

# 2020 Municipal Budget Transparency Index



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## Executive Summary

Municipal budget transparency increases accountability and prevents mismanagement of public funds. Publishing budget documents in reader friendly formats affect the involvement of citizens and other stakeholders in budget processes, monitoring and analysis.

The GAP Institute Index for 2020 shows an above average level of municipal budget transparency, where 24 out of 38 municipalities have scored 50 or more on the Index. The same number of municipalities managed to score above average in 2019. Whereas, in 2018, this result was achieved by 27 municipalities. The municipalities with the highest budget transparency in 2020 are Hani i Elezit (100 points), Shtime (86 points) and Mitrovica (85 points). While the municipalities of Zubin Potok, Leposavic, and Zvecan have not scored any points on the Index, neither publishing any budget document nor hosting any budget hearing with citizens. The Municipality of Partes, which had not scored any points on the 2018 Index, having not published any budget documents, in 2019 and 2020 scored 19.5 and 15 points, respectively.

The greatest progress in budget transparency in 2020 was achieved by the municipalities of Malishevë, Shtime and Shtërpçë. While the municipalities with greatest setbacks are Drenas, Novobërdë and Ferizaj.





Most of the documents were published in Excel format (66%), another smaller part in scanned PDF format (22%), and PDF format (10%), and the rest (2%) were delivered upon request by the GAP Institute for access to public documents. For each type of document required by law, there are nine municipalities that have failed to disclose them and there are 16 municipalities that have failed to respond to requests of the GAP Institute for access to public documents.

The Budget Transparency Index is an annual report produced and published by the GAP Institute since 2017. This Report provides a detailed assessment of municipal budget documents and the format in which they were made public. Unlike the Index editions of previous years, this edition covers budget transparency for the last two years (2019 and 2020).

## Methodology

The 2020 Municipal Budget Transparency Index, per established practice, consists of 100 points distributed across Budget 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 public expenditure documents. 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 	PDF 	Scan. PDF 	Request 
2020 Q2 Financial Report	5	3.5	2.5	1.5
2020 Q3 Financial Report	5	3.5	2.5	1.5
2020 Annual Financial Report	15	10.5	7.5	4.5
2021 Planned Budget	5	3.5	2.5	1.5
Regulation on Allocation of Subsidies	5	5	5	1.5
2020 List of Subsidy Beneficiaries	10	7	5	5
Analytical Accounts Card for budget expenditure in 2020	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 2021-2023	10	7	5	3
2020 Concluded Contracts	10	10	10	10

Documents published in the most reader-friendly format, such as Microsoft Excel or Word, are awarded maximum points. Exceptions to the above criterion are applied in relation to 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 format and scanned documents scored less than editable formats by 30% and 50% respectively. Documents not published on the official website of the municipality, yet the municipality responded to our request for access to said documents, received 70% less points. 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. Additionally, the Index does not consider the quality of published documents. Accordingly, a municipality may get the maximum score only if it has published all the documents on its website in Excel format and organized at least four budget hearings.

Data collection on published documents was conducted by asking municipalities to complete a form with links to documents published on the website of the municipality. The request was sent to the official email of the municipality for public communications, in June 2021, while the monitoring of municipal websites by the GAP Institute was completed in August 2021. For the municipalities that failed to respond to our request, the Index score was awarded based on the information we were able to find on their websites. In a nutshell, if a document cannot be found on the municipal website in three clicks and on the relevant area designated for budget reports, then it is not considered in the evaluation.

The Law on Access to Public Documents states that access to documents related to public money expenditures shall always be granted and encourages institutions to publish documents electronically, namely in any format enabling greater public access. Also, 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.<sup>1</sup>

According to the Administrative Instruction of the Ministry of Local Government Administration (MLGA) on Municipal Transparency, municipalities are required to publish the following budget 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.<sup>2</sup> While 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.<sup>3</sup> 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.<sup>4</sup> Further, in some cases, Budget Circulars prepared by the Ministry of Finance (MoF) require the mayors to engage in budget review with the citizens.<sup>5</sup>

<sup>1</sup> Law No. 06/L-081 on Access to Public Documents. Source: <https://bit.ly/3A9jcMM>

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

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

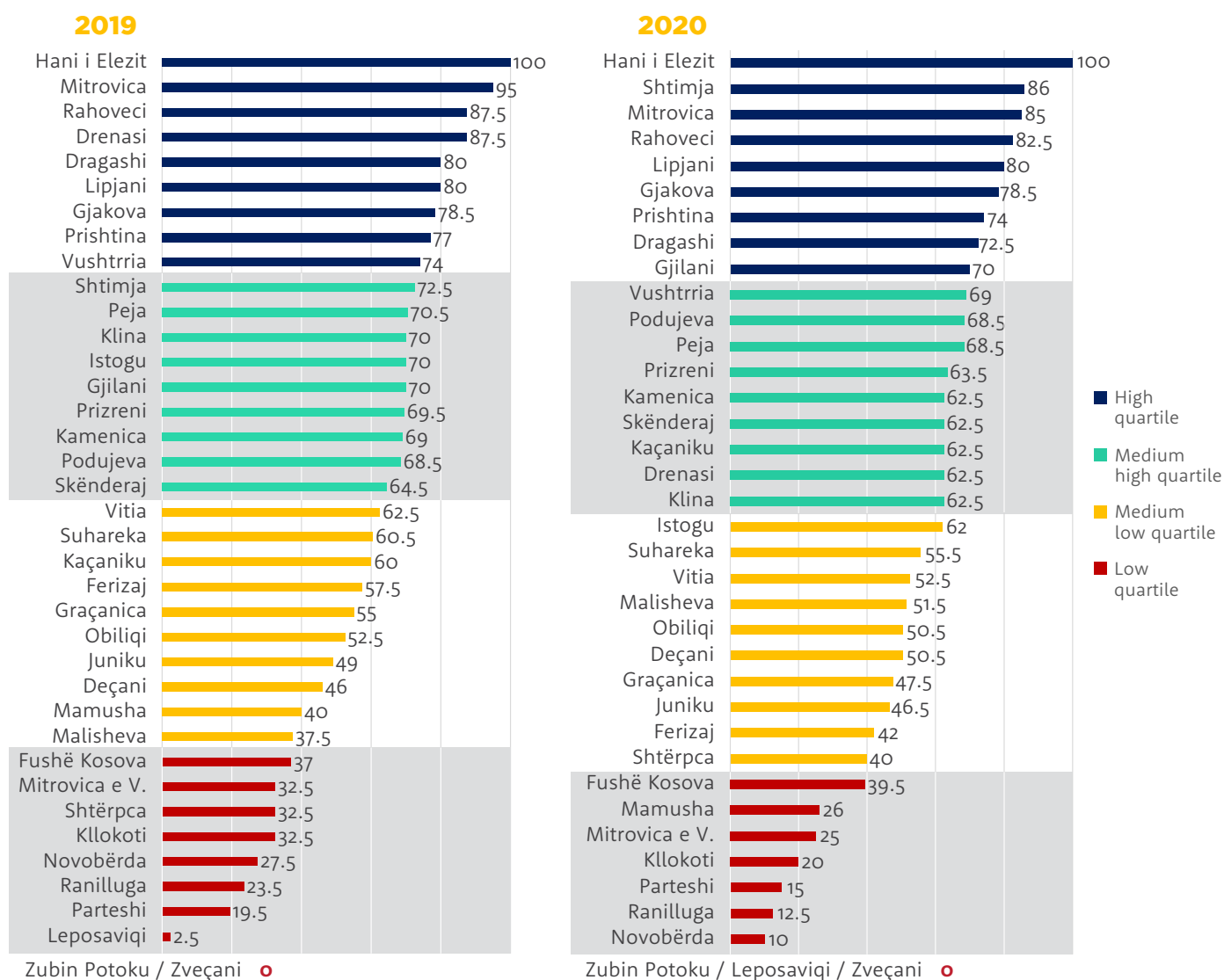
<sup>4</sup> Ministry of Local Government Administration (MLGA). Administrative Instruction No. 03/2020 on Transparency in Municipalities. Source: <https://bit.ly/3ElevHh>

<sup>5</sup> Ministry of Local Government Administration (MLGA). Administrative Instruction No. 03/2020 on Transparency in Municipalities. Source: <https://bit.ly/3ElevHh>

# 2020 Municipal Budget Transparency Index











In 2020, the average municipal score was over 52, and 58% of municipalities scored 50 or more points on the Index. Additionally, the same number of municipalities in 2019 have exceeded the average level. The municipality with the highest budget transparency in 2019 and 2020 is Hani i Elezit, scoring 100 points and having published all budget documents in Excel format. Likewise, according to the 2020 Gap Institute Index, the Municipality of Shtime is ranked high in terms of budget transparency, with an aggregate score of 86 points and having published all documents, however, it fell short of reaching maximum score due to the format of some documents. While the Municipality of Mitrovica, which is ranked third in 2020 (with 85 points), one year ago had scored almost maximum points (95 points). The municipalities of Zubin Potok and Zveçani were awarded zero points on the Index because they failed to publish any documents and have not responded to the request of the GAP Institute for access to budget documents. The Municipality of Partes, which had not scored any points on the 2018 Index, having not published any budget documents, in 2019 and 2020 scored 19.5 and 15 points, respectively.

**Figure 1. 2019 and 2020 Municipal Budget Transparency Index**



About 63% of municipalities have published all documents required by the Administrative Instruction (MLGA) on Transparency in Municipalities. For each type of required document, there are on average nine municipalities that have failed to publish the document. An exception here is the Planned Annual Budget, where 34 out of 38 municipalities have published it. The other two budget documents that have been published the most or made available upon our request are the Mid-Term Budget Framework for the next three years and the Regulation on Allocation of Subsidies. There are only seven municipalities that have published their Analytical Accounts Card. On the other hand, the municipalities tend to publish contracts that were concluded with various entities.

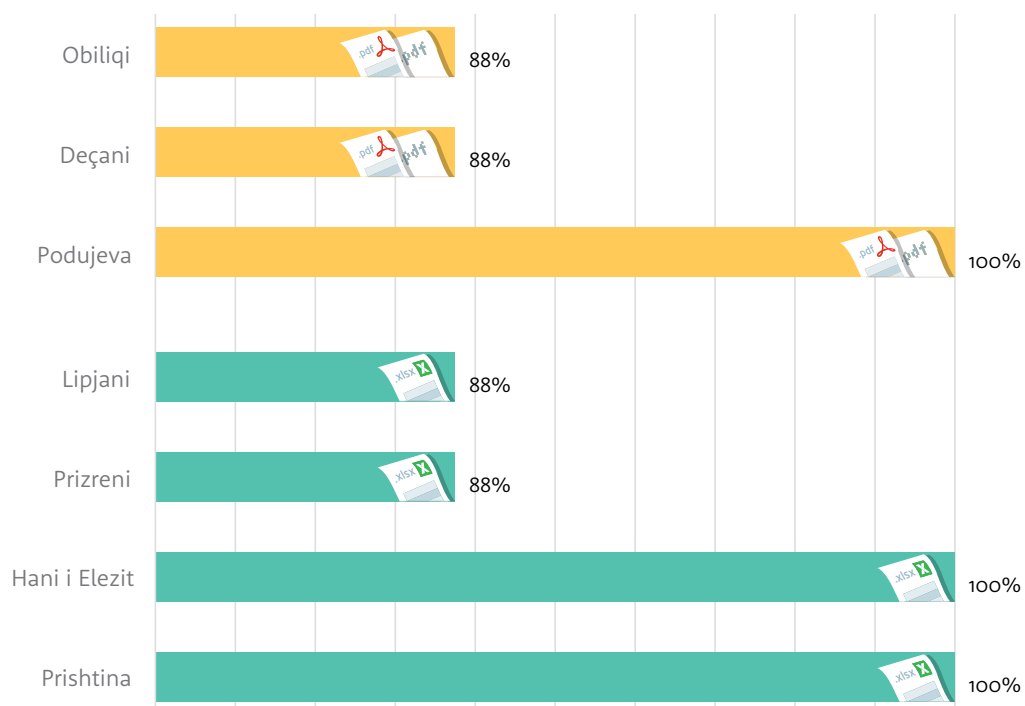
**Table 2. Percentage of Municipalities Publishing Index Documents**

Document	2020
Q1 2020 Financial Report	 74%
Q2 2020 Financial Report	 76%
Q3 2020 Financial Report	 76%
2020 Annual Financial Report	 79%
2021 Planned Budget	 89%
Regulation on Allocation of Subsidies	 84%
List of Subsidy Beneficiaries in 2020	 63%
Analytical Accounts Card on Budget Expenditure in 2020	 18%
Mid-Term Budget Framework 2021-2023	 84%
Contracts Signed in 2020	 71%



The municipalities of Hani i Elezit, Prishtinë, Prizren, and Lipjan have published most of the key budget documents in Excel format, allowing user-friendly access to data in such documents. While the municipalities of Podujeva, Deçan, and Obiliq are the three municipalities that have published over 80% of budget documents on their websites in PDF and scanned PDF format, which makes the use of information therein more challenging for the citizens.

**Figure 2. Municipalities publishing most budget documents in Excel format and in PDF or scanned PDF formats (2020)**



According to the GAP Institute Index for budget transparency, municipalities have published an aggregate of 356 budget documents and hosted public budget hearings. Most of the documents were published in Excel format (66%), another smaller part in scanned PDF format (22%), and PDF format (10%), while the rest were delivered upon request by the GAP Institute for access to public documents (2%). The Annual Financial Report, the 2021 Planned Budget, the Mid-Term Budget Framework, the Regulation on Allocation of Subsidies, and the quarterly financial reports, remain among the most frequently published documents by municipalities. While a smaller number of municipalities (7) publish the Analytical Accounts Card.

**Table 3.** Published documents considered in the 2020 Municipal Budget Transparency Index

Document	Excel	PDF	Scanned PDF	Request	Number of Municipalities
2020 Q1 Financial Report	11	4	12	1	28
2020 Q2 Financial Report	11	5	12	1	29
2020 Q3 Financial Report	12	3	13	1	29
2020 Annual Financial Report	22	3	4	1	30
2021 Planned Budget	19	9	5	1	34
Regulation on Allocation of Subsidies	32	-	-	-	32
2020 List of Subsidy Beneficiaries	5	3	15	1	24
2020 Analytical Accounts Card for budget expenditures	4		3	-	7
Public Budget Hearing on 2021 Budget	84	-	-	-	84 Budget Hearings
Mid-Term Budget Framework 2020-2022	8	8	15	1	32
2020 Concluded Contracts		27			27

## Comparison: 2019 and 2020 Index

The ranking of municipalities on the budget Index is produced in the same manner as in previous years. The number of municipalities that have managed to collect over 50 points on the Index is the same for both 2019 and 2020 (about 63% of municipalities). While from 2018 to 2019 there is a recorded decline consisting of eight percentage points.

The greatest progress in 2020 was achieved by the municipalities of Malishevë, Shtime and Shtërpçë. The improved performance on the 2020 Index is a result of the growing number of published budget documents or better format of publication. While the municipalities with greatest setbacks in budget transparency from 2019 to 2020 have published fewer documents, in formats that receive fewer points, or held fewer public budget hearings, and this year such municipalities include Drenas, Novobërdë and Ferizaj. Some municipalities at the bottom of Table 4 are ranked lower than the previous year due to the random (default) classification of municipalities with zero points in both years. Also, as noted in the table, the difference in Index ranking in some cases is positive, but the score is lower due to the better performance of other municipalities in the previous year.

**Table 4.** Difference between municipalities with greatest progress and setback in budget transparency ranking on the 2019-2020 Index

Municipality	2019 Ranking	2020 Ranking	Difference in Ranking	Difference in Points
Deçan	26	23	2 ▲	4.5
Dragash	5	8	3 ▼	-7.5
Drenas	3	14	11 ▼	-25
Ferizaj	22	27	5 ▼	-15.5
Fushë Kosovë	29	29	0 -	2.5
Gjakovë	7	6	1 ▲	0
Gjilan	12	9	3 ▲	0
Graçanicë	23	25	2 ▼	-7.5
Hani i Elezit	1	1	0 -	0
Istog	12	19	7 ▼	-8
Junik	25	26	1 ▼	-2.5
Kaçanik	21	14	7 ▲	2.5
Kamenicë	16	14	2 ▲	-6.5
Klinë	12	14	6 ▼	-7.5
Klllokot	30	32	-2 ▼	-12.5
Leposaviq	36	37	1 ▼	-2.5
Lipjan	5	5	0 -	0
Malishevë	28	22	6 ▲	14
Mamushë	27	30	3 ▼	-14
Mitrovicë	2	3	1 ▼	-10
Mitrovicë e Veriut	30	31	1 ▼	-7.5
Novobërdë	33	35	2 ▼	-17.5
Obiliq	24	23	1 ▲	-2
Partesh	35	33	2 ▲	-4.5
Pejë	11	11	0 -	-2
Podujevë	17	11	6 ▲	0
Prishtinë	8	7	1 ▲	-3
Prizren	15	13	2 ▲	-6
Rahovec	3	4	1 ▼	-5
Ranillug	34	34	0 -	-11
Shtërpce	30	28	2 ▲	7.5
Shtime	10	2	8 ▲	13.5
Skenderaj	18	14	4 ▲	-2
Suharekë	20	20	0 -	-5
Viti	19	21	2 ▼	-10
Vushtrri	9	10	1 ▼	-5
Zubin Potok	37	36	0 -	0
Zveçan	37	36	0 -	0

Since the introduction of the GAP Institute Budget Transparency Index in 2017, according to the baseline transparency assessment of the previous fiscal year (2016), Kosovo municipalities have made some headway in this regard. The below table includes only the documents covered in all five years for comparability purposes.

In 2019, documents such as Planned Budget for the following year, Analytical Accounts Card, Annual Financial Report, Regulation on Allocation of Subsidies, were published at a higher rate than in any other year. Also in 2019, municipalities hosted the highest number of public budget hearings. Compared to 2019, the number of publications for some documents has declined in 2020. Additionally, budget transparency has suffered the most due to the reduced number of budget hearings, which has dropped by 37. The pandemic also caused a smaller number of public budget hearings to be held in 2020. Due to restrictive measures prohibiting the gathering of people, some municipalities resorted to holding a single online meeting with citizens, while other municipalities only accepted letters from citizens within a scheduled period.

**Table 5.** Number of published budget documents and public budget hearings from 2016-2020 at overall municipal level

	2016	2017	2018	2019	2020	Difference
Q1 Financial Report	25	25	30	30	28	-2
Q2 Financial Report	25	27	29	29	29	0
Q3 Financial Report	23	23	29	27	29	2
Annual Financial Report	27	28	33	34	30	-4
Planned Budget for next year	24	29	30	35	34	-1
Mid-Term Budget Framework for next three years	22	22	30	31	32	1
Regulation on Allocation of Subsidies	23	28	30	33	32	-1
List of Subsidy Beneficiaries	23	21	27	25	24	-1
Analytical Accounts Card for budget expenditure	6	4	8	9	7	-2
Public Budget Hearings for next year	87	91	109	121	84	-37

## Gender Responsive Budgeting

According to the Law on Gender Equality, gender responsive budgeting is the implementation of Gender Mainstreaming in the budgetary process, meaning the valorization of budgets from the gender perspective at all levels of the budgetary process. This Law also states that 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.”<sup>6</sup> 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 basic document for planning municipal budgets for the next three-year period.<sup>7</sup>

Although it was not subject to the scope of scoring for budget transparency, in this report we did examine how many municipalities have published documents related to gender responsive budgeting. Only 42% of municipalities have published documents on gender responsive budgeting. The same municipalities have included gender responsive budgeting for both 2019 and 2020, except for the Municipality of Viti. It should be noted that most of the municipalities that scored highest in budget transparency have compiled gender responsive budgeting and expenditures.

6 Law No. 05/L-020 on Gender Equality. Source: <https://bit.ly/3A8jEQa>

7 Budget Circular 2018/01. Source: <https://bit.ly/39oPthV>

**Table 6.** Publication of documents on Gender Responsive Budgeting by municipality for 2019 and 2020

	2019 Gender Responsive Budgeting	2020 Gender Responsive Budgeting
Deçan	✗	✗
Dragash	✓	✓
Drenas	✓	✓
Ferizaj	✓	✓
Fushë Kosovë	✗	✗
Gjakova	✓	✓
Gjilan	✗	✗
Graçanicë	✗	✗
Hani i Elezit	✓	✓
Istogu	✓	✓
Junik	✗	✗
Kaçanik	✓	✓
Kamenica	✓	✓
Klinë	✗	✗
Klllokot	✗	✗
Leposaviq	✗	✗
Lipjan	✓	✓
Malishevë	✗	✗
Mamushë	✓	✓
Mitrovicë	✓	✓
Mitrovicë e Veriut	✗	✗
Novobërdë	✗	✗
Obiliq	✓	✓
Partesh	✗	✗
Pejë	✗	✗
Podujeva	✓	✓
Prishtinë	✗	✗
Prizren	✗	✗
Rahovec	✗	✗
Ranillug	✗	✗
Shtërpce	✗	✗
Shtime	✗	✗
Skenderaj	✓	✓
Suharekë	✓	✓
Viti	✗	✓
Vushtrri	✗	✗
Zubin Potok	✗	✗
Zveçan	✗	✗

## Conclusions and Recommendations

Findings of the Budget Transparency Index show that, in 2020, municipalities have published a smaller number of budget documents and organized fewer public budget hearings than in the previous two years. Compared to 2019, the number of public budget hearings hosted by municipalities in 2020 was down by 37. Due to the pandemic, some municipalities have only held one online meeting with citizens.

In 2020, there was budget transparency progress recorded in the municipalities of Malishevë, Shtime and Shtërpçë. While among municipalities that have suffered setbacks in terms of budget transparency in 2020 are Drenasi, Novobërda and Ferizaj.

Notwithstanding legal requirements, a significant number of municipalities persist in failing to publish budget documents as required by the applicable law, namely the Administrative Instruction (MLGA) on Transparency in Municipalities.

Therefore, seeking to boost budget transparency in municipalities it is important that:

- MLGA should monitor and promote the implementation of Administrative Instruction No. 03/2020 on Transparency in Municipalities, specifically to assess a) whether required budget documents are being published by municipalities, and b) whether such documents are published accordingly under the designated tabs on the municipal website.
- Municipalities should pay attention to the format and quality of published budget 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.
- Municipalities should advance engagements to promote public participation in budget hearings and publish records of budget hearings.

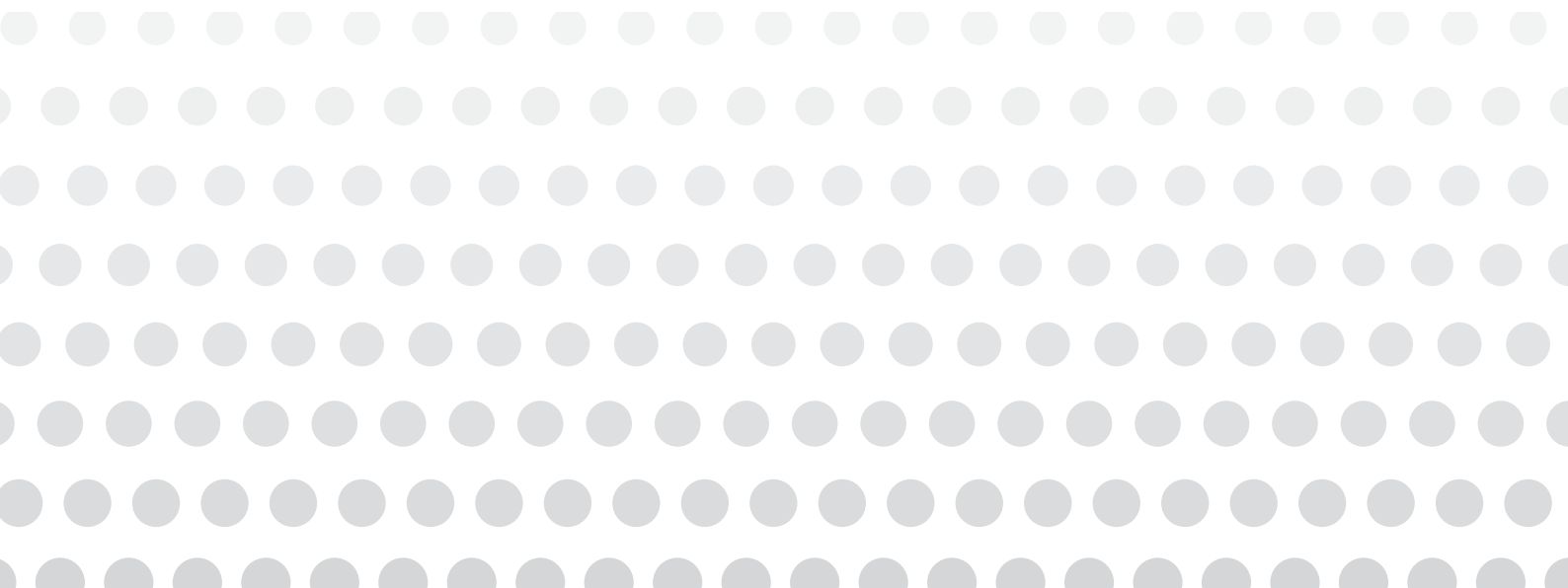








GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop 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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