managed to muster such a result. In 2018, municipalities with the highest number of points in the municipal budget transparency index were Gjakova (97), Kamenica (88) and Gjilan (78.5). However, municipalities of Zubin Potok, Partesh, Leposaviq and Zvecan collected zero points in the index, having published no budget documents and conducted no budget hearings with their citizens. A large number of documents assessed in the index are in readable Excel form (44%), with the rest mostly being in scanned PDF (27%) and PDF (22%) format. As regards access to documents, 93% of the documents are published on municipal webpages, while 7% were received upon requests sent to municipalities. However, not all municipalities published the basic documents regulated by the municipal transparency legislation. There are 10 municipalities that have not published such documents and 18 municipalities that have failed to respond to GAP Institute requests to access such documents.

The report offers an individual assessment of municipalities in terms of budget transparency and comprises a list of recommendations on how to improve the current state.

## Methodology

In order to assess budget transparency in municipalities in 2018, similar to the two preceding years, GAP Institute drafted an index comprising of 100 points attributed to 14 different budget documents, regulations, lists of subsidy beneficiaries and budget hearings. In addition to documents that municipalities are bound to publish based on the legislation in force, the index contains other budget documents that offer citizens vast information on public money spending. The number of points attributed to each document however is a reflection of the weight and significance of the document in increasing budget transparency and the same for all municipalities.

**Table 1.** Points attributed to municipalities for the publication of documents, as per GAP Institute

Document	Excel 	PDF 	Scan. PDF 	Request 
2018 Q1 Financial Report	5	3.5	2.5	1.5
2018 Q2 Financial Report	5	3.5	2.5	1.5
2018 Q3 Financial Report	5	3.5	2.5	1.5
2018 Q4 Financial Report	15	10.5	7.5	4.5
2019 Planned budget	5	3.5	2.5	1.5
Regulation on allocation of subsidies	5	5	5	1.5
List of subsidy beneficiaries for 2018	10	7	5	5
Analytical Accounts Card on 2018 budget expenditure	20	14	10	10
Public budget hearing with citizens on 2019 Budget	2.5	2.5	2.5	2.5
Public budget hearing with citizens on 2019 Budget	2.5	2.5	2.5	2.5
Public budget hearing with citizens on 2019 Budget	2.5	2.5	2.5	2.5
Public budget hearing with citizens on 2019 Budget	2.5	2.5	2.5	2.5
Mid-Term Budget Framework 2019-2021	10	7	5	3
Contracts signed in 2018	10	10	10	10

Contrary to the previous year's index, in the 2018 index, municipalities that started publishing signed contracts gained 10 points, while the internal audit report document was removed from the index, since many municipal internal audit departments had doubts on whether the publication of said report is allowed as per applicable legislation, although there is no clear legal stipulation prohibiting it.<sup>1</sup> All documents published in computer readable format, such as Microsoft Word or Excel, are attributed maximum points. An exception in this criterion is regulation on allocation of subsidies and published contracts the publication of which in any format receives the same number of points, as their contents are mostly textual. Documents published in PDF format are given 30% less points, while scanned documents are graded with 50% points less. In case that a document is not published in the municipal webpage at all, yet the municipality responded to our request and sent the said document, the municipality is attributed 70% less points.

<sup>1</sup> Based on Law No. 03/L-128 on Internal Audit and Law No. 06/L-021 on Internal Control of Public Finance, publication of the Internal Audit Report is not explicitly prohibited.

The exception of this rule includes the Analytical Accounts Card, published contracts and subsidy beneficiary lists, because their publication is not a legal requirement as per the applicable legislation. In addition, this index does not assess the quality of the documents published, therefore, a municipality may attain the maximum amount of points if it only published all documents in the internet webpage in Excel form and organized at least four budget hearings.

Collection of data on publication of documents was performed by asking municipalities to complete a document with links of documents published in their official webpages. The request was sent to the municipal public information office E-mail in June 2019, while monitoring of municipal webpages by GAP Institute concluded in August 2019. For municipalities that failed to respond to our request, index assessment was conducted based on information found from their respective webpages. In the event that no document is found in the municipal webpage with three clicks in the respective field designated for budget reports, then such documents were not taken into consideration for the purpose of assessment.

Institutional transparency, in our case municipal transparency, was recently supplemented with changes to the Law on Access to Public Documents. The law clearly delineates that access to documents that pertain to public money spending is always allowed, and encourages institutions to publish documents in electronic format, respectively in any version that allows better public access to them. Also, unlike the previous law, the amended new law contains an open data section, forcing municipalities to be more proactive in the publication of finalized public documents, regardless of whether citizens have made any requests to access them or not. Moreover, institutions are to publish open data in a form which, according to the law, enables citizens to better utilize and compare them.<sup>2</sup>

Based on the Ministry of Local Government Administration's Administrative Instruction on Transparency in Municipalities (2018), municipalities are bound to publish the following budget documents: 1) budget document and investment plans; 2) quarterly expenditure reports; 3) mid-term budget framework (MTBF); 4) summary municipal budget report for the previous fiscal year; and 5) report of the auditor general on the previous fiscal year.<sup>3</sup> The new administrative instruction contains no changes from the 2015 instruction in terms of budget documents that the municipalities are bound to publish. On the other hand, Law on Public Financial Management and Accountability makes the mayors responsible for publication of quarterly financial reports that are to be posted in the municipal webpages within 30 days from the end of each quarter.<sup>4</sup> Additionally, according to this law, the municipal assembly is to conduct budget hearings with citizens in line with their municipal acts.<sup>5</sup> MLGA Administrative Instruction on municipal transparency defines that municipalities have an obligation to organize budget hearings with citizens and other municipal affairs, additional to the two annual public hearings.<sup>6</sup> Also, in some cases, budget circulars sent by the Ministry of Finance (MoF) place an obligation on mayors to review the proposed budget with the citizens.<sup>7</sup>

<sup>2</sup> Law No. 06/L-081 on access to public documents. Source: <http://bit.ly/2Hf4zms>.

<sup>3</sup> Ministry of Local Government Administration (MLGA), Administrative Instruction No. 04/2018 on Transparency in Municipalities. Source: <http://bit.ly/2KHJhAj>.

<sup>4</sup> Law Public Financial Management and Accountability, Article 45. Source: <http://bit.ly/2h3BfRW>.

<sup>5</sup> Ibid. Article 61.2.

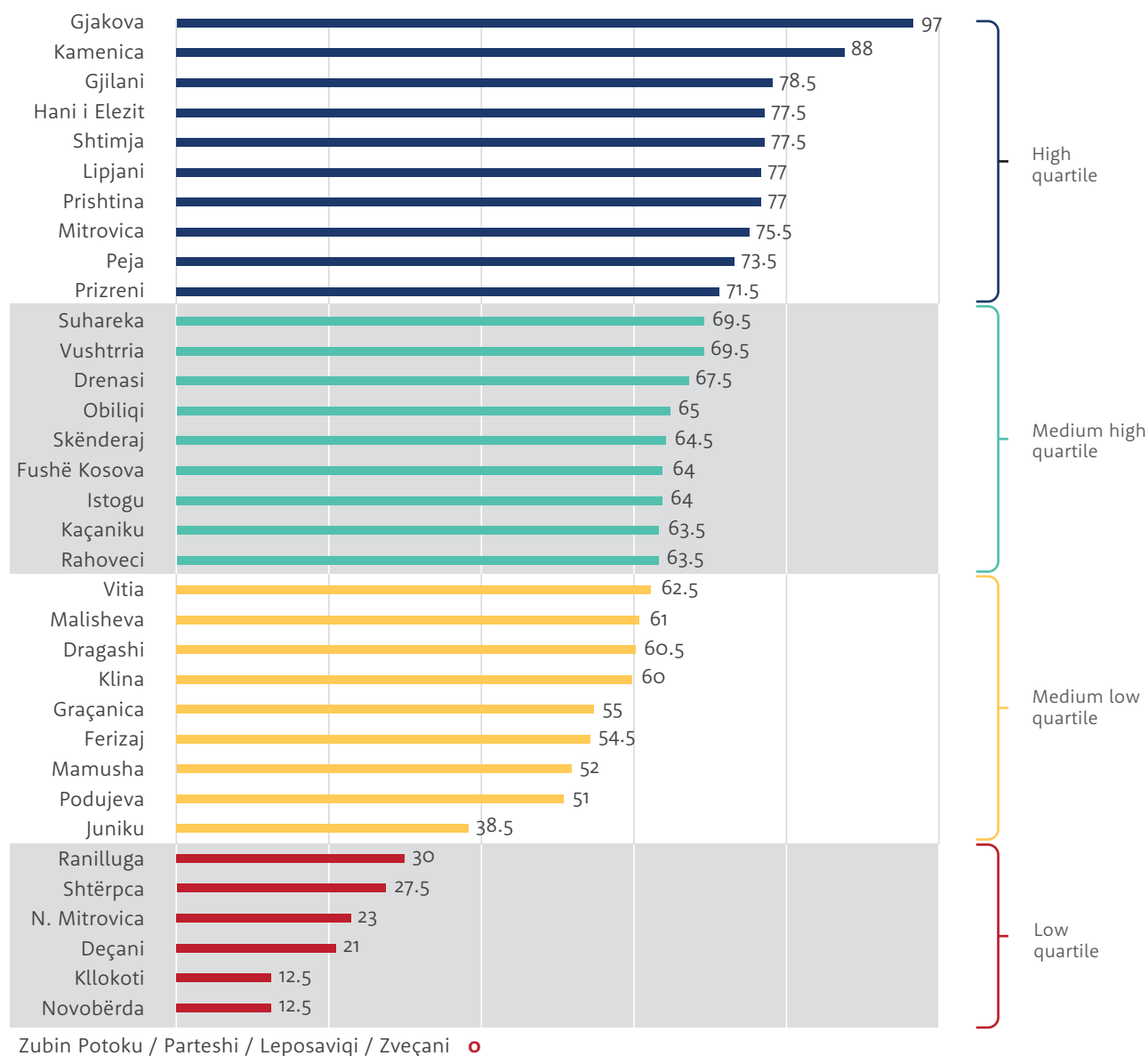
<sup>6</sup> Ministry of Local Government Administration (MLGA), Administrative Instruction No. 04/2018 on Transparency in Municipalities. Source: <http://bit.ly/2KHJhAj>.

<sup>7</sup> For additional details on the legal framework on municipal budget transparency, see the 2016 index: <https://bit.ly/2Fkxdzj>.

## 2018 Municipal Budget Transparency Index











Municipal budget transparency in 2018 was for one level higher than the previous years, with the average number of points by municipalities being over 52 and 71% of the municipalities collecting 50 or more points in the index. In 2017, only 45% of the municipalities had gathered 50 or more points. The municipality with the highest budget transparency in 2018 is Gjakova, with 97 points collected, having published all budget document and conducted at least four budget hearings with citizens. Most budget documents published by Gjakova municipality were in Excel format, including the Analytical Accounts Card, which contains detailed data on municipal budget expenditures. Also, a high level of municipal transparency in terms of the 2018 GAP Institute index was displayed by Kamenica municipality, which gathered 88 points and published all related documents, but failed to attain a higher result due to the format of published documents. On the other hand, municipalities of Zubin Potok, Partesh, Leposaviq and Zvecan all received zero points, as they published no documents and responded to no requests of GAP Institute to access budget document.

**Figure 1. 2018 Municipal Budget Transparency Index**



Despite the legal obligation to publish some budget documents that are assessed in the index, such as quarterly and annual financial reports, not all municipalities managed to do so in 2018. Specifically, only around 60% of the municipalities published all documents deriving from the MLGA administrative instruction on transparency in municipalities. There are 10 municipalities each that failed to publish each of these documents, with the exception of the annual financial report which was published by 33 of 38 municipalities. Although there is little progress in terms of the publication of the most important budget documents, only 8 municipalities published or made available upon request the Analytical Accounts Card. Also, only half of the municipalities showed tendencies to publish contracts signed with different entities.

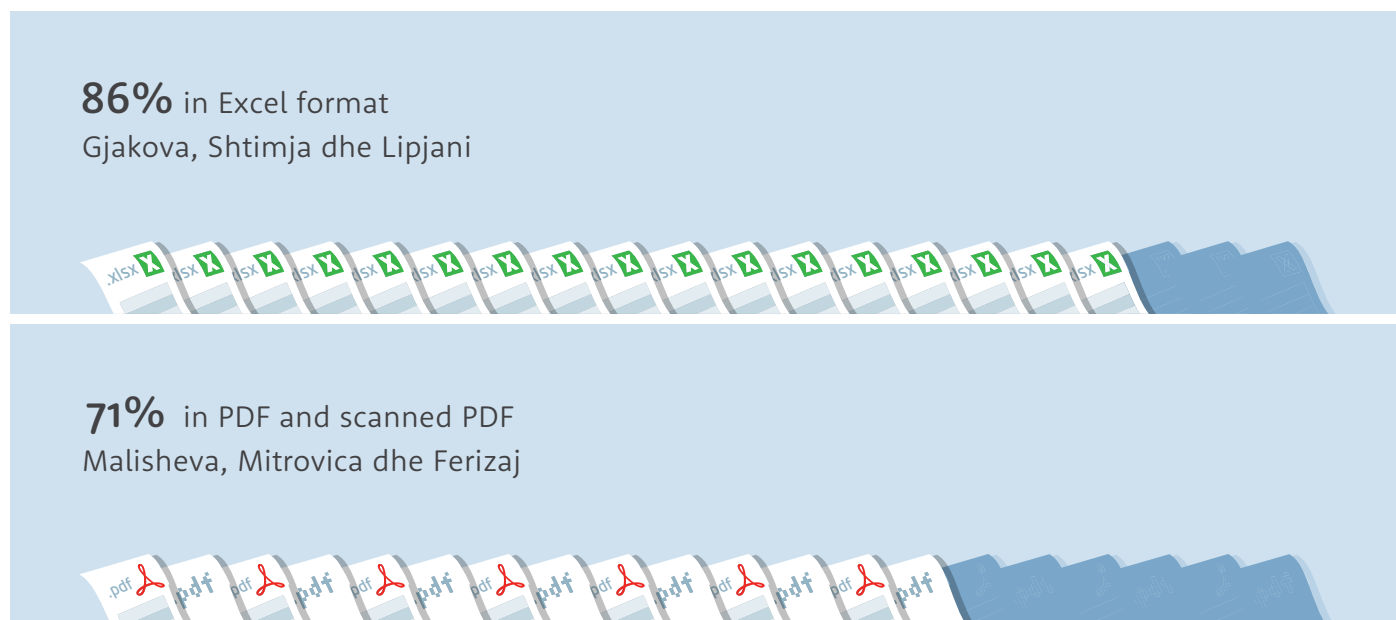
**Table 2.** Percentage of municipalities publishing documents contained in the index

Document	Percentage of municipalities
Q1 2018 Financial Report	 79%
Q2 2018 Financial Report	 76%
Q3 2018 Financial Report	 76%
2018 Annual financial report	 87%
2019 Planned Budget	 79%
Regulation on allocation of subsidies	 79%
List of subsidy beneficiaries in 2018	 71%
Analytical Accounts Card on budget expenditure in 2018	 21%
Mid-Term Budget Framework 2019-2021	 79%
Contracts signed in 2018	 58%



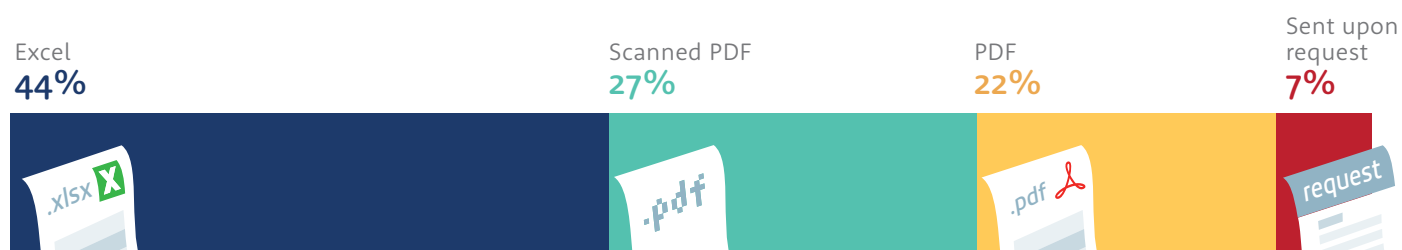
Municipalities of Gjakova, Shtime and Lipjan are three municipalities with the most budget documents published in Excel format, which allows easier use of data such documents contain. Municipalities of Malisheva, Mitrovica and Ferizaj are three municipalities that have published over 70% of the budget documents in their webpages in PDF and scanned PDF formats, which makes the use of information therein more difficult for the citizens.

**Figure 2.** Municipalities publishing most budget documents in Excel Format and in PDF and scanned PDF formats



In 2018, based on the GAP Institute Budget Transparency Index, municipalities published 266 budget documents and conducted 109 budget hearings. Most of said documents were published in Excel (44%), a smaller portion were published in scanned PDF (27%) and PDF format (22%), with the rest of these documents sent to GAP Institute upon submission of a request to access them (7%). The annual financial report, 2019 planned budget, Mid-Term Budget Framework, Regulation on Allocation of Subsidies and financial quarterly reports continue to comprise documents published most often by municipalities. On the other hand, a small number of municipalities publish the Analytical Accounts Card (8), signed contracts (21) and lists of subsidy beneficiaries (27).

**Figure 3.** Format of published documents



**Table 3.** Published documents assessed in the 2018 municipal budget transparency index 2018

Document	Excel	PDF	Scanned PDF	Request	Number of Municipalities
Q1 2018 Financial Report	9	11	10	0	30
Q2 2018 2018 Financial Report	8	13	7	1	29
Q3 2018 Financial Report	8	10	8	3	29
Annual 2018 Financial Report	27	2	3	1	33
2019 Planned Budget	23	3	3	1	30
Regulation on allocation of subsidies	28	0	0	2	30
List of subsidy beneficiaries for 2018	7	4	11	5	27
Analytical Accounts Card on 2018 budget expenditure	2	0	2	4	8
2019 Budget hearings with citizens	109	0	0	0	109 b. hearings
Mid-Term Budget Framework 2019-2021	5	13	10	2	30
Contracts signed in 2018	1	2	19	0	21

## Comparison: 2017 and 2018 Index

In order to assess the progress of municipalities in the budget index ranking, we've continued to utilize the same manner of assessment, although some documents are no longer taken into consideration. As was the case last year, this year too, budget transparency shows an increasing trend. While in 2017, only 45% of the municipalities had gathered 50 or more points in the index, this year 71% of the municipalities reached that result, noting a 26 percentage point increase. The increase between 2016 and 2017 included three percentage points.

Of municipalities subject to the 2017 index assessment, the greatest progress in 2018 was recorded in municipalities of Mamusha, Ferizaj, Peja, Vushtrri and Obiliq. Increased index points collected in 2018 are a result of a number of elements, such as increased number of published budget documents, improved format of publication (from PDF to Excel); and level of responsiveness to our demands. There are also municipalities that have regressed in their budget transparency from 2017 to 2018. Some municipalities published fewer documents, in formats that are attributed less points, or have held fewer budget hearings with citizens than the previous year. Such are municipalities of Partesh, Shtime, Ranillug and Zubin Potok. Some of the municipalities in the bottom of Table 4 are ranked lower than the previous year due to random (automatic) classification of municipalities attributed zero points in the last two years. Also, as may be noted by the table, the difference in index points in some cases needs to be positive but ranking is lower due to greater success of other municipalities.

**Table 4.** Difference of municipalities with greatest progress and regress in budget transparency index ranking 2017-2018

Municipality	2017 Ranking	2018 Ranking	Diff. in ranking	Diff. in points
Gjakova	2	1	1 ▲	26
Kamenica	7	2	5 ▲	27.5
Gjilani	17	3	14 ▲	28.5
Hani i Elezit	13	4	9 ▲	24
Shtimja	1	5	4 ▼	-8
Lipjani	6	6	0 -	15
Prishtina	5	7	2 ▼	10
Mitrovica	3	8	5 ▼	6
Peja	23	9	14 ▲	36
Prizreni	4	10	6 ▼	4.5
Suhareka	11	11	0 -	12
Vushtrria	24	12	12 ▲	35
Drenasi	8	13	5 ▼	7.5
Obiliqi	26	14	12 ▲	32.5
Skënderaj	9	15	6 ▼	5
Fushë Kosova	12	16	4 ▼	9
Istogu	10	17	7 ▼	5
Kaçaniku	19	18	1 ▲	15.5
Rahoveci	16	19	3 ▼	13.5
Vitia	14	20	6 ▼	10
Malisheva	15	21	6 ▼	8.5
Dragashi	20	22	2 ▼	18.5
Klina	22	23	1 ▼	21.5
Graçanica	21	24	3 ▼	15
Ferizaj	33	25	8 ▲	46
Mamusha	36	26	10 ▲	52
Podujeva	18	27	9 ▼	2.5
Juniku	29	28	1 ▲	18.5
Ranillugu	25	29	4 ▼	-2.5
Shtërpca	28	30	2 ▼	5
N. Mitrovica	30	31	1 ▼	3.5
Deçani	27	32	5 ▼	-2
Klllokoti	35	33	2 ▲	10
Novobërda	32	34	2 ▼	2.5
Zubin Potok	31	35	4 ▼	-18
Parteshi	34	36	2 ▼	-7.5
Leposaviqi	37	37	0 -	0
Zveçani	36	38	0 -	0

Since the establishment of the GAP Index on budget transparency in 2017 which assesses budget transparency for the preceding fiscal year (2016), Kosovo municipalities have progressed in this regard. The table below includes only documents assessed in all three years, for comparison reasons. In 2017, fewer lists of subsidy beneficiaries were published and analytical accounts cards than in 2016, but in comparison to 2017, the publication of all documents notes an increase in 2018. Also, budget transparency through budget hearings is increased, with 18 more such hearings conducted in the last assessed year.

**Table 5.** Progress in publication of budget documents and conducting of budget hearings at the municipal level between 2016 and 2018

Document	2016	2017	2018	Difference
Q1 Financial Report for the current year	25	25	30	5
Q2 Financial Report for the current year	25	27	29	2
Q3 Financial Report for the current year	23	23	29	6
Annual Financial Report for the current year	27	28	33	5
Budget planned for forthcoming year	24	29	30	1
Mid-Term Expenditure Framework for the forthcoming three years	22	22	30	8
Regulation on allocation of subsidies	23	28	30	2
List of subsidy beneficiaries for the current year	23	21	27	6
Analytical Accounts Card for budget expenditure of the current year	6	4	8	4
Budget hearings with citizens on the budget of the following year	87	91	109	18

## Conclusions and recommendations

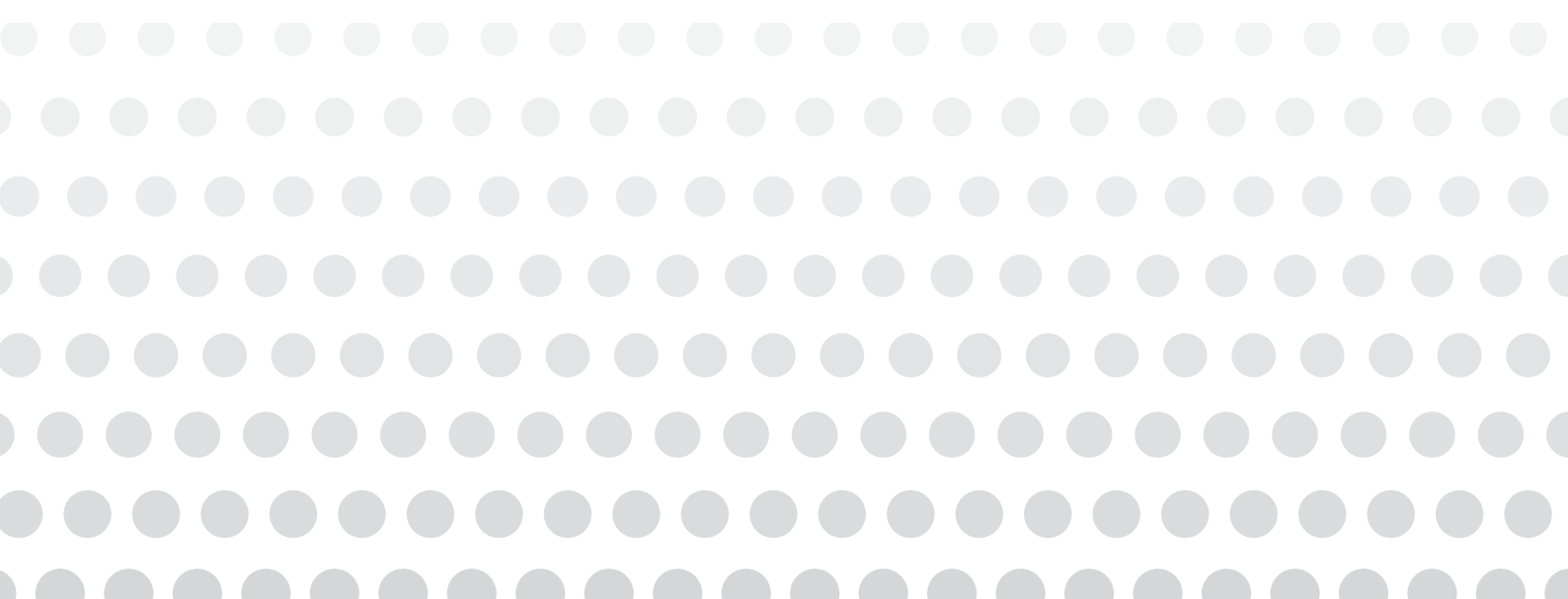
Findings of the GAP Institute Index on budget transparency show that in 2018 municipalities published a greater portion of budget documents and organized more budget hearings than in the previous two years. Hence, there is a positive trend of municipal openness in terms of publication of public money expenditures. Also, although small in number, an ever bigger number of municipalities are publishing important budget documents like the Analytical Accounts Cads. Specifically, in 2018 there is an above average level of municipal budget transparency, with 27 of 38 municipalities collecting 50 or more points in the index. In 2017, only 17 of 38 municipalities and in 2016, 16 of 38 municipalities had such results. However, despite imposed legal obligations, a considerable number of municipalities continue not to publish budget documents required by the applicable legislation, namely by the MLGA Administrative Instruction on Transparency in Municipalities.

In order to increase budget transparency in municipalities, the following should be taken into consideration:

- In addition to the publication of documents, municipalities should pay attention to the format in which they publish budget documents. They should be published in a computer-readable format (e.g. Excel), in order to facilitate citizens' access to and utilization of data;
- MLGA should monitor and encourage the implementation of Administrative Instruction No. 04/2018 on transparency in municipalities, specifically to a) assess if required budget documents are published by municipalities, and b) if they are published disaggregated by fields;
- Municipalities should show greater commitment to encouraging citizen participation in budget hearings, and publish minutes of conducted 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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