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USAID|Kosovo Effective Municipalities Initiative Supporting Local Government Reform in Kosovo—Final Report



Children in Malishevë/Mališevo at the celebration event for the opening of the new sidewalk and park near their school, funded by a grant from EMI.

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Effective Municipalities Initiative (EMI)

Final Task Order Report

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Abbreviations

AI	Administrative Instruction
AKM	Association of Kosovo Municipalities
AMA	Association of Municipalities in Albania
AOC	Association of Cities of Croatia
AUK	American University in Kosovo
CIP	capital investment planning
COTR	Contracting Officer's Technical Representative
CSC	citizen service center
CSO	civil society organization
DCM	Deputy Chief of Mission [USAID]
DEMI	Decentralized Effective Municipalities Initiative
EMI	Effective Municipalities Initiative
EU	European Union
FY	Fiscal Year
GIS	geographic information system
GoK	Government of Kosovo
ICO	International Civilian Office
IDG	Inter-ministerial Decentralization Group
IMF	International Monetary Fund
IT	information technology
KAP	Kosovo Agency for Privatization
KCSPP	Kosovo Civil Society Strengthening Program [USAID]
LGI	Local Government Initiative
LoLGF	Law on Local Government Finance
LoLSG/LLSG	Law on Local Self-Government
LoPOE	Law on Publicly Owned Enterprises
LPFMA	Law on Public Financial Management and Accountability
MCO	Municipal Community Officer
MEF	Ministry of Economy and Finance
MIO	Municipal Information Officer
MLCTM	Municipal Legal Compliance Tracking Mechanism
MLGA	Ministry of Local Government Administration
MOU	Memorandum of Understanding
MPT	Municipal Preparation Team
NDI	National Democratic Institute
NGO	nongovernmental organization
OSCE	Organization for Security and Co-operation in Europe
OSR	own-source revenue(s)

PIP	Public Investment Program
PMU	Pilot Municipal Unit
POE	publicly owned enterprise
PPP	public-private partnership
SFOT	Special Field Operations Team
SOE	socially owned enterprise
TOT	training-of-trainers
UN	United Nations
UNDP	United Nations Development Programme
UN-HABITAT	United Nations Human Settlements Programme
UNMIK	United Nations Mission in Kosovo
USAID	United States Agency for International Development
WGENM	Working Group for the Establishment of New Municipalities [MLGA]

Proposed New/Enhanced Municipalities:

Gračanica/Gračanicë

Klokot-Vrbovac/Klllokot-Vërboc

Novo Brdo/Novobërdë

Parteš/Partesh

Ranilug/Ranillug

Severna Mitrovica/Mitrovicë Veriore

Effective Municipalities Initiative (EMI)

I. Introduction

This final report documents the achievements and lessons learned from the United States Agency for International Development (USAID) Contract number EPP-I-00-04-00037-00, Task Order 5, for the implementation of the Effective Municipalities Initiative (EMI) in Kosovo. RTI International's implementation of the EMI program included the initial contract period of performance from July 19, 2007, to July 18, 2010; and an extension period to October 22, 2010.

The goal of EMI was to support Kosovo's program of decentralization and local government reform, a critical feature of the governmental framework created by the United Nations (UN), and subsequently, a core feature of the *Comprehensive Proposal for the Kosovo Status Settlement*, also called the "Ahtisaari Proposal" (see Background and Context below). EMI would achieve this goal through three principal task objectives:

1. Assist in standing up the new municipalities called for in the Ahtisaari Proposal and linking them to Kosovar institutions;
2. Assist the Government of Kosovo in creating and promulgating the decentralization legislative framework; and
3. Increase the ability of all municipalities to comply with the new decentralization framework and provide better services.

These tasks would be carried out through an integration of training, technical assistance, and Incentive Fund awards.

This report first presents background information on local government in Kosovo and the evolving political context during the course of the project. It then presents each of the contract tasks, describing RTI's approach to the task, accomplishments under the task, and key lessons learned. The annexes include the following: Annex I, a matrix that compares proposed deliverables in each annual work plan to actual results; Annex II, a list of EMI reports and informational products; and Annex III, a list of all Incentive Fund awards.

Background and Context

The current status of Kosovo has emerged, at least in recent history, from the dissolution of the former Yugoslav Republic; Kosovo Albanian resistance to Serbian security forces; and, ultimately, intervention by UN forces. In 1999, following the Serbian forces' withdrawal, the United Nations Mission in Kosovo (UNMIK) began overseeing governance in Kosovo. UNMIK established the fundamental legal framework for a functioning state. For example, UNMIK Regulation 2000/45 on Self-Government of Municipalities in Kosovo established the basis for local government. The regulation drew significantly on principles of the European Charter of Local Self-Government and allowed local elected bodies and administrations to be set up with defined service responsibilities and financial resources.



Ribbon-cutting ceremony with US Ambassador Dell and the mayor of Gjakovë/Đjakovica at the inauguration of a municipal satellite office (Incentive Fund, Task 3 Round 2, innovative management).

In the context of the significant tension between Serbia, whose amended 2006 Constitution described Kosovo as an integral part of Serbia, and Albanian Kosovars, who generally wanted nothing short of full independence, the UN continued to attempt to find a status solution. In 2006, the UN Special Envoy, Martti Ahtisaari, proposed the final status settlement document for consideration by the parties and the UN Security Council. In February 2008, with Serbia's ally, Russia, blocking UN adoption, the Kosovo Assembly voted for a unilateral declaration of independence. The declaration reaffirmed Kosovo's commitment to the principles of the Ahtisaari Proposal. With independence came the urgent need for Kosovo to establish its own legal framework for decentralization and intergovernmental relations.

Decentralization was one of the prominent policy features of the Ahtisaari Proposal, recognizing it as a tool to promote good governance and a way to provide Serbian Kosovars with "a high degree of control over their own affairs." It called for creating six "new or enhanced municipalities¹ with a Kosovo Serb majority" and for splitting the city of Mitrovicë/Mitrovica into two municipalities, with the northern part of the city, Severna Mitrovica/Mitrovicë Veriore, as a Serb-majority municipality. The proposal also established budgetary autonomy and transparent intergovernmental transfers to finance operations of all local governments.

Early in its assistance program to Kosovo, USAID recognized support for decentralization and local government reform as a strategic entry point for supporting democratic values. In 2004, the Mission launched the Local Government Initiative (LGI), a three-year program to improve the legislative framework for local governance and to strengthen effectiveness and governance at the local government level. In 2007, with LGI ending and the prospect of a final settlement to Kosovo's status, the Mission contracted with RTI for the implementation of the Effective Municipalities Initiative. EMI was clearly designed to continue USAID's ongoing support to local government reform, in general, and to help Kosovo implement the decentralization features of the Ahtisaari Proposal. The block in the UN of the Ahtisaari Proposal and Kosovo's subsequent unilateral declaration of independence caused a delay in the implementation of EMI's Task I. However, these events did not alter the scope of the program.

¹ For this report, we use a total of 38 as the number of municipalities in Kosovo. This includes the existing municipalities, the five new/enhanced Serb-majority municipalities that held special elections during EMI, and the four municipalities in the north that have not formally acknowledged being part of the Republic of Kosovo: Leposavić/Leposaviq, Severna Mitrovica/Mitrovicë Veriore, Zubin Potok, and Zvečan/Zvečan.

2.Task 1 Objective: Assist in standing up the new post-status agreement municipalities and linking them to Kosovar institutions

After the fighting of 1999 ended, the majority of Kosovo Serbs lived in enclaves throughout the country, often cut off from the mainstream of Kosovar (and Serbian) culture, politics, and economic life. The integration of these citizens into the fabric of Kosovar life was considered essential to the normalization of relations between these different ethnic groups. The Ahtisaari Proposal called for “the creation of six new or enhanced municipalities where Serbian Kosovars are in the majority, which will have greater and different needs than the existing municipalities. The success of the Serbian Kosovar and minority municipalities will be important to the durability of these future status arrangements.” EMI’s Task 1 Objective proposed to assist in the implementation of this initiative. Specifically, this refers to the six municipalities of Gračanica/Graçanicë, Partesh/Partesh, Klokot-Vrbovac/Kllokot-Vërboc, Ranilug/Ranillug, Severna Mitrovica/Mitrovicë Veriore, and Novo Brdo/Novobërdë. These municipalities were to be drawn out of existing municipalities, referred to as “mother” municipalities.



Members of every Municipal Preparation Team received extensive training in how the new municipalities would function and their roles as potential leaders.

2.1 RTI’s Approach and Achievements, Task 1: Years 1 and 2

RTI did not devote significant staff resources to the Task 1 Objective until the third year of the project. During the first year of the project, as directed by USAID, technical assistance was not to begin until after the Ahtisaari Proposal had been adopted and finalized, including those sections that mandated the formation of the six new/enhanced municipalities.

After nearly a year had passed, and after it became clear that the Ahtisaari Proposal was not likely to be adopted by the UN Security Council, the Government of Kosovo (GoK) decided to implement the Ahtisaari Proposal unilaterally. Some assistance from RTI finally began in May 2008, and even then this was limited by USAID directive to only a few activities to help prepare the Ministry of Local Government Administration (MLGA), mother municipalities, and other institutions for the time when significant activity would begin. These areas of assistance included the following:

2.1.1 Assisting MLGA to ensure successful and timely start-up and implementation of the Action Plan on the Implementation of Decentralization.

- It was well understood that the MLGA would be the government ministry most responsible for successfully integrating the new/enhanced municipalities into Kosovo’s institutional framework. RTI prepared a capacity-building strategy for the new/enhanced municipalities for the MLGA.
- RTI also assisted the new MLGA Working Group for the Establishment of New Municipalities (WGENM) in developing an action plan to steer their efforts. RTI provided considerable technical support to the MLGA on identifying the details to make the new/enhanced municipalities functional, once they were formed. Under this plan, the MLGA and the International Civilian Office (ICO) agreed to create a Special Field Operations Team (SFOT) as an advance group to assess the situation in the local communities where new

municipalities would be established, reach out and provide information about decentralization and the establishment of new municipalities, determine when a community was ready for next steps, and identify possible Municipal Preparation Team (MPT) members from each local community. MLGA asked RTI to draft an overall strategy for the SFOT.

2.1.2 Establishing and maintaining contacts, including with community groups and civil society organizations (CSOs), to facilitate communication and to prioritize needs of the new/enhanced municipalities.

- RTI held informational meetings with contacts it had developed in the Serb communities in the proposed new/enhanced municipalities. The MLGA asked RTI to assist in establishing and maintaining such contacts with Kosovo Serb community groups, CSOs, and prominent individuals in the areas of the six new/enhanced municipalities and developing programming to explain the decentralization process (its benefits and impact on local communities) and the process for creating the new/enhanced municipalities. RTI conducted several informal meetings in the Serb communities of these proposed new/enhanced municipalities. The report from these meetings was the first document to summarize what leaders in the Serb-majority areas of Kosovo were thinking, and it was widely read and referenced.
- RTI also held meetings in each Pilot Municipal Unit (PMU)² to identify their specific experience and lessons learned to be applied to future activities related to the formation of new municipalities. RTI met with members of the provisional assembly and the executive staff to gain further insights into the lessons learned and the types of assistance they needed. RTI received extensive information on the process of PMUs' development, their relationship with the mother municipalities, and conditions required for them to adequately transition into fully operational municipalities (such as municipal staff capacity-building, training needs, facilities, and human resources).

2.1.3 Orienting, planning, and providing training to all key staff of the new/enhanced municipalities, both elected and appointed, and coordinating support in conjunction with other actors.

- Near the close of Year 2 (in the spring of 2009), the MLGA and the ICO moved toward establishing MPTs.³ They advertised for MPT members and received over 300 applications. With the establishment of MPTs appearing imminent (or at least with chances improved), RTI provided more assistance to the MLGA on steps to help an MPT get started and make early progress. RTI advised USAID on a list of actions EMI could take to assist an MPT, once formed, and if USAID gave approval. The first MPT, for Klokot-Vrbovac/Kllokot-Vërboc, was created on June 19, 2009, in a meeting held by the Inter-ministerial Decentralization Group (IDG). Initial steps and recommendations were sent by RTI to both MLGA and USAID for their evaluation. However, USAID's guidance did not allow for RTI to work with the new MPT.

² PMUs were established for new multiethnic municipalities shortly after UNMIK began its administration of Kosovo, as a way of developing local management capacity prior to formal elections. They were created in Mamusha/Mamuša, Junik/Junik, and Hani i Elezit/Đeneral Janković.

³ The MPT members were appointed by the Ministry of Local Government Administration with assistance from the ICO for a limited term to take the initial steps that would lead to the municipality becoming functionally operational as soon as local elections were successfully held. Although members were paid a salary, the MPTs were not given legal or executive authority or budget resources with which to act.

2.1.4 Assisting in securing the provision of vital municipal-provided services in new municipalities, either by themselves and/or through existing municipalities.

- RTI staff met with the mayors of the mother municipalities to gather their input on the technical steps in establishing the new municipalities, as well as to discuss the role the mother municipalities could play in the process of transition. During these meetings, RTI received extensive information on potential challenges and obstacles that the new municipalities may face in the process of their establishment. RTI also gathered the concerns of the mother municipalities with regard to the impacts on their municipal budgets because of loss of territory and shared this information with the MLGA and USAID.
- RTI evaluated the inter-municipal agreement used by the PMUs and their mother municipality or municipalities. As part of the meetings with PMUs (see above), RTI asked for the PMUs' input into how to structure these agreements for the new municipalities, based on their experience.

2.1.5 Assisting the MLGA to strengthen outreach and cooperation between the new municipalities, the existing municipalities, and the central government in order to strengthen ties between the new municipalities and Kosovo institutions.

- The WGENM determined the process of establishing new municipalities, and specifically, the process around creating MPTs. RTI assisted the MLGA in preparing the terms of reference for the MPTs, which provided the guidance for creating MPTs and defined their scope and composition.

2.2 RTI's Approach and Achievements, Task 1: Year 3

On July 1, 2009 (for Year 3 of the program), the USAID Mission Director directed RTI to begin working on technical issues related to getting the new and expanded Serb-majority municipalities started (beginning with the Klokot-Vrbovac/Klllokot-Vërboc MPT). RTI was directed to play an intensive and constant role in the capacity building of the newly established MPTs. RTI agreed that it should concentrate all efforts and resources on the first MPT to attain some success there. RTI responded immediately by marshalling staff and resources from those allocated to the Task 2 and 3 Objectives to develop a rapid response to this "opportunity." As a result, the Task 1 efforts and achievements in Year 3 far outweighed what had been done previously in Years 1 and 2.⁴

The July 2009 decision came at a critical time for the MLGA and the US Government, as the assistance gave the MLGA and the new and developing Serb-majority communities critically needed municipal expertise and advice in forming new municipalities. As is documented below, these efforts were very effective and ushered in successful elections in four new municipalities and one enhanced municipality: Gračanica/Graçanicë, Klokot-Vrbovac/Klllokot-Vërboc, Ranilug/Ranillug, and Novo Brdo/Novobërdë. The efforts were so successful that USAID directed RTI to begin work in the remaining two proposed new municipalities (Parteš/Partesh and Severna Mitrovica/Mitrovicë Veriore), and to include providing direct technical and financial (Incentive Fund) assistance to the municipality of Štrpce/Shtërpçë, as well.

RTI's approach in Year 3 was to work in four broad areas as discussed below.

⁴ The EMI project was originally scheduled to conclude on July 17, 2010. However, the project was extended to October 22, 2010, to allow additional time and resources to work with the new and expanded municipalities. Therefore, the primary emphasis of the EMI project during the final quarter was under the Task 1 Objective.

2.2.1 Orienting, planning, and providing training to all key staff of the new/expanded municipalities, both elected and appointed, and coordinating support in conjunction with other actors (MPTs, staff, elected officials).

As a first area of emphasis, capacity development was needed for all of RTI's counterparts in these activities. These counterpart groups included the MLGA, the MPT members, officials who had just been voted into office in the local elections, and the officials' principal staff members. RTI also engaged the Association of Kosovo Municipalities (AKM) and its collegia of municipal professionals to assist with orientation and training in an attempt to integrate the new municipalities into the fabric of Kosovo municipal activities. Cooperating partners included other donor-funded assistance programs helping the new/enhanced municipalities and the ICO through their representatives working with each MPT.

It was considered critical for counterparts in the new/enhanced municipalities to develop capacities in municipal governance. RTI, working in cooperation with the MLGA and ICO, helped plan and implement activities to build these capacities and move municipalities toward being able to function as new municipal entities. Capacity building included a basic core curriculum for local governance, as well as demand-driven activities based on the identified needs of the members. RTI used its own EMI project staff, MLGA staff, AKM collegia members, and EMI's newly trained cadre of trainers to deliver training in Serbian (with Albanian handouts available for Albanian MPT members).

The municipality of Severna Mitrovica/Mitrovicë Veriore presented USAID and RTI with a special situation. This was the only municipality in the RTI task order that exists north of the Ibar River and is situated in a part of Kosovo inhabited by nearly 95 percent Kosovo Serbs. A large majority of individuals living north of the Ibar River do not recognize the authority of the Republic of Kosovo and are completely opposed to becoming part of it. The USAID strategy for working north of the Ibar River and in Severna Mitrovica/Mitrovicë Veriore in particular was to begin to work there after the other new municipalities had held successful elections.

Achievements

During the course of Year 3 of EMI, MPTs were formed in the new/enhanced municipalities of Klokot-Vrbovac/Kllokot-Vërboc, Gračanica/Graçanicë, Ranilug/Ranillug, Novo Brdo/Novobërdë, Parteš/Partesh, and Severna Mitrovica/Mitrovicë Veriore. Municipal elections were successfully held in all but Severna Mitrovica/Mitrovicë Veriore. In all of these municipalities, RTI conducted capacity development for MPT members, elected officials, and key staff as follows:

- MPT members in each municipality were given a basic review of all the pertinent laws for local governance, including the Law on Local Self-Government (LoLSG/LLGF) and the Law on Public Financial Management and Accountability (LPFMA). Particular attention was paid to decentralization, the separation of powers (local versus central) according to LoLSG, the issue of contradictions between competencies of each body, and relationships between mayors and assemblies—i.e., whether the mayor should necessarily report before the assembly, and what happens if the assembly does not approve the mayor's proposed budget.
- MPT members were given training in developing a municipal budget, including the capital investment portion of the budget, as well as the requirements for public input during the budget process.
- RTI introduced MPT members from each municipality to the AKM by inviting AKM's executive director to attend one of the MPT meetings. AKM collegia chairpersons made separate, one-day presentations to MPT members on spatial planning, municipal law, and budget and finance.
- Newly elected officials from each municipality were given orientation sessions for the new assembly members. These sessions provided basic information about the local governance

framework, the roles and responsibilities of the assembly, the role of the mayors, and other topics, and they included a majority of the assembly members. RTI later participated in meetings involving the MPT, the new assembly members, and the mayor. The MPT members briefed the newly elected officials on the work products they had prepared to date, including the organogram, the municipal statute, the assembly's rules of procedure, the budget, and the capital investment plan.

- RTI conducted meetings with the mayors- and deputy mayors-elect in each municipality and introduced important issues to the mayor, such as equitable budget allocations from the Ministry of Economy and Finance (MEF) to new municipalities, return of displaced persons, and economic development. The mayors then requested RTI assistance in each of these fields. RTI also discussed the work to date of the MPT members in preparation for the organization and start-up of the new municipality. RTI briefed the mayors about the competencies analysis, organogram, 2010 budget, municipal statute, rules of procedure of the municipal assembly, list of priority projects (and projects completed to date), and proposed inter-municipal agreements.
- RTI frequently met with the ICO teams for each municipality during the transition period—from MPT formation to the post-election period—to discuss future activities in the municipality with the newly elected officials.
- During the entire year, RTI aided MPT members and elected officials with troubleshooting problems that arose with various groups (ICO, MLGA, MFA) on a number of issues, such as not receiving paychecks, not having sufficient office space and equipment, arbitrary budget ceilings, security, and others.
- RTI provided direct assistance to all new/enhanced municipalities during the transition to help prepare them to create a functioning government capable of providing effective programs and services. This included assistance in appointing a municipal cabinet; hiring key civil servants; completing job descriptions; providing a public comment period for the municipal statute; adopting rules of procedure for the municipal assembly; complying with stipulations of the LoLSG, such as appointing deputy mayors for communities and adopting municipal symbols; adopting property tax rate structures; and expanding office space.
- RTI helped the new/enhanced municipalities implement the work of the MPTs, adopting the municipal statute, assembly rules of procedure, capital investment plan, 2010 budget, organization chart, and competencies matrices.
- RTI conducted training for municipalities and assemblies, as well as for senior staff members who frequently participate in the work or meetings of the municipal assembly. RTI project staff created the curriculum by attending several assembly meetings of new/enhanced municipalities and identifying the current, common challenges faced by the new municipalities. Also, because many new employees had been added to the municipalities, they too were in need of the additional training. The key components of the training included the following:
 - Conducting an effective assembly meeting;
 - Conducting and managing debate on agenda items;
 - Conducting well-managed and effective public hearings;
 - Understanding the role, rights, and responsibilities of the chairperson as the head of the municipal assembly;
 - Understanding the role, rights, and responsibilities of assembly members;
 - Understanding the role, rights, and responsibilities of the mayor and his/her cabinet vis-à-vis the assembly;

- Understanding the Separation of Powers Doctrine and its impact on successful governance;
- Ensuring public participation in assembly meetings;
- Providing public transparency; and
- Understanding freedom of the press.

This training resulted in the development of fundamental principles of the proper roles, responsibilities, and duties of decentralized local government. RTI also provided ongoing mentoring in the implementation of these principles. Through the course of the final months of the project, many of the principles taught in the training were applied by the new/enhanced municipalities. Although there were some successes, it is equally clear that an ongoing emphasis on the actual implementation of best practices needs to be reinforced.

- The case of Severna Mitrovica/Mitrovicë Veriore:
 - As mentioned above, assistance to this MPT was additionally challenging because of its location in northern Kosovo and the inherent political problems. RTI quietly began working with this MPT during the third and fourth quarters of Year 3 to give MPT members the opportunity to develop most of the work products that other MPT members were developing, including work on such items as projects/capital investment planning (CIP)/donor relations, organization, capacity building, security, rule of law, technical issues (statute, budget, rules and regulations, and inter-municipal relations), outreach, communications, and public information. The status of this MPT was more challenging than others because the date for municipal elections had not been established.
 - RTI was able to bring together members of this MPT with the mayors of the successfully formed new municipalities of Klokot-Vrbovac/Klllokot-Vërboc, Gračanica/Graçanicë, and Ranilug/Ranillug to discuss the successes and lessons they learned in the process of forming legal municipalities in Kosovo.
 - RTI and World Learning provided a three-week US study tour for the MPT members. All but one member of the team traveled to North Carolina and Washington, DC, to participate in study sessions covering a wide range of local government topics, including urban planning and inspections, the local government budget process, council functioning, local government communications, local economic development, and leadership. During the visit to Washington, DC, the group met with key members of Congress and USAID.
 - After the study tour, technical assistance to MPT members of this municipality resumed and continued until the end of the EMI project. Assistance components included the following:
 - Training on the LoLSG and its practical application;
 - A workshop for the MPT on CIP in which they completed outlining and prioritizing projects, including those that could be funded by the MLGA;
 - A session on municipal competencies as defined in the LoLSG and relationships with other entities, such as publicly owned enterprises (POEs) and socially owned enterprises (SOEs);
 - A workshop on development and execution of action plans. The session emphasized the importance of collecting data on the quality of existing services and the method in which they are delivered (POE, SOE, contractor, or parallel institution);
 - A presentation on service delivery performance measurement to help the MPT members better understand how to evaluate the quality of existing services; and
 - A workshop with MEF officials on budgeting for municipalities.

- RTI conducted individual public finance training, with a focus on the budget process, for the senior staff members of each new/enhanced municipality, including Štrpce/Shtërpçë. The budget training was designed to provide specific information on best practices that demonstrated useful tools that could be implemented immediately by new/enhanced municipalities. With the passage of the Fiscal Year (FY) 2011 budget expected in the immediate future, the training presented tools and controls for expenditure management, assembly oversight, and financial reporting. An additional training outcome included identifying strategies for a proper process for project classification and prioritization involving assemblies, department directors, and citizens.

2.2.2 Assisting in securing the provision of vital municipal-provided services in new municipalities, either by themselves and/or through existing municipalities.

RTI's second emphasis area focused on helping the new/enhanced municipalities begin to provide municipal services to their citizens. This assistance resulted in the following achievements:

Achievements

- **Competency Checklist.** In each municipality (except for Parteš/Partesh, which came on-line too late in the project for this assistance), RTI staff met on numerous occasions with MPT members to determine the priority of the municipal services that they were responsible for providing to their citizens. These meetings included discussions about how the municipality could provide these services—either through their own staff, through contracts with service providers, or through arrangements with mother municipalities. These discussions led to formal decisions being made by the MPT, and eventually the elected municipality, about their municipal services. These discussions also led to an idea of how many staff members were needed in the municipality, as well as drafting of an organization chart, and input to the operating budget. All of the MPTs completed these tasks and products.
- **Competencies Transfer Memoranda of Understanding (MOUs).** RTI assisted each new/enhanced municipality to develop a Competencies Transfer MOU with its mother municipalities and ministries. One of the primary objectives of these MOUs was to transfer all relevant materials and documents to new municipalities, thus effectively transferring the associated competencies to them, as well. RTI worked directly with the new municipalities to have the MOUs fully implemented. However, the MLGA, which was responsible for implementing the agreements, did not execute them effectively. As a result, RTI spent much of its time working with new municipalities to advocate for the proper implementation of the MOUs. The MOU model agreement contained certain stipulations for transfer, monitoring, training, and certification in the following areas:
 - Cadastral records;
 - Urban planning records;
 - Property tax records;
 - Finalization of boundaries in Gračanica/Gračanicë;
 - Civil registration;
 - Property rights;
 - Collection and monthly transfer of own-source revenues (OSR);
 - Monitoring and training by the ministries; and
 - Training by mother municipality staff.

Progress in executing the MOUs varied among the municipalities. Good progress was made in Gračanica/Gračanicë and Ranilug/Ranillug, with some matters still outstanding, particularly related to transfer of materials. In Klokot-Vrbovac/Klllokot-Vërboc, space limitations made it difficult to

transfer documents. The MLGA offered assistance in establishing temporary office space but no new space had been added as of the end of the project. A major component of the model MOU was training to be conducted by relevant ministries. Again, progress varied among the municipalities and will need to continue. As of EMI's end date there had yet to be any transfer of OSR from the mother(s) to daughters, nor a proper accounting of all types and sources of OSR being collected by mother(s) on the behalf of daughters; this remains a significant outstanding issue. In spite of the fact that the MOUs were not fully executed, there were many positive outcomes. A significant amount of material was transferred to daughter municipalities, and transfers are expected to continue. By the final days of the project the new municipalities were beginning to provide services and presumably these services will expand as their capacity increases. Also, ministries continued to offer relevant training, and as the municipalities add staff, they will have the opportunity to obtain the required skills and certifications.

- Inter-municipal Agreements. Based on the competency checklists developed with MPTs, EMI assisted the MPT (and later the new municipal elected officials) to negotiate inter-municipal agreements for services identified as needing to be provided by another municipality in the near or medium term. EMI used the model inter-municipal agreement and process developed in Year 2 to guide this process. RTI facilitated sessions with each MPT to explain the process of developing inter-municipal agreements, confirm the services they wanted to have another municipality (or other entity) provide, and show how to collect the information they would need to develop and negotiate the agreements. Then, RTI worked with the MPT to develop details for inter-municipal agreements in
 - Urban and rural planning,
 - Cadastral services,
 - Forestry protection,
 - Drainage,
 - Emergency services,
 - Water, and
 - Sewer.

RTI drafted agreements for each of these that a new municipality could take to the mother municipality (or other municipalities) to negotiate beginning these services as soon as possible. RTI led the process and drafted several inter-municipal service agreements between mother and daughter municipalities and ministries. Since the establishment of the new municipalities, these agreements would be the first among between the relevant parties to provide for, manage, and establish conditions for the transfer of specific services. The stipulations in the agreements created the necessary foundation for new municipalities to commence providing services in many areas to their citizens. Signatories to actual service agreements included three daughter municipalities, five mother municipalities, and four ministries. The agreements provided certain stipulations for the transfer of responsibility, as well as monitoring, training, and certification.

- The agreements laid down specific conditions for the ministries, as well. The ministries are responsible for providing staff in each competency and are to monitor the transfer of materials and train the employees of the new municipalities. MLGA is to oversee the agreements. The agreements have specified deadlines for all conditions to be met. These agreements also laid the foundation for future agreements concerning additional services provided by new/enhanced municipalities, such as education and health competencies.
- Municipal Statutes. EMI worked with each MPT to develop its municipal statute. Based on the model statute developed by EMI in conjunction with the MLGA, EMI facilitated a participatory process for each MPT and the local community to develop a statute that would

conform to the law and meet their specific needs. RTI completed draft municipal statutes for all but Severna Mitrovica/Mitrovicë Veriore.

- 2010 Budget Request. The MPTs and mayors-elect were required to prepare and submit a budget for the new/enhanced municipality for the 2010 fiscal year. EMI worked closely on technical assistance, guidance, and mentoring to MPT members and staff to prepare a sound budget and financial plan that would meet the community's needs. RTI met with each MPT on the budget and outlined the strategy for preparing their recommendations. Based on the organogram and staffing lists developed earlier, the municipalities were able to determine the operating expenses for the divisions. This information, combined with the classification and coefficients of the civil servants and the investment list, gave the MPTs a good start on the budget. The capital investment plans developed by the MPT served as the basis for capital funding. The MPTs submitted their budget in accordance with MEF deadlines. The MEF rejected the budgets, however, since the numbers of employees they specified exceeded the level mandated by MEF. Over a several-week period, RTI worked almost daily with MPT members (including the mayors-elect) on dealing with the MEF, which wanted to reject the budgets because they violated the employee ceiling established for the new municipalities. The municipalities continued to receive pressure from both the MLGA and the MEF to update their budget submissions and comply with the ceiling. However, most MPTs wanted to keep the budget they had prepared, which was based on an analysis of the competencies they wanted to provide. RTI met with USAID, other USAID contractors, and staff from the ICO to discuss the budget impasse that was developing between the new municipalities and the MEF.
- Municipal Assembly Rules of Procedure. RTI assisted MPTs to establish rules of procedure for their municipal assembly, encompassing issues such as calling and chairing meetings, notifying members, and distributing materials before meetings.
- Community Development Needs Assessment. RTI helped MPTs in drafting a community development needs assessment that aided in identifying the community's greatest needs, as determined by the community itself. The assessment provided the MPT with a quick blueprint for developing programs and/or undertaking investments to build trust in the local community. Community members obtained experience in community participation, a hallmark of local democracy. Funds already set aside were allocated to start specific activities and generate immediate successes that could lead to a functioning municipality, accepted by the local citizens. In some municipalities, RTI helped the MPT hold evening meetings with citizens in several different locations. In others, RTI helped the MPTs gather leaders in the community to meet and discuss critically needed services. In all cases, these community assessments led to the development of the municipal capital investment plan.
- Development of Capital Investment Plans. RTI provided training and advice for the MPTs to develop their capital investment plans. The process, which often required three to four full days of meetings, allowed the MPTs to finalize their plans. These meetings began with a review of needs that had been identified by the citizens during the community development needs assessments. Between 60 and 100 capital projects from the list were identified and prioritized for each municipality. The projects covered all competencies of the new municipalities and were ranked in order of priority. In addition, each MPT was asked to identify projects that could be implemented quickly and would be eligible for funding from the Task I Incentive Fund. Eventually, these capital investment plans were endorsed by the newly elected mayors and assemblies and became the first capital budgets for the new municipalities.
- Improving Service Delivery. RTI helped municipalities determine what needed to be done to begin collecting property taxes and, until a process became established, how property taxes would be collected on their behalf. All of the needed steps centered on creating a municipal property tax office and supplying appropriate training. To establish such an office, it had to

become certified by the Property Tax Department of the MEF. This was accomplished by setting up the property tax systems in the municipality and putting in place ministry-provided training to implement the systems. All new municipalities hired appropriate personnel.

- RTI created a standardized work plan dedicated to the municipal competency for education. The plan demonstrated all of the functions and requirements necessary for a properly functioning municipal education component.
- RTI conducted assessment meetings for OSR, other than for the property tax, with all the new municipalities. The assessment was used to determine the stage of each municipality in implementing the systems needed to start collecting OSR. In most cases, these systems had not been established, and RTI served as the chief advisor in assisting with the implementation of the needed procedures. By the end of the project, almost all new municipalities had successfully created OSR systems and were anticipated to begin collecting OSR soon.
- RTI assisted in developing inter-municipal agreements, whose implementation effectively removed the competency from the mother municipalities, requiring citizens to go to the new municipalities to receive services. Moreover, with the full implementation of the inter-municipal agreement, service delivery will be further enhanced through training and mentoring of staff by ministries, as well as through completion of certification processes for the municipal property tax office and the Municipal Community Officer (MCO).
- RTI prepared several detailed financial analyses for the provision of public utilities in the new/enhanced municipalities. These included a comparative cost analysis of contracting for or publicly providing solid waste collection, snow removal, and road grading. The analyses showed that the municipalities could save resources by providing the services themselves and led to the purchase of solid-waste vehicles for the municipalities and a road grader for Ranilug/Ranillug. RTI also conducted a financial analysis of municipalities' assuming the full scope of solid waste services. As contracts with private solid waste providers began to expire, RTI arranged to have the current EMI-funded solid waste contracts extended for three months, at a declining payment schedule, and timed with the delivery of solid waste vehicles to the new/enhanced municipalities. Municipalities needed to have equipment, operations, and administration up and operational. The financial analysis took into account how this would best be accomplished and determined the necessary fee structure. RTI worked with four municipalities to develop solid waste service plans and created a solid waste financial plan that had three key functions: (1) to be used for the financial structure of solid waste utilities; (2) to serve as the basis for financial stress-tests for analyzing revenues and expenses; and (3) to be expanded for use in all public enterprises/utilities. A detailed explanation of each line item and the overall methodology of the plan was presented to all new/enhanced municipalities (except Parteš/Partesh), and the plan was given to mayors and cabinet members to help develop their public enterprises/utilities.

Additionally, RTI initiated a solid waste performance measurement project to determine if the current configuration of services was meeting the needs of the community. This consisted of interviewing citizens, businesses, and government officials. This information would be used to more accurately customize municipality-provided solid waste services when the existing solid waste contracts expired. Although not comprehensive, the data collected provided insights into service delivery performance that can be used for determining future rate structures and creating new municipal services.

Finally, RTI produced and presented customized financial plans for solid waste collection services to Gračanica/Gračanicë, Klokot-Vrbovac/Kllokot-Vërboc, Novo Brdo/Novobërdë, Parteš/Partesh, and Ranilug/Ranillug. The detailed financial plans incorporated all aspects of operating a public enterprise. Each plan was presented to the respective municipality in a work session environment. This allowed

municipal officials to provide input to further tailor the plans to meet their specific circumstances. Each plan consisted of the following:

- Income statements (monthly and annual);
- Revenue and expenditure analysis;
- Net operating income determination;
- Cash flow analysis;
- Recapitalization analysis;
- Net present value comparisons; and
- Detailed operation and maintenance analysis of capital outlays.

2.2.3 Assisting the MLGA to strengthen outreach and cooperation between the new municipalities, the existing municipalities, and the central government in order to strengthen ties between the new municipalities and Kosovar institutions.

RTI's third area of emphasis involved the Working Group for the Establishment of New Municipalities. The WGENM was the principal working group at the MLGA for strengthening outreach and cooperation between the new and existing municipalities and line ministries. RTI was a member of this committee throughout most of the three years of EMI. The WGENM determined the process of establishing new municipalities and, specifically, the process around creating MPTs and the vehicle for coordinating different initiatives. RTI provided technical assistance to the MLGA in preparing the terms of reference for the MPTs, which in turn guided the creation of MPTs and their scope and composition.

The Minister of the MLGA often chaired these meetings and made ad hoc decisions concerning what needed to be done to address issues arising from attempts to support new municipalities. He also made numerous requests to RTI to assist him and the committee. Most of these requests were for planning documents, action plans, and status reports. Overall, the MLGA played a less active role during the time the new municipalities were being formed and took a limited role in guiding decisions.

Achievements

- Upon the request of the Minister of the MLGA, RTI prepared numerous status reports on EMI's investments in the new municipalities, including the process and techniques that were used to identify and develop high-priority projects. A report entitled *Immediate Investments in the New Municipalities of Kllokot/Klokot, Gračanica/Graçanicë, and Ranilug/Ranillug, and the Expanded Municipality of Novo Brdo/Novobërdë* was prepared and sent to the MLGA.
- RTI briefed the MLGA and the WGENM on the progress of the MPTs and discussed future activities. The WGENM wanted to develop a plan for the new municipalities for actions that would take place after the elections. RTI submitted such a plan to the MLGA.
- RTI provided other technical assistance to the MLGA for the new municipalities and met frequently with MLGA officials to discuss issues and to offer guidance. Very often, RTI's advice was incorporated into the ministry's actions. Some examples of these actions are as follows:
 - Transfer of cadastral and all other records from mother to daughter municipalities;
 - Finalization of municipal boundaries;
 - Provision of municipal facilities;
 - Property tax administration;

- Overall cooperation between mother and daughter municipalities;
 - Initiation of meetings to discuss transfer of authority from mother to daughter municipalities;
 - Collection of OSR;
 - Capital project completion; and
 - Compliance with own competencies.
- RTI provided much-needed assistance to the MLGA on the full and proper implementation of the Competencies Transfer MOU, as described above (section 2.2.2, Achievements). The MLGA was responsible for this task. One week after the MOU was executed, RTI contacted the Ministry to begin the implementation process. At that time, based on the Ministry's response, it was clear that implementation would not be smooth. After a couple more weeks of RTI-led advocacy, the MLGA created an MOU implementation group that met twice per month.

At the request of Ministry staff, RTI created a simple MOU Implementation Plan designed to organize the competencies transfer. It was completed, translated, and distributed and had a clear path to implementation purposely designed into it (which RTI was advocating). During successive meetings, however, the MLGA did not take action and implementation suffered. In the end, the plan was not utilized.

2.2.4 Managing an Incentive Fund for service or infrastructure improvements in the new and mother municipalities.

An Incentive Fund of US\$1.5 million was included in the EMI task order to assist in standing up new municipalities likely to begin with very little basic physical infrastructure, offices, services, or equipment. However, use of the funds was not permitted by USAID until there was a possibility for



In the interest of encouraging voter turnout, EMI assisted new/enhanced municipalities with high-profile infrastructure improvement projects during the lead-up to their first local elections. These photos are before-and-after pictures of school generators for a village within Gračanica/Gračanicë.

low voter turnout or boycott would constitute a serious setback for those promoting the Ahtisaari Proposal. In working group meetings with USAID, US Embassy, and USAID implementers, RTI suggested a practical three-phased strategy that could motivate the voters and facilitate the MPTs' project preparation.

the new municipalities to be formed in Year 3. RTI used the Fund to assist new municipalities in becoming functional as quickly as possible. RTI relied on the community development needs assessment to begin planning of expenditures, allowing the new municipalities to identify their most pressing organizational and community needs in the quickest possible time and resulting in immediate successes the community could see.

Once the date for elections for new/enhanced municipalities had been publicized, the US Embassy decided to use all available resources to encourage citizens in these communities to vote. A

First, MPTs, with the aid of their community members and assistance from RTI, would identify a number of high-priority small investments in their communities that could improve basic municipal services. These would be a combination of investments that could be implemented quickly (within a few weeks), were highly needed, would be highly visible, and would have a broad impact—affecting the largest number of people possible. Second, RTI would use Incentive Fund resources to complete these selected projects *before* the elections took place. Third, US Ambassador Christopher Dell and USAID Mission Director Patricia Rader would inaugurate these projects in one media event after another, drawing attention to the promising future for the citizens living in these new municipalities and underscoring that participation would lead to municipalities that made decisions to improve the quality of life.

Through a series of workshops and community meetings hosted by MPTs in five targeted new/enhanced municipalities, over 375 critical investments were quickly identified and prioritized. These included (first-time) solid waste service, safe drinking water, household electricity, paved roads, and updated computer equipment and playgrounds for the schools. Working with the MPTs, RTI was able to identify 44 of these investments that were visible, had broad impact, and could be implemented quickly and with available Incentive Fund resources.

During the weeks leading up to the elections, Ambassador Dell, Deputy Chief of Mission (DCM) Michael Murphy, and Mission Director Rader passed through the new municipalities inaugurating the new investments, with each visit accompanied by extensive media coverage. The daily news was often flooded with speeches, photos, and interviews of these US Government representatives talking to the residents of the new municipal areas, and answering questions from them and journalists. By using forceful and positive messages to citizens in these areas that the new municipalities were real and already beginning to make a difference, the US Government urged local citizens, particularly Serbs, to participate and decide who should represent them.



USAID Mission Director Patricia Rader and the MPT of Klokot-Vrbovac/Kllokot-Vërboc at the ceremony to present a collection of new solid waste containers purchased via an EMI Incentive Fund grant.

Successful elections were then held in five new/enhanced Serb majority municipalities during the third year of the EMI contract. The approach taken by the US Government to use Incentive Fund resources to encourage the Serb electorate to participate in elections proved successful in standing up these new municipalities.

Following the successful elections, USAID directed RTI to begin working with the municipality of Štrpce/Shtërpçë to identify additional projects that would also qualify for Task I Incentive Fund financing.

Achievements

- The implementation of the Task I Incentive Fund (see Tables 1 and 2 below) took place during the last year of the project and often under rushed conditions. Implementing the projects included the following major steps:
 - Obtaining input from members of the Serb-majority communities to identify community needs and to engage them in a participatory process;
 - Conducting training with representatives of the Serb-majority community (MPT members) on identifying, evaluating, and prioritizing community needs;

- From a list of projects, selecting a subset of highly important projects that would be eligible for Incentive Fund support;
 - Conducting an environmental assessment for each construction-related project;
 - Procuring goods and services for each project;
 - Monitoring project implementation and results; and
 - Conducting “opening ceremonies” for most projects that involved the US Ambassador, the DCM, and/or the USAID Mission Director, and numerous media organizations.
- **Community Participation.** RTI incorporated a community participation component into the development and prioritization of each new community’s list of investments. For some communities, this was the first time in recent memory that members of the community were being asked their opinions about what improvements were needed, thus introducing and reinforcing the principles of local democracy.
 - **Direct Benefits from Community Improvements.** The projects implemented in the new Serb-majority communities addressed basic needs. An assessment made by RTI revealed that basic services and needs had not been addressed by the Serb government in Belgrade or by the Kosovo government. The provision and maintenance of basic services, such as water, electricity, school equipment, roads, solid waste collection, local roads, and public health equipment had been neglected and resulted in substandard living conditions.
 - **Political Outcomes.** The process of participating in community activities, such as in community meetings that would influence investment decisions, introduced community leaders and citizens to the form of decentralized local governance that was being practiced in Kosovo, and offered them an opportunity to experience participatory governance for themselves.

Table 1. Summary of Task I Incentive Fund Awards, by Municipality

Municipality	Number of Investments	Total Award (\$\$)	Percent of Total
Gračanice/Gračanicë	12	362,333	23.4
Novo Brdo/Novobërdë	7	212,833	13.7
Ranilug/Ranillug	4	234,958	15.2
Klokot-Vrbovac/ Kllokot-Vërboc	9	229,333	14.7
Parteš/Partesh	12	244,527	15.8
Štrpce/Shtërpçë	3	258,618	16.7
Severna Mitrovica/ Mitrovicë Veriore	1	7,500	0.5
TOTAL	48	1,550,102	100.0

Table 2. Summary of Task I Incentive Fund Awards, by Investment

Investment Purpose	Total Award (\$\$)	Percent of Total
School facilities	238,600	15.4
Solid waste collection	791,328	51.0
Roads, sidewalks, maintenance	190,500	12.3
Web communication, citizen centers	79,500	5.1
Water and electricity	49,500	3.2
Economic development, green markets	157,474	10.2
Public health equipment	43,200	2.8
TOTAL	1,550,102	100.0

3.Task 2 Objective: Assist the central government in creating the legislative framework for decentralization and providing better guidance to, oversight of, and compliance with the relevant laws by municipalities

At the outset of EMI, and largely due to the lack of an international agreement on Kosovo's political status, the legal and regulatory framework that defines relations between governments at the central and local level in Kosovo had not yet been fully determined. Early in 2007, the Assembly of Kosovo had fully endorsed the Ahtisaari Proposal. As described in Section I, this proposal laid out a new legal framework that included decentralization provisions. However, Kosovo and Serbia never reached an accord around the Ahtisaari Proposal, and negotiations to broker a status settlement agreement ultimately failed in December 2007. On February 17, 2008, Kosovo declared unilateral independence and adopted a



Much of Task 2 focused on analyzing existing legislation and assisting with drafting of various new and revised legal documents. These municipal officials were attending a workshop on amending the Law on Local Self-Government in order to prioritize proposed changes to the law.

Constitution. It also pledged to implement the Ahtisaari Proposal itself. As the Ministry responsible for drafting and implementing the key pieces of decentralization legislation required by the Ahtisaari Proposal, the MLGA was faced with significant responsibilities.

3.1 RTI's Approach and Achievements, Task 2

During the three years before EMI, USAID's Local Government Initiative program provided considerable support to the MLGA. Numerous LGI-drafted policy papers helped the MLGA to lay the foundation for new laws and secondary legislation. LGI also provided technical advice during the final status settlement negotiations, enhanced departmental capacity, and improved internal organization and management. With the unilateral declaration of independence, and with the adoption of a Constitution and support from the US Government, RTI was directed to move ahead and to assist the MLGA to adopt numerous laws and other formal legislative documents.

RTI's principal counterpart for implementing the Task 2 Objective was the MLGA. The basic approach was to build up MLGA's legislative, training, management, and oversight capabilities while simultaneously accomplishing the two goals laid out in the Task Order: (1) help create the required legal and regulatory framework for decentralization, and (2) improve municipalities' compliance with applicable laws.

Initially, the MLGA suggested that the MLGA Planning and Development Office was the best place to locate research and analysis capability. RTI worked with the Minister and the Permanent Secretary to build the capacity of this office. During the course of EMI, however, the MLGA reorganized itself several times to adjust to changing situations. RTI continued to adjust to support these new departments.

The MLGA had limited ability to oversee municipal compliance with the law. The problem of ensuring municipal compliance with central government legislation was complicated by a number of factors. While undoubtedly there were instances of deliberate noncompliance, more often municipalities failed to carry out the law because of misinformation, negligence, or lack of knowledge or funds. At times, local authorities lacked understanding of the importance of some of the provisions in the new law, or lacked respect for legal provisions they felt were imposed upon them by international organizations. One instance serves well to exemplify the problem. When the new Law on Local Self-Government was adopted, senior municipal staff members were forbidden to serve also as assembly members, a common practice that provided these staff members not only with double pay but also with an immediate conflict of interest. The previous law allowed for it; the new law forbade it, even though these individuals already were serving as elected representatives from previous elections. In some cases, these individuals resigned; but in most cases, they held on to their assembly posts until new elections. Municipal compliance was not only, or even primarily, about policing. Rather, the MLGA needed to develop effective, fact-based tools that would serve to inform the central government *and* municipalities about where they stood, both in absolute terms and relative to others, in carrying out the laws and delivering municipal services.

Although the MLGA had the authority to collect information on municipal compliance with laws and Administrative Instructions (AIs), it needed assistance with developing systems for collecting relevant information and analyzing it. During the EMI project, RTI launched a large effort to assist with this activity and found the municipalities to be willing partners. The strategy involved working collaboratively with municipalities and the MLGA to devise a monitoring program that was fact-based, used relevant and existing information, and was useful to municipalities and the MLGA. Some of the work in this area related to performance management of service delivery was shifted over to the Task 3 Objective and is reported there under the topic of performance management.

Part of RTI's strategy was to boost cooperation between the MLGA and the AKM to allow municipal interests to be heard and taken into consideration by the proper institutions. This strategy included using RTI's training plan as a way to bring the MLGA and AKM closer together in explaining the new legislation and best practices to the local governments. RTI strategy also included new programming designed to increase Kosovo Assembly members' knowledge and understanding about decentralization and local government reform. It specifically sought to provide information and technical guidance, through the MLGA, to the Assembly committee that is charged with decentralization and local governance oversight.

USAID and RTI delineated two separate components under the Task 2 Objective:

- Facilitate a process leading to the completion of the local government and decentralization legal and regulatory framework, including effective secondary legislation; and
- Strengthen the central government's ability to better assist, oversee, and coordinate with municipalities in the implementation of and compliance with relevant legislation.

3.1.1 Facilitating a process leading to the completion of the local government and decentralization legal and regulatory framework, including effective secondary legislation.

Assisting in the Transition

During the period leading up to the formation of a new government, RTI made several important contributions that assisted in the transition to decentralized local governance. These included the following:

- Advising the MLGA on Regulation Amendments of UNMIK. RTI developed the Explanatory Charter for UNMIK Regulation 2007/30, amending UNMIK Regulation 2000/45 on Self-Government of Municipalities in Kosovo. The MLGA printed 30,000 copies of the

Explanatory Charter for UNMIK Regulation 2007/30 and distributed it to all Kosovo municipalities. The Explanatory Charter clarified the changes in the municipal administration introduced by UNMIK Regulation 2007/30, specifying the new executive role of the municipal mayor. The EMI Task 2 team identified a set of 13 issues in the provisions/areas of UNMIK Regulation 2007/30 that required further clarifications through Administrative Instructions.

- Contributions to the Decentralization Road Map. RTI contributed to the Decentralization Road Map process of the UN by researching and writing a series of seminal papers on decentralization issues. The steering committee was composed of representatives from the MLGA, the Office of the Prime Minister, and the AKM, as well as international organizations that included USAID, the Organization for Security and Co-operation in Europe (OSCE), the International Monetary Fund (IMF), the United Nations Development Programme (UNDP), and others. RTI wrote several issue papers that covered the following issues: (1) *Legislative Framework of Decentralization in Kosovo*; (2) *Local Leadership Capacities and Relations with Citizens*; (3) *Municipal Administration, Organization, Human Resources, and Performance-Based Management*; and (4) *Future Challenges of Local Government, Changes to the Legislative and Institutional Framework Introduced by the Promulgation of UNMIK Regulation 2007/30 on Self-Government of Municipalities in Kosovo, Decentralization Road Map Action Matrix*.

On January 9, 2008, a new government took office in Kosovo and RTI introduced the EMI project to the new Minister of Local Government Administration and the new deputy ministers. RTI quickly developed a strong professional relationship with the new senior officials of the MLGA and cabinet members. Dramatic changes were introduced to the local governance system in Kosovo, with the form of local government being changed significantly through the introduction of UNMIK Regulation 2007/30. In addition, local government elections were held under a new format, which, for the first time, provided for the direct election of municipal mayors.

RTI understood that the MLGA would need assistance in understanding the new responsibilities of local governments and the relationship between municipalities and the central government. RTI provided significant assistance during this transition in a number of ways:

- RTI prepared documents and briefings for the staff of the MLGA on the implications of UNMIK Regulation 2007/30, with particular emphasis on how the changes would affect local administrations. RTI conducted two large sessions for the MLGA directors of the Monitoring, Legal, Administration, and Budget and Finance departments with 70 persons each, and then two small study sessions with 10 persons attending. New materials were prepared for these sessions, including an Explanatory Brochure, and a Structure of Local Government Chart developed by RTI.
- RTI also provided extensive advice to the Minister and new cabinet on the following:
 - Status of the new local government laws drafted by the MLGA;
 - Establishment of new local government administrations based on local elections;
 - Establishment of new municipalities according to the Ahtisaari Proposal;
 - Status of PMUs; and
 - Future and continued cooperation between the MLGA and RTI.

Supporting Strategic Planning for Decentralization

USAID assistance through the EMI project was instrumental in enabling the MLGA to take the lead in planning for decentralization. Soon after the national elections, RTI helped the MLGA revise the Action Plan on the Implementation of Decentralization (known more commonly as the

Decentralization Action Plan), a comprehensive strategy for implementing decentralization in the current context.

- RTI helped draft the Action Plan that proposed the establishment of the Inter-ministerial Decentralization Group and five working groups: (1) legislation, (2) transfer of competencies, (3) establishment of new municipalities, (4) decentralization awareness campaign, and (4) capacity building. The central government decided to establish the IDG pursuant to the Minister's request and fully endorsed the revised Action Plan. The MLGA's readiness in planning for decentralization was even cited by the European Commission in its annual progress report to the European Parliament. The MLGA was the only ministry in the government that had a detailed plan for the implementation of the Ahtisaari Proposal.
- RTI established itself as an integral support factor within the MLGA by working closely with numerous MLGA departments, and made contributions to many of their achievements. At the request of the MLGA, RTI worked with the following working groups of the IDG:
 - Working Group on Reform of Legislation. This group identified potential conflicts between existing laws and the new LoLSG.
 - Working Group on Transfer of Competencies and Resources. This group reviewed all applicable legislation for municipalities and determined the existing status of all competencies. The working group also produced a report on civil documentation, discussed the current health-related functions of central institutions, and received a report from the commission of municipal legislation experts. Several ministries used this group to propose competencies to be transferred to municipalities.
 - Working Group on Capacity Building and Donor Coordination. This group coordinated the capacity-building activities and donor coordination for (1) infrastructure, (2) capacity building of human resources, and (3) donor coordination.
 - Working Group for Establishment of New Municipalities. This group helped usher in the work on establishing new municipalities called for in the Ahtisaari Proposal, including financial cost estimates for the new municipalities and capital investment needs.
 - Working Group on Information Campaign for Decentralization. This group was responsible for raising citizens' awareness about decentralization. Their work included meeting elected members of municipalities and citizens, holding public forums with citizens, and conducting debates and roundtables.
- RTI assisted in the compilation of laws affecting municipal competencies. This task involved participating in all activities of the intra-MLGA working group on assessing existing Kosovo legislation that conflicted with UNMIK Regulation 2007/30.

Assisting in the Completion of the Legal/Regulatory Framework through Draft Laws, Policy Papers, and Administrative Instructions

Following the unilateral declaration of independence and adoption of a Constitution, careful planning and sequencing of decentralization was needed to finalize the intergovernmental legal and regulatory framework—creating the necessary legal basis for the municipalities to fulfill their competencies.

To this end, and throughout the EMI project, RTI assisted the MLGA in preparing draft laws and AIs on local self-government. RTI participated in the drafting process of the basic laws for decentralization as required under the Ahtisaari Proposal provisions, helping draft the actual language and mentoring the MLGA Legal Department. By the third year, the MLGA also asked RTI to continue its assistance in drafting and amending the primary legislation and the implementing regulation. In addition to this, RTI concentrated its efforts on increasing the capacities of the MLGA Legal Department to draft and analyze legislation. RTI also emphasized more closely monitoring newly developed laws for possible inconsistencies with the LoLSG and assisted in developing model

regulations to help municipalities complete their regulatory frameworks in accordance with the laws. Notable contributions were made in the following laws, AIs, and policies.

Contribution to Laws:

- Law on Local Self-Government. RTI was the primary advisor in drafting the LoLSG, which covers general provisions on the status of municipalities, the set of municipal competencies (own, enhanced, and delegated ones), the principles of local finance, and central and local government relationships. It is considered a primary law and the cornerstone of decentralization in Kosovo.
- Law on Municipal Boundaries. RTI was the primary advisor in drafting the Law on Municipal Boundaries, which covers territorial delineation, including the cadastre zones of municipalities.
- The Law on Local Elections. This law was also drafted by the MLGA with RTI assistance, and it includes provisions such as voters' eligibility criteria, rules and procedures for campaigning and organizing local elections, and the term for municipal assemblies and elected mayors.
- Law on Local Government Finance. RTI participated in the working group created by the MEF to assist the IMF in developing a draft of the Law on Local Government Finance (LoLGF). The working group provided the final draft of the law to the government on February 29, 2008, and it was adopted the following week.
- Law on Public Financial Management and Accountability. RTI served as a member of the Law on Public Financial Management and Accountability small working group. RTI prepared a memo to cross-check the amendments of the Law on Public Financial Management and Accountability, the draft LoLGF, and Article 8 of the Ahtisaari Proposal, which addresses local finance.
- The Draft Constitution of Kosovo. RTI provided comments on the draft Constitution of Kosovo and proposed an amendment to its chapter on local government. The amendment is based on Article 2.3 of the new LoLSG, which states that "Special legislation may grant a special status to other cities."
- Law on Police. RTI was asked to provide comments on the compliance of the Law on Police with the Ahtisaari Proposal, especially Article 41, and the LoLSG. RTI's response provided an assessment of compliance/noncompliance and its consequences for the enhanced participatory rights of the municipalities where Kosovo Serb communities are in the majority; these communities needed to be consulted in the selection process for local police station commanders.
- Law on Local Referenda. The MLGA requested the assistance of RTI to draft a Law on Local Referenda. RTI developed a concept paper on local referenda and later participated in an internal working group on drafting the Law on Local Referenda. This law enhances citizen participation in local government issues and enables citizens to express their will directly, not just through elected municipal officials.
- Law on Public Debt (municipal borrowing section). The MEF established a working group on drafting a Law on Public Debt, which included representatives from the central government, municipalities, the AKM, the central bank, and RTI. This law regulates the issuance of debt by public institutions. After a debate about whether it would be appropriate for the young Kosovo municipalities to borrow at that point in time, the group decided to maintain the right of municipalities to borrow, but to introduce additional borrowing requirements, to limit the misuse of such right by municipalities. RTI and the ICO prepared language that requires municipalities to have an unqualified or qualified audit before they can borrow.

- Law on the City of Pristina. RTI was invited to participate in a working group composed of the MLGA, the mayor of Pristina, and other advisors to the Minister, to develop the Law on Pristina. The group reviewed the various models of territorial organization of metropolitan cities and the potential intercity arrangements. RTI objected to the draft law because it would make the mayor the head of the municipal assembly (unlike other municipalities) and give special authorities to the city. At the close of the EMI project, the law had not been passed.
- Law on Inter-municipal Cooperation. RTI participated in the review of the Inter-MLGA Working Group on the Draft Law on Inter-municipal and Transfrontier Cooperation. At the request of the MLGA, RTI reviewed and provided comments on the UNDP policy paper on inter-municipal cooperation. RTI commented that the law was not needed and did not add any benefits to the already established powers of municipalities that had been granted in the Constitution and the LoLSG. AKM agreed with this position and the law was withdrawn.
- Law on Publicly Owned Enterprises. RTI staff reviewed the Law on Publicly Owned Enterprises (LoPOE) for compliance with the Ahtisaari Proposal and other constitutional and legal provisions relevant to public services offered by municipalities. RTI wrote a legal memorandum that was shared with the working group, USAID, and other donors on the noncompliance of the Law on Publicly Owned Enterprises with the Ahtisaari Proposal and constitutional and legal provisions relevant to the public services offered by municipalities.

RTI also conducted research on the creation of local POEs. EMI developed an outline of the process for creating a local POE; however, because very few new POEs had been created, there appeared to be a lack of precedent, and the process was subject to various interpretations and potential disruptions. Additional legislation may be needed to standardize the process for creating local POEs. In the meantime, RTI provided a basic outline for municipalities to use when considering POE creation.

- Law on Management of Municipal Property. RTI participated in the Working Group on Drafting the Law on Management of Municipal Property. The Kosovo Agency for Privatization (KAP) was trying to find an efficient way to address numerous disputes that had arisen with municipalities over the long-term lease of socially owned properties, preferring to amend the UNMIK Regulation 2006/05 on Land Swaps, which would address the long-term lease problems, and forward the draft amendments to the Ministry. RTI cautioned the members that the law touched upon many existing laws, such as the Law on Procurement and the LPFMA, and noted conflicts with other pieces of legislation. RTI also helped the Legal Department to prepare a revised draft with a view at narrowing the scope of the law to avoid inconsistencies. At the end of the EMI project, the matter was still pending resolution.
- Revision and Analysis of the Law on Local Self-Government. In Year 3, the Minister of the MLGA requested several senior MLGA officials to review the LoLSG, with the assistance of RTI and AKM, and put forward recommendations for changes and additions. RTI considered this a good opportunity to advise the MLGA's Legal Department about developing a consultative process when revising an important piece of legislation. In this advisory note, RTI proposed that the MLGA:
 - conduct a gap analysis;
 - consult with AKM; and
 - set forth a proposed a timeline for the consultative process to ensure that the amendments would become effective before the local elections were held.

RTI prepared an *Analysis of the Conflicting Provisions and Other Issues in the LoLSG*, which looked at some of the gaps in the LoLSG, ambiguities, conflicting provisions, obstacles to its

implementation, and recommended additions and changes (where necessary). The gap analysis was intended to start the consultative process and enable the MLGA to make an informed decision on how to proceed with amending the law. RTI worked closely with the MLGA Legal Department officials to develop and implement a plan for the MLGA's two consultative meetings with municipalities. RTI coached the MLGA staff to help them fully prepare for the sessions and to make the events successful. Very lively and useful discussions took place during both meetings.

The consultative sessions raised several issues that required additional research. During the process of amending the LoLSG, the MLGA requested that the Legal Department carry out research on the division of powers in other countries so that comparisons could be made and best practices examined. RTI helped the MLGA's Legal Department conduct this research and drafted a paper on how local government is organized in Macedonia, Slovenia, Estonia, and Norway. RTI also assisted the MLGA's Legal Department to conduct research on contradictions of the LoLSG with other laws.

Different from the conclusions of the consultative meetings, which recommended strengthening the role of the council chairpersons, the MLGA proposed amendments that would abolish the position and strengthen the authority of the central government to suspend municipal acts. At the request of USAID, RTI prepared a policy paper critiquing the proposed amendments to the LoLSG. In March 2010, RTI learned that the amendments to the LoLSG prepared by the MLGA were not endorsed by the GoK. At the end of the EMI project, the matter had not been resolved.

Administrative Instructions and Secondary Legislation:

RTI also supported the drafting of Administrative Instructions to the existing and new laws, aimed at clarifying the provisions and requirements of the primary legislation for the municipalities, especially after the promulgation of Regulation 2007/30, amending UNMIK Regulation 2000/45, and with the promulgation of the new LoLSG and other new laws. Throughout the process of developing new AIs and revising old ones, RTI worked closely with the MLGA's Legal Department in formulating this work. In all, eleven Administrative Instructions were revised or drafted.

Policy Papers:

RTI developed numerous policy papers in the course of drafting laws, Administrative Instructions, and policies. The papers generally consisted of a comparative analysis, drawing lessons from other countries in the region or in Europe. The following policy papers facilitated completion of the local government and decentralization legal and regulatory framework and provided the MLGA with information on which to take policy positions.

- Policy Analysis of the Effect of the Ahtisaari Proposal on Resolution of Disputes Between Central and Local Government
- Concept Paper on Local Referenda in Kosovo
- Comparative Overview of Local Government Ministries in the Region and Abroad
- Comparative Overview on the Advantages of Kosovo Local Government
- Paper on the Consultation Mechanisms Between the Local and Central Authorities
- On Strengthening the MLGA's and Mayors' Roles in the Grants Commission
- Media Communication Guidelines
- The Legal Consequences of the Announced May 11 Elections in Kosovo

- On Public Perceptions on Decentralization
- Studies on the Financial Autonomy of Municipalities, 2007–2009
- Study of the Impact of Employment Ceilings on Municipal Effectiveness.

3.1.2 Strengthening the central government’s ability to better assist, oversee and coordinate with municipalities in the implementation of and compliance with relevant legislation.

Strengthen the MLGA’s Research and Analysis Capability

The MLGA required strengthening of its research and analysis capacities to generate the information needed for the legislative process and for monitoring. RTI’s policy paper, *MLGA Research and Analysis Capability Assessment*, presented an assessment of the MLGA’s current level of expertise and capacity to perform research and analysis on local government issues. From this paper, RTI developed a strategy for coaching and training MLGA departments and divisions on research and analysis skills. RTI supported MLGA’s divisions through theme-oriented workshops, as well as on-the-job coaching. RTI held a series of these workshops addressing the following areas:

- How to conduct research;
- Effective writing;
- How to write high-level reports;
- Comparative analysis; and
- Legal writing and reasoning.

RTI had initially planned to hold coaching sessions only for newly recruited staff members, but the MLGA’s directors requested that the coaching session on research and analysis be held for all key staff members in the MLGA’s three departments related to RTI’s work: the Legal Department, Department of Local Self-Government, and Department of Reforms and European Integration. Upon the directors’ request, RTI presented the program to give participants a combination of theoretical knowledge and practical group exercises by guiding two groups in conducting research and preparing reports on two specific research papers emanating from the MLGA’s Midterm Strategy: (1) ways to increase local government financial sustainability, and (2) the legal system and local governance in Kosovo.

Accordingly, RTI organized six coaching sessions in Pristina on research and analytical work. These addressed the following:

- How to conduct research: Instructions;
- Examples of local government research, and selection of group-based research topics;
- The writing process;
- Examples of writing styles in local government; and
- Working session on topics of the two research groups.

RTI submitted a *Summary Report on Coaching MLGA on Research and Analysis* to the MLGA Permanent Secretary. The report included recommendations to the MLGA leadership and to the officials on how to improve their writing, research, and analytical skills. RTI also prepared the *Manual on Local Government Research Tools* for the MLGA. The manual provided detailed information on the basic steps in the research process and also gave MLGA officials a set list of contacts for their

counterparts in the region and abroad. In this way, RTI encouraged MLGA officials to break the border barriers in communicating and exchanging information about local government.

Strengthen MLGA's Ability to Monitor Municipal Compliance with Laws, and Improve Municipalities' Compliance with Laws and Ministry Directives

In 2005, LGI assisted the MLGA to monitor and track municipal compliance with the laws and regulations then in force. After that, the monitoring department of the MLGA tried to track municipalities' compliance with the laws by using questionnaires that allowed municipalities to self-report. However, the exercise was limited to monitoring the number of assembly meetings, the number of public meetings held, and other legal requirements deriving mostly from UNMIK Regulation 2000/45. The MLGA used this approach to report compliance every six months. Adequate attention was not paid to other municipal obligations deriving from other laws.

To address this problem, RTI introduced a Municipal Compliance Information Tracking Action Plan that would assist the MLGA to record the compliance of municipalities with the legislation and would track any obligations with which they had not complied. MLGA's role in implementing an effective monitoring model became more important as the new LoLSG was adopted. RTI helped the Legal Department launch and use the tracking mechanism to ensure the uniform application of the legislation by all municipalities. RTI also encouraged the MLGA to use verifiable results. The list below illustrates RTI's compliance assistance to the MLGA:

- Municipal Compliance Action Plan. RTI drafted a Municipal Compliance Action Plan and submitted it to the MLGA Legal Department for review and comments. This document detailed all legal obligations of municipalities according to Kosovo legislation and would enable the MLGA to effectively supervise municipalities' compliance with the legislation in their operations and activities. This Plan specified the legal obligations by subject and by activity, and was divided into three parts: (1) one-time obligations according to UNMIK Regulation 2007/30, (2) ongoing obligations according to UNMIK Regulation 2007/30, and (3) ongoing obligations according to other UNMIK Regulations and Kosovo legislation. The Plan, together with the performance management system (developed and reported under the Task Objective 3 activities below), was intended to assist the MLGA in developing a mechanism for supervising municipalities' legal compliance *and* services provision.
- Municipal Legal Compliance Tracking Mechanism (MLCTM). RTI helped the MLGA draft the tracking mechanism. The MLCTM was designed to help the MLGA monitor operations and activities for municipal compliance with new legislation for local self-government and for decentralization. It consists of 76 obligations deriving from the LoLSG and other sectoral laws, as well as a *short form* of 26 legal obligations emanating from the new LoLSG.
- Municipal and MLGA Guidance. RTI assisted the MLGA Legal Department in developing the initial draft of a guidance document, *Reception and Processing of Municipal Acts by the MLGA*. This document addressed another dimension of monitoring that involved the MLGA Legal Department monitoring municipalities' adoption of their own legal acts (regulations). It now serves as a guide to both municipal and MLGA officials, to help them monitor the legality of these municipal acts. MLGA's Department of Local Self-Government uses this document to streamline its internal procedures for monitoring municipalities. The document covers four main topics: (1) Reception of the Act, (2) Determination of the Competency, (3) Revisions, and (4) Addressing a Reply to Municipalities. Even at the end of EMI the MLGA was continuing to refine the methodology for reviewing municipal acts.

3.1.3 Preparing a series of handbooks on good local governance and providing training for municipal officials in conjunction with MLGA and AKM.

As the MLGA strengthened its capacity to conduct its own research and analysis, RTI assisted by developing and distributing handbooks on the main concepts of local governance that could be used

by the MLGA in its work. RTI, in collaboration with the relevant MLGA department, prepared a series of handbooks to inform the municipal officials of the new legislation with plain (nonlegal) language that may ultimately lead to better municipal compliance with the legal framework. For each title, between 2,100 and 4,100 copies of these handbooks were distributed to elected and appointed local officials, central institutions, and the civil society sector (nongovernmental organizations [NGOs] included). The series of handbooks included the following:

- Compendium on Applicable Legislation for Municipalities. The third edition of this document includes the applicable legislation from the two first editions, the newly enforced laws deriving from the Ahtisaari Proposal, and various items of adopted and amended Kosovo legislation.
- Handbook on the Law on Local Self-Government. RTI redesigned the format and text of *The Handbook on the Law on Local Self-Government*, requested by the MLGA, provides municipal officials, municipal management, and citizens of Kosovo with an explanation of the LoLSG and local government reforms in plain and simple, nonlegal language. The handbook also explains the responsibilities and obligations of the municipalities and municipal bodies, as well as the legal distinctions among own, delegated, and enhanced competencies of Kosovo municipalities.
- Handbook on Local Government Finance. The handbook analyzes and explains the LoLGF, local government finances in general, financial arrangements and requirements for municipalities, the issues of municipal borrowing and commitments, and external and internal auditing. A total of 4,100 copies of the handbook were printed in the Albanian, English, and Serbian languages.
- Handbook on Drafting Municipal Acts. This handbook was prepared to help municipalities improve their legislative processes, given that there was no uniformity in the types and forms of acts issued by the assemblies and mayors across Kosovo.
- Handbook on Municipal Transparency and Citizen Participation in Kosovo. The handbook addresses several topics, such as local transparency, citizen participation, direct democracy, accountability, and anticorruption issues. A total of 3,000 copies of the handbook were printed in the Albanian, English, and Serbian languages.
- A Compendium of Local Government Laws. The compendium includes the following three laws: (1) The LoLSG, (2) the LoLGF, and (3) the Law on Municipal Administrative Boundaries. A total of 3,000 copies of the compendium were printed in the Albanian, English, and Serbian languages.

Establish a Regular Dialogue between the Assembly of Kosovo and the MLGA and Provide the Assembly with Technical Guidance on Local Government Reform

Within the Assembly of Kosovo, the Commission on Local Administration, Public Services, and Media is the body responsible for handling local government items. The Commission's mandate is to coordinate policies for effective and nondiscriminatory civil service, as well as to evaluate the draft laws that affect the public administration and the media. The Commission is also responsible for evaluating standards and services of information technology that need to be used by the government. Notable activities that were achieved in this component include the following:

- RTI held meetings with the Chairman of the Commission on Local Administration, Public Services, and Media on establishing a regular dialogue between the Assembly and the MLGA. RTI and the National Democratic Institute (NDI) facilitated a gathering of the Commission, whereby the Minister briefed the committee on (1) local government reform and the progress of the IDG, and (2) the MLGA's *Annual Report on Monitoring of Municipalities*.

- RTI worked with World Learning to organize a visit to Slovenia by members of the Parliamentary Commission on Local Administration, Public Services, and Media. The visit included meetings with the Slovenian Senate, the Slovenian Assembly, the Ministry of Local Government and Regional Development, the mayor of Ljubljana, and representatives of the municipal associations. The lessons learned from the study tour are expected to enhance the Commission's role in drafting and amending legislation.

4.Task 3 Objective: Increasing the ability of all original municipalities to comply with the decentralization legislative framework and provide better service delivery through increasing own-source revenues and improving democratic processes

At the outset of EMI, the municipalities of Kosovo needed to improve service delivery and comply with the laws. Elections held in November 2007 brought a new local government structure and an almost complete new set of elected officials, and ushered in the direct election of mayors for the first time. Moreover, following the unilateral Declaration of Independence, Kosovo undertook to restructure the local government system again in compliance with the Ahtisaari Proposal. Therefore, as the new Constitution came into force, the new LoLSG also came into being. With this new law, municipalities faced the dual challenge of adapting to the new system (with a cadre of mainly new officials who had little or no previous experience), while also promulgating and updating their own ordinances, policies, and procedures. Through Task 3 activities, RTI aimed to improve municipal performance in legal compliance and service delivery in accordance with these new challenges. Municipal services would be improved by building capacity and also by using the Incentive Fund to motivate municipalities to improve performance.



Under Task 3, EMI trained representatives from Kosovo's existing municipalities in financial planning topics. This group from Gjilan/Gnjilane was learning about capital investment planning.

Although individual municipalities received direct assistance from RTI, the MLGA and the AKM were the national partners in the municipal capacity-building process. They served as the logical foci for all capacity-building coordination efforts at the national level. The MLGA requested RTI to prepare a comprehensive strategy for capacity building for the MLGA and municipalities. RTI believed that capacity-building efforts should focus on true needs as determined by the municipalities themselves.

As an adjunct to the comprehensive capacity-building strategy, the MLGA asked RTI to assist in creating a mechanism for providers of capacity building, both local and international, to serve as a donor coordination tool, but also as an opportunity to spread best practices and help donors and service providers connect. For its part, the AKM requested RTI to identify areas with which to collaborate on municipal capacity development.

4.1 RTI's Approach and Achievements, Task 3

The central concept guiding Task 3 was to build capacity in municipalities (key staff members as well as elected officials), the MLGA, AKM, NGOs, and even citizens to successfully implement decentralization in Kosovo. Through training, mentoring, and leading by example, RTI staff attempted to enhance the capacities of others to function effectively in the critical roles that make up a decentralized system of local governance. This meant that RTI staff would teach others to conduct workshops, lead seminars, write Administrative Instructions, and monitor municipal performance. RTI's counterparts would then see these accomplishments as their own achievements, rather than things RTI had done for them.

The principal local counterparts were the 30 existing municipalities, the MLGA, and the AKM (RTI later added the five new/enhanced municipalities during Year 3 of the project to its regular training program). RTI engaged other ministries as required, but always with the goal to encourage better coordination and cooperation between the MLGA and these ministries.

RTI took steps to develop a formal training program with the AKM and its technical collegia. Recognizing that the largest talent pool of municipal experts lay within these various collegia, and that the problems being addressed in Task 3 were largely technical municipal problems, RTI concluded that the most effective manner of addressing these priority issues was to team with municipal experts in the AKM collegia. For the highest priority technical areas, RTI aimed to collaborate with AKM in using municipal management staff members (a combination of civil servants and department directors) for a capacity-building program. RTI worked with AKM collegia members and other municipal staff in phases of problem identification, program development, development of guidelines, and actual co-training of other municipal staff members (RTI experts working side by side with AKM trainers). In this way, RTI worked with AKM in a more purposeful and strategic framework, providing assistance in key technical areas.

Using a multipronged approach, RTI continued to work collaboratively with all relevant local counterparts to maintain the linkages and systems across partners to ensure greater effectiveness and sustainability. RTI had an office at the MLGA and attended staff meetings for department directors, thus developing a close relationship with the MLGA to build its capacity and create systems for long-term sustainability in capacity building. RTI continued to work closely with the MEF on local finance issues and engaged the MEF in several training programs. RTI also worked closely with the Ministry of Environment and Planning on matters of combating illegal construction.

USAID and RTI delineated six separate components under Task 3, as follows:

1. Building capacity in Kosovo counterparts by putting in place a training delivery system and conducting counterpart-led training initiatives;
2. Assisting municipalities to set performance standards for service delivery, monitor performance, and make improvements;
3. Assisting municipalities to improve own-source revenue collection;
4. Strengthening municipalities' capital improvement planning;
5. Improving municipalities' management of illegal construction; and
6. Using Incentive Fund awards to reward municipalities for compliance with the decentralization framework, improved revenue collection, innovative management techniques, improved service delivery, and increased citizen participation.

4.1.1 Building capacity in Kosovo counterparts by putting in place a training delivery system and conducting counterpart-led training initiatives.

This component was directed toward building capacity and maximizing the efficient use of resources in training among RTI's two principal counterparts: the MLGA and AKM (along with individual municipalities). This capacity building included MLGA staff, to build their capacity to operate in a decentralized system; as well as AKM and municipal officials. RTI developed training to mirror these tracks and worked with the MLGA to devise a comprehensive approach to capacity building and the skills needed to provide training. The approach also helped the MLGA to direct donor efforts in a coordinated fashion to meet municipal demands. This was based on identifying the specific skills and capacities needed by municipal officials. Moreover, the approach prioritized these (across functions and within municipalities) so that RTI and others could direct efforts with greater specificity, effectiveness, and utility to the municipalities. RTI also identified, prepared, and used local trainers to

develop a cadre of trainers with appropriate expertise. The project team delivered a list of all training providers to the MLGA and reported this to the MLGA's Training Providers Forum.

For municipalities, RTI started by successfully assisting in the peaceful transition following the local government elections. Assistance included developing a handbook and providing training and daily guidance on making the early days in office a success. The handbook offered an overview of the basic legislative framework, listed initial steps and tasks required upon assuming office, and presented other useful information and guidance.

Achievements

Assisting in the Transition

At the outset of the EMI project, dramatic changes were introduced to the local governance system in Kosovo. The form of local government was changed significantly through the introduction of UNMIK Regulation 2007/30. In addition, local government elections were held under a new format, which, for the first time, provided for the direct election of municipal mayors.

RTI understood that the MLGA would need assistance in understanding the new responsibilities of local governments and the relationship between municipalities and the central government. The assistance would be needed by all the senior professional staff as well as the new Minister and his deputies. RTI provided significant assistance during this transition in a number of ways, as follows:

- RTI prepared documents and briefings for the staff of the MLGA on the implications of UNMIK Regulation 2007/30, with particular emphasis on how the changes would affect local administrations. New materials were prepared by RTI, including the Explanatory Brochure and Structure of Local Government Chart (noted above in Section 3.1.1).
- Citizens also needed to understand the changed role of municipalities in their daily lives. RTI completed materials for a media campaign and worked closely with the MLGA on the use of the materials. Both television and radio coverage were used to communicate with citizens about the changes in municipal administration brought about by UNMIK Regulation 2007/30.
- RTI recommended that the outgoing municipal presidents be brought together in preparation for handing over their administration in an orderly fashion to the newly elected mayors, resulting in a Municipal Presidents' Farewell Ceremony. The ceremony was attended by 70 officials, including the President of Kosovo, the Deputy Prime Minister, 25 Municipal Presidents, 9 senior government staff, 11 international government advisors, and 20 MLGA senior staff. Dr. Michael Farbman, USAID Head of Mission, was the guest of honor at the ceremony. The Municipal Presidents' Farewell Ceremony was held on the quiet day⁵ prior to the election, and approximately 80 percent of the municipal presidents (including those from different political parties) attended. The event gave the MLGA a chance to express appreciation to the outgoing mayors and to identify the specific responsibility that the outgoing mayors had in ensuring a fluid transition. Moreover, the event highlighted the need for outgoing mayors to meet their civic obligations of transitioning and handing over responsibility. RTI and the MLGA conducted a two-week post-election certification period for the two teams (incoming and outgoing mayors). This post-election certification was conducted through a series of workshops.

⁵ The quiet day is the day preceding elections when no political campaigning is allowed.

Capacity Development in the MLGA

During the course of EMI, the MLGA requested RTI to test their staff on three different occasions to determine staff members' competency and knowledge of local governance and to help in designing training programs for them.



EMI administered pre- and post-training tests to MLGA staff to assess their general knowledge of municipal government operations and to discover areas in which more information and assistance was needed.

- In response to the significant changes in local governance law and the numbers of new staff at the MLGA, the MLGA requested RTI to prepare and administer a test to all MLGA staff to measure their knowledge and understanding of municipal operations in three areas: general municipal management, municipal financial management, and legal responsibilities of municipalities. Firsthand knowledge of municipal government was low. Moreover, the level of knowledge of MLGA staff in municipal governance was low, with almost none of the staff members ever having attended a public hearing or a municipal assembly meeting. The results of this first test varied greatly and demonstrated the following base of knowledge in the three test areas: (1) For **general municipal management**, the procedures for conducting municipal operations were poorly understood. This was particularly true for requirements to hold open meetings, public hearings, and assembly meetings. (2) For **municipal financial management**, the municipal budget development was not well understood. The handling of finances and procurement were particular areas of weakness. (3) For **legal responsibilities of municipalities**, 28 questions received no correct answers from any of the 42 MLGA staff members. Issues that were not well understood included roles of municipal versus central authorities, provision of social services, provision of education services, and financial legislation.
- With test results revealing some basic weaknesses, RTI was requested by the MLGA to provide training and to administer a second test (a retake of the first test). RTI delivered two days of training, in four sessions, for 30 MLGA staff to prepare them to retake the exam. This training reviewed and discussed the questions and answers for the previous exam, but also many of the philosophical basics of local government administration. Central to this training was assisting the MLGA staff to come to a clearer understanding of the meaning and implications of “decentralization” in Kosovo. The results showed great improvement.

RTI recommended that the MLGA professional staff periodically undertake a similar test as a part of their capacity development. RTI discussed the issue with the MLGA Permanent Secretary and Department Directors. The third and final test was requested by the Minister himself, who wanted the professional staff held more accountable for basic knowledge of local governance law and principles of decentralization.

- RTI developed and administered the third test for senior MLGA staff. The test aimed to examine the knowledge of MLGA staff members (department heads and lower) on (1) their general knowledge of the local governance legislative and policy framework guiding the MLGA, and (2) specific knowledge relating to each department. Each department head identified the main laws and Administrative Instructions that guided their departments, and RTI staff selected questions from those documents for the test. Following the Permanent Secretary's guidance, department heads informed their staff members approximately one

month before the test about the documents from which they would be tested, so they could review the material and be prepared. The Ministry was satisfied because, while there was still room for improvement, the results showed a significant improvement from the first tests. The MLGA also stated its intent to use the test results in its annual evaluation of staff members. The results of the third test are shown in Table 3 below.

Table 3. Governance Test Results for MLGA Staff Members

General, Specific, and Total Scores, by Department				
Department	Number of Participants	General Part (% Correct)	Specific Part (% Correct)	Total (% Correct)
Local Self-Government	8	77	54	63
Administration and Finance	14	69	46	56
Legal	3	79	69	73
Procurement	4	45	65	56
Information	2	71	41	54
MLGA Staff TOTAL	31	69	52	59

Strengthening the Leadership within the MLGA and Its Capacity for Training

RTI was successful in promoting participation in and facilitating arrangement of training events delivered by the MLGA. Although RTI provided a limited amount of direct training, substantial efforts were devoted to preparing MLGA staff to conduct training, including assistance in drafting training content. Training events and activities conducted were as follows:

- MLGA Training for Local Government Leaders. RTI helped the MLGA staff prepare for and deliver training programs for local government leaders through six major training events that included a series of combined training programs with the MEF, the AKM, and representatives of 30 training organizations.
- Joint MEF–MLGA Budget Training, Series 1. RTI facilitated the cooperation of the MEF and the MLGA in delivering regional training sessions for municipal mayors, directors, and department heads, and worked with the MLGA staff to prepare them to provide training content and function as co-trainers. RTI designed and delivered sessions on strategic planning, performance measurement, and structures of municipal government.
- Joint MEF–MLGA Budget Training, Series 2. RTI facilitated the cooperation of the MEF and the MLGA in presenting regional training sessions, with the MLGA focusing on the structures of municipal government, particularly new provisions from UNMIK Regulation 2007/30, with RTI- and MLGA-designed training materials.
- AKM–MLGA Training on Participatory Government. This workshop was held to distribute the Participatory Government Manual (developed by the Kosovo LGI and OSCE, with AKM participation), and to promote participatory governance mechanisms with local leaders. Participants in the program included Municipal Information Officers (MIOs) and Heads of Administration.
- AKM–MLGA Domestic Legislation Regarding Local Self-Government in Kosovo. MLGA staff delivered regional presentations on local government legislation for municipal assembly members and municipal staff. These events served to introduce topics related to local government administration to a wide number of newly elected and appointed officials.
- Demonstration of Citizen Service Center (CSC) Software for Senior MLGA and MEF Staff. RTI arranged for the software developers and the CSC Director from Gjilan/Gnjilane

municipality to demonstrate the CSC software. All MLGA directors, the Permanent Secretary, and the Director of the MEF Own-Source Revenue Department attended.

- Working Meeting on Coordination of Capacity Building. RTI designed and the MLGA conducted a Working Meeting on Coordination of Capacity Building that focused on training for communication, collaboration, and coordination. RTI recommended that the MLGA play a more central role in coordinating training directed toward the municipalities, because previously there had been little coordination among training providers, ministries, and donors on training, leading to inconsistent training results, duplication of effort, and “training fatigue” among donors. Representatives from 30 donor organizations, training providers, and ministries attended. This event marked the first time that the MLGA’s new Planning and Development Office had coordinated a multiagency meeting.
- Training for Municipalities on Law on Local Government Finance. RTI helped the MEF and the MLGA conduct a workshop for municipalities in Pristina, providing an overview of the new LoLGF. Representatives from 22 municipalities (including several mayors) attended. The MEF and MLGA gave participants a comparison table showing municipalities’ central government transfers in 2008 and a projected estimate for 2009, indicating a significant increase for all municipalities. The MLGA also gave a brief overview of the UNMIK Regulation 2007/30 and answered questions about the new local government structure.
- Training on New Local Government Legislation. RTI helped the MLGA conduct five regional workshops for mayors and assembly members of all 33 municipalities, with approximately 400 participants in total. Workshop topics covered Chapter X of the Constitution (section on local government), the LoLSG, and the model municipal statute. RTI provided guidance to the MLGA for the training material and supplied all materials distributed to workshop guests, including a booklet containing the LoLSG and Chapter X of the Constitution. The MLGA asked RTI staff to present on the topic of model local ordinances. The workshop sessions were accompanied by extensive question-and-answer sessions, of which local elected officials took full advantage.
- Annual Training Needs Assessment. RTI assisted the MLGA to prepare and adopt into its work plans an annual training needs assessment design, a training strategy and plan, and a training calendar. Collectively, these created an annual comprehensive capacity-development strategy for the Ministry. RTI assisted the MLGA in preparing for the design and delivery of training programs for local government leaders and managers. With RTI-submitted planning assistance and documentation, the MLGA spent its fourth quarters with departmental plans under consideration for inclusion in the 2008, 2009, and 2010 work plans. RTI also helped the MLGA initiate basic data collection about core competencies required of municipal officials, carry out a training needs assessment, and prepare the initial design of a Web page and database.
- Municipal Core Competencies. RTI helped the MLGA identify 50 core competencies required by municipal officials to conduct basic administrative operations and provide public services. Training providers received this competencies list, and RTI used it in meetings and workshops with Kosovo municipal leaders. In cooperation with the MLGA, RTI organized and held five regional workshops on municipal capacity development in Pristina, Pejë/Peć, Gjilan/Gnjilane, Mitrovicë/Mitrovica, and Prizren/Prizren, held in close collaboration with these municipalities, which contributed to the agendas and invitations and served as hosts. Over 140 senior staff attended and offered valuable contributions to identifying the core competencies necessary for the municipal government level, as well as to the training needs assessment for capacity development in the municipalities. The top five core competencies identified were as follows:
 1. Financial management;
 2. Human resource management;

3. Effective budget procedures;
 4. Work of the municipal assembly; and
 5. Local government legal framework.
- New Decentralization Legislation for NGOs and Citizens. RTI assisted the MLGA in providing training to NGO representatives throughout Kosovo, instructing them about the new local government legislative framework and the opportunities this presented NGOs for local engagement. The presentation and the handouts focused on the LoLSG, Law on General Elections, LoLGF, Law on Access to Official Documents, and Draft Law on Local Referenda. RTI coordinated with OSCE and its network of local offices to identify active and relevant NGOs. During the training, RTI cooperated with USAID's Kosovo Civil Society Strengthening Program (KCSPP). The training sessions were attended by 52 representatives from over 40 NGOs from various sectors and the diverse communities of Roma, Ashkali, and Egyptian minorities.
 - Transparency and Citizen Participation – Training for Municipal Assembly Members. RTI assisted the MLGA in providing training sessions for municipal assembly members on the requirements for transparency and citizen participation in previous and new local governance legislation. The presentations and handouts were prepared according to the LoLSG, the Law on Access to Official Documents, the Draft Law on Local Referenda, and the MLGA Administrative Instruction No. 2008/09 on Municipal Transparency. The training sessions, offered in three languages (Albanian, Serbian, and Turkish), were given in five regions, with 334 assembly members from 24 municipalities attending.
 - Consultative Meetings on Amending the Law on Local Self-Government. With the MLGA's Legal Department, RTI facilitated a series of consultative meetings with senior municipal officials to analyze the gaps currently found in the LoLSG, and other issues impeding full and successful implementation of the law. The meetings aimed to help train the MLGA on how to conduct consultative practices leading up to proposing amendments to major legislation.
 - Performance Management Training. RTI conducted training sessions with the MLGA staff on the performance management system and data collection. A total of 11 MLGA staff, mainly from the monitoring and performance evaluation divisions, attended the training sessions, which were held in two parts: (1) introduction to the performance management system and (2) group work on how to collect and integrate municipal data into the new performance management system. Additionally, two senior staff members of the MLGA participated in the 16 training sessions of all municipalities on the performance management system. They were tutored and coached by RTI during the process.
 - Design of a Database for Municipal Civil Servants. At the request of the MLGA, RTI assisted in designing a Web page for incorporation into the existing MLGA Web site that would provide information on municipal civil servants. In addition, this Web page would serve as a tool for training providers for their training activities at the local government level. RTI assisted the MLGA in holding trainings in five regions of Kosovo with the municipal Heads of Administration and Personnel and their designated officials, who now administer and maintain the municipal civil service database for the Web page. MLGA and municipal authorities expressed satisfaction with this initiative and indicated it now serves many purposes by clarifying the number of civil service staff, making correct contact information available to citizens and public officials, and serving as the basis for coordinating training and capacity development.
 - Design a Web Page for Training Providers. RTI assisted the MLGA in designing a Web page and incorporated it into the existing MLGA Web site; this page enables the MLGA to gather information on all donor-provided training activities related to local governance and serves as a tool to coordinate these activities. The Web page was operational by the end of EMI,

and the training providers can access it and incorporate their data. It is now much easier for MLGA to coordinate its training activities and to develop a master calendar of training and capacity building.

- Training Providers Forum. RTI assisted the MLGA in organizing and holding regular monthly meetings of the Training Providers Forum. RTI helped the MLGA prepare the content and design and deliver presentations, as well as hold these meetings. RTI assisted the MLGA in compiling three different types of forms to collect necessary information from the training providers, including background, experience, activities, and planned training for capacity building at the local level of government.

Implementing a Certification Program for Local Trainers.

This component aimed to help create a network and pool of Kosovo professionals who could be tasked with building capacity in Kosovo municipalities that are, or wish to be, engaged in training programs. RTI partnered with the American University in Kosovo (AUK), Training and Development Center, to develop and implement a training-of-trainers program (TOT) that was conducted in three phases. Phases 1 and 2, held at the AUK premises in Grmia, Pristina, focused on the technical aspect of trainings (using various tools and techniques) and various training methods for practicing professionals, as well as a few technical areas important for organizations working with the government (using, creating, and preparing various teaching aids and making presentations).



Under Task 3, a concerted effort was made to train a cadre of local trainers to be available after USAID assistance ends. In this photo a trainee practices by delivering a training presentation.

Phase 3 was completed when RTI worked with the TOT candidates in training municipal officials on performance management. TOT trainees attended training sessions alongside the municipal employees who were being trained on the municipal performance management system, and trainees helped facilitate the small-group workshops and presentations. AUK videotaped all 15 TOT presentations, which were used in the final critical review conducted with the TOT candidates. During a day-long session, trainees participated in a peer review of their videotaped performances, where each trainee's presentation was reviewed and subjected to a critique by AUK professionals and RTI staff. USAID, AUK, and RTI held a certification ceremony for the 15 TOT trainees who had completed the program.

Providing Technical Support to Appropriate AKM Collegia

RTI continued to assist a number of AKM collegia during the quarter, thereby fulfilling its contractual obligations in this regard. RTI assisted the following collegia by helping to establish their annual strategies, aiding in preparing meeting agendas, presenting technical materials for use at their meetings, assisting in their interactions with ministries, and strengthening their roles in meetings with other donors:

- Collegium of Municipal Assembly Chairs
- Collegium of Municipal Legal Officers
- Collegium of Directors for Administration and Personnel
- Collegium of Directors for Spatial Planning
- Collegium of Directors for Budget and Finance

AKM has developed a network of collegia to bring together various department-level directors, similar to local government associations that have been successfully formed in other countries. These collegia offer the opportunity to work in greater technical depth with individual department heads. They can share experiences, provide ready-made training opportunities, serve as trainers, gather input on pending issues, and generally assess needs and determine and improve municipal effectiveness. During Year 2, RTI agreed to supply both intensive and general technical support to those collegia most closely linked to EMI's goals.

4.1.2 Assisting municipalities to set performance measures for service delivery, monitor performance, and make improvements.

The introduction of performance standards and benchmarks for local authorities is of importance in a decentralized government. Thus, with the transfer of responsibility and revenue for service provision to local governments, it was considered vital to the central government in the Republic of Kosovo that municipalities begin to measure (1) whether they were providing the basic services as outlined in the LoLSG, and (2) how well they were providing the services. The second concept needed to include how citizens were evaluating their local government's services. Additionally, the entire municipal services sector (as well as individual municipalities) needed to be monitored for how satisfied Kosovo citizens were with their municipal services. This called for an annual national opinion survey of citizens in Kosovo, as well as in each municipality. In follow-up, municipalities then needed to learn what to do with this information, once collected. In some cases, municipal services needed to be initiated for the first time, but in most cases, they needed to be improved, once measured. This required linking the results of surveys and performance measurements to service improvement planning, and ultimately, to budgeting and priority setting.

RTI assisted the MLGA and local governments in carrying this process forward by selecting the set of indicators to measure municipal performance and designing a system to monitor and periodically evaluate the collected data. The monitoring would only be realized once the data were gathered and used as a valuable source for MLGA internal research and trend analysis of local government developments, stagnation, or failure. Monitoring would also be a vital part of the municipal budgeting process, as needed improvements could be strategically planned in the municipality's budget.

For the performance measures to be relevant to municipalities, their input and acceptance (buy-in) was also considered necessary. This would require a performance management system that was developed with municipal officials' input. Being part of the initial process would ensure that the performance indicators were measurable immediately with data already being collected by municipalities in their day-to-day functions.

Achievements

Conducting Annual Municipal Surveys

RTI conducted two national municipal surveys during the course of the EMI project, one with the UNDP (2009), and one under the sole direction of RTI (2010).

- The 2009 annual survey was part of a series of national opinion surveys conducted by the UNDP, called the Mosaic surveys. RTI joined forces with the UNDP and added questions on citizen satisfaction with municipal services. UNDP accepted RTI's involvement when RTI offered to co-fund the survey. Individuals in 6,400 households in all 38 municipalities of Kosovo were interviewed to develop a scientifically valid database of citizen perceptions for many aspects of daily life, with 65 questions devoted to citizen perspectives on municipal services. An Executive Summary of selected results appeared in *Kosovo Mosaic: Public Services and Local Authorities in Focus*, published in October 2009.

EMI worked with UBO Consulting to design and publish the results of the 2009 Mosaic survey that was published by UNDP/USAID in 2009. Because the Mosaic survey contained many questions not related to municipal services, EMI designed a new report for each

municipality that was only about municipal affairs. These municipal reports, *Performance Measurement of Municipal Services: A Citizens' Perspective, 2009*, were then translated into the Albanian and Serbian languages. EMI published and distributed over 3,000 copies of the reports to mayors, assembly members, key department heads, civil servants, and citizens. The reports contained the results of citizen responses to over 65 questions about municipal services and provided the results for the specific municipality, as well as the average for all municipalities. All reported data were at confidence levels of 90 percent or higher. The reports in Albanian and Serbian were made available on the EMI Web site.

- RTI initiated a new survey for 2010 and again contracted UBO Consulting to design and implement an expanded survey focused on municipal services, the results of which could be used for the fourth round of Incentive Fund awards. The survey included the 65 original questions asked in the 2009 survey, but was expanded to include 55 more questions for a total of 120. Individuals in 6,850 households were surveyed in 38 municipalities, and over 30 percent of the surveys were checked during the validation effort. The surveyed population was representative of the country and the sample size for each municipality was large enough to provide statistically significant results. Surveys were also conducted in the new Kosovo Serb-majority municipalities, establishing baseline data for the first time in those communities.

A total of 3,300 copies of the report were published in Albanian, Serbian, and English under the title *Performance Measurement of Municipal Services: A Citizens' Perspective, 2010*, and delivered to each municipality. They were also uploaded onto the EMI Web site.

Developing Performance Indicators for Municipal Services

From the outset of EMI, the MLGA was unsure about its approach toward developing performance management indicators for municipalities. That is, the MLGA was aware of the importance of motivating municipalities to begin to improve municipal services, but was uncertain how to go about it. During the first year of EMI, the MLGA actually designated a European international partner to work with the Ministry on developing the performance management system. When this partnership led to unsatisfactory results, the MLGA turned to RTI to provide assistance, but even then, it continued to express significant reservations about the activity, in addition to the Minister and his senior staff being at odds with one another about the correct approach. During this period, RTI developed several technical papers and memos on the international experience with performance management and convened several meetings with the MLGA staff to forge a consensus.

Finally, the MLGA welcomed RTI's efforts to establish a comprehensive municipal performance measurement system and assigned the head of MLGA's Department of Local Self-Government to work directly with RTI on this matter. The idea was to develop a system allowing central and local governments to improve monitoring and evaluation of the quality of services provided by Kosovo municipalities to their citizens. The Minister of MLGA accepted RTI's concept for performance measurement mechanisms and established a joint working group to lead the process to develop a comprehensive performance measurement system for Kosovo municipalities. The subsequently established joint working group on performance measurement consisted of four municipal representatives, the AKM, the MLGA Department of Local Self-Government (with its divisions for Performance Measurement and Municipal Services Monitoring), and RTI. After extensive consultations, the working group selected the set of municipal functions to be measured.

AKM assisted RTI with forming expert groups to determine performance measures for each of these services, and through workshops held for each function, developed practical measures of performance that all municipalities could use to measure service effectiveness. The groups successfully completed the task of developing a set of outcomes and indicators to measure municipal performance. The successful finalization of indicators for performance marked the completion of the first set of performance measures for the Kosovo local governance system. These would be revised once again after RTI's extensive training program subjected the list to the scrutiny of hundreds of

senior municipal employees, who were eager to improve the system that they would be required to use in the field. For each municipal function, several outcomes were identified, and for each outcome, several indicators were also designated. The indicators are a combination of quantitative factors that municipal officials must measure themselves, and measures of citizen satisfaction.

Capacity Building for Performance Management

RTI worked with the MLGA Permanent Secretary and the Head of the Municipal Services Monitoring section within the MLGA Department of Local Self-Government to roll out the new system. The MLGA completely endorsed the performance management system and assigned permanent staff to assist RTI in each round of the training program for the municipalities. The Director of the Department of Local Self-Government requested that her staff be directly involved in all the activities that RTI would be undertaking in this area, including any conferences or training programs. This approach enabled staff to gain as much experience as possible from RTI through preparations for the training sessions, the associated Incentive Fund activities, and the award selections for performance. In addition, the MLGA requested that a greater number of MLGA staff (from other departments whose work is directly linked to municipal activities) attend the training sessions to obtain experience so they could continue training municipal officials in subsequent years.

RTI and the MLGA completed a comprehensive training program for all municipalities (including the new Kosovo Serb-majority municipalities) in the new performance management system for municipal services. Each highly interactive training session (1) introduced the performance management system to the entire group, (2) identified the data requirements and data sources (existing in their departments) to measure the outcomes for each service, and (3) required them to develop an action plan to improve one selected indicator for each municipal service. Performance measures were developed for the following municipal services:

- Water
- Solid waste collection
- Solid waste disposal
- Sewerage
- Administrative services
- Parks and squares
- Roads
- Sidewalks
- Public transport
- Public parking
- Public lighting
- Emergency management
- Culture, youth, and sports
- Social and family welfare
- Urban planning, construction, inspections

In total, RTI conducted 20 training sessions that trained and certified 398 municipal servants in 34 municipalities in measuring performance for delivery for 15 municipal services. As the training sessions developed, the MLGA staff gradually became more convinced of the value of the system and eventually took over training modules that had at first been conducted by RTI staff.

Following the training sessions, RTI and the MLGA held an intensive wrap-up session to incorporate municipal civil servants' comments into the performance management system. EMI and MLGA key staff revised the performance outcomes and indicators to accommodate municipalities' feedback. Additionally, and in response to a written request from the MLGA Permanent Secretary, RTI held a two-day training session with the staff of the new MLGA Division for Municipal Services Monitoring to prepare them to interpret the data being sent in from municipalities. This session allowed them all to discuss and respond to the comments received from municipalities.

Building a Sustainable System

After the training program was well under way, the MLGA Minister required all Kosovo municipalities' mayors to begin using the new performance management system, and notified municipalities that they were required to report on nearly 100 indicators for 15 municipal services by no later than June 15, 2010. The official notification was sent to each municipal mayor and contained the names of the municipal officials who were trained on the new system. In addition, upon requesting the municipalities to proceed with the system and keep track of developments, the MLGA arranged to hold monthly meetings with the municipal Heads of Administration, who had been delegated the responsibility of reporting performance on behalf of each municipality. The

MLGA announced that it would make three awards totaling €40,000 for the municipalities that did the best job in completing this reporting assignment. Municipalities were directed to complete the assignment again at the end of 2010, in time for the MLGA monitoring report to be published in February.

The MLGA's annual monitoring report, which had previously only measured the extent to which municipalities were conforming to legal requirements in the LoLSG, would now also include data from the performance report, as well as data on citizens' attitudes toward municipal services, resulting from the USAID-funded municipal survey.

RTI was requested and assisted the MLGA to draft letters from the Minister to the municipalities, to develop criteria for the MLGA Incentive Fund awards, and to develop a new database to store the performance management data.

By the end of the EMI program, most municipalities had submitted a first complete set of performance management data to the MLGA office of monitoring, and the MLGA staff were well on their way to analyzing the data.

4.1.3 Assisting municipalities to improve own-source revenue collection.

At the onset of EMI, Kosovo municipalities were not performing well in collecting the revenues (OSR) entitled to them by their statutory authority, with OSR constituting approximately 17 percent of the total annual revenue with which municipalities had to budget (see Table 4 below). Collection rates of property taxes by municipality, for instance, averaged only 56 percent of the amount billed. Moreover, many municipalities were failing to take advantage of their taxing and fee-setting authority. Municipalities also sometimes failed to demand receipt of funds due to them from central government institutions. Setting tax, fee, and penalty rates, with the participation of citizens, is an important indicator of responsive governance.

Table 4. Increased Share of Own-Source Revenues in Total Municipal Revenues

Municipal Revenue	2007 (euros)	Share (%)	2008 (euros)	Share (%)
General Grant	140,000,000	82.8	160,100,000	78.9
OSR	29,000,000	17.2	42,784,000	21.1
TOTAL	169,000,000	100.0	202,884,000	100.0

OSR is the only revenue source over which municipalities have complete control. They are allowed to set their own rates (within parameters set by the law), are responsible for its collection, and have complete discretion concerning their expenditures. Many municipalities were not aware of the importance of OSR in this regard. With many citizens unemployed (unemployment rates reached 40–50 percent in many municipalities) throughout the municipalities, and with many citizens living well below the poverty level, vigorously collecting taxes and fees was unpopular (viewed as politically risky by politicians), and to many individuals a violation of human rights.

Conversely, and for the benefit of the citizens of a municipality, the municipal assembly and executive officials have the right, authority, and obligation to regulate and freely manage the financial resources deriving from municipal OSR. A large percentage of OSR can be used for capital improvements in a municipality, and this is one of the few ways a municipality can improve municipal services.

Establishing a Baseline of Data for Improving OSR Collections

RTI conducted basic research on the OSR sources, importance, and collection rates among the municipalities of Kosovo, meeting with each municipality to discuss the opportunities. The LoLGF prescribed over 70 specific OSR categories, and RTI developed a database of revenue collected in

2008 for each of the 70 revenue sources and for each municipality. Summary data were also compiled for the municipal sector as a whole. The following list is a summary of these revenues:

- Municipal taxes and fees;
- Taxes on immovable property;
- Business license fees;
- Professional business license fees;
- Motor vehicle fees;
- Municipal administrative fees;
- Permit fees for the construction and demolition of buildings and other structures;
- Fees for certificates and official documents;
- Regulatory charges for infrastructure development and preservation;
- Traffic fines;
- Fines for offenses against municipal regulations;
- Rental income;
- Education and health co-payments; and
- Other OSRs—OSRs authorized by this law do not comprise all revenues. Municipalities may collect other revenues that are allowed by this law and are based on the agreement with the central government.

Although there was a large number of OSR categories, a smaller group of 10 types of revenue collectively comprised over 82 percent of all OSR collected in the municipal sector. These 10 sources became the *target of opportunity* for all of RTI’s training programs for OSR (see Table 5 below).

Table 5. Ten Largest Sources of Municipal Own-Source Revenues, 2008

No.	Revenue Source	Amount Collected (euros)	Percentage of Total
1	Property Tax	12,717,061	29.7
2	Construction and Building Permits	11,649,955	27.2
3	Participation in Education and Health	3,301,564	7.7
4	Tax on Registration of Inherited Property	1,503,363	3.5
5	Tax on Other Certificates	1,488,872	3.5
6	Tax on Change of Land Use	1,222,096	2.9
7	Use of Municipal Property	955,960	2.2
8	Rent from Municipal Facilities	799,841	1.9
9	Business Registration Tax	930,420	2.2
10	Tax on Administrative Requests	666,872	1.6

Raising Awareness of the Importance of Increasing OSR Collections

Through discussions with municipal officials, it became apparent that the importance of maximizing the collections of OSR had not been established. First, the MEF continued to dominate municipalities regarding revenue collections, even unilaterally establishing annual revenue targets for each municipality without providing explanations or training. This diminished the incentive for innovation and creativity on the part of local officials. Second, neither elected nor appointed municipal officials wanted to pursue an aggressive policy of maximizing local collections, either because of increased political risk with constituents, or because local officials believed it was unfair to maximize

collections from a poor population. RTI believed that it was critical to begin an awareness campaign to promote the collection of OSR. This campaign lasted throughout the remainder of the EMI program and found its way into many components of the work program, including performance management (emphasizing the need to have revenues to increase service delivery), capital investment planning (capital investments are funded almost exclusively by OSR), illegal construction (most urban plans are funded with OSR), and the Incentive Fund.

Using the baseline data from above, RTI conducted two rounds of municipal workshops with municipal finance directors and other financial officials to raise awareness of the importance of OSR and initiate deeper discussions. In both rounds of workshops, RTI completed five regional workshops with representatives from 30 municipalities. In summary, 100 municipal employees from upper management took part in the workshops, from financial departments and the inspectorate. Annual revenue data for each revenue source was presented for each municipality in a side-by-side format that invited comparison with peer municipalities. Extensive discussions took place about the importance of OSR, as well as about the impediments to making adequate collections. The workshops also focused on techniques and strategies of how best to increase OSR collection. Finally, RTI announced that future rounds of the Incentive Fund would reward municipalities that had made the greatest increases in collections from one year to the next. EMI published a report titled *Increasing Own-Source Revenues: Description, Problems, and Strategies for Improvement*, in Albanian and Serbian, and distributed it widely. The report described municipal OSR, identified the 10 most important revenue sources, and summarized current problems and successful strategies in collecting OSR.

EMI also met the AKM Collegium of Municipal Finance and Economy Officers, held for purposes of EMI collaboration. The collegium meeting brought together the budget and finance department directors from all Kosovo municipalities. RTI distributed the workshops' final report and the performance data for each municipality (in rank order of performance), and reviewed the report's conclusions. The collegium immediately adopted an action plan to increase OSRs in the municipalities of Kosovo.

Conducting Intensive Assessment of OSR Collection Practices

RTI was scheduled to develop a handbook for increasing OSR collections and believed it would be fruitful to visit municipalities that were the top performers, to facilitate sharing their experience with others. RTI prepared a table detailing which municipalities had significantly improved collection of each of the most important OSRs in the past 12 months. This table was used to schedule a series of visits to identify practical and effective techniques being used to increase collection. In Table 6, below, the numbers in the cells depict (1) the rank order of the municipality and (2) the percentage increase over the previous 12-month period.

Table 6. Municipal OSR Collection by Ranked Percentage Increase

Municipality	Property Tax	Building Permits	Transfer of Property Ownership	Change in Land Use	Regulation of Business Activity	Rent for Municipal Facilities	Rent for Municipal Buildings	Inspection Services
Kaçanik/ Kačanik	1 (194%)			5 (161%)				
Gjakovë/ Đakovica	2 (111%)	2 (270%)	1 (155%)		2 (159%)		7 (41%)	
Gjilan/ Gnjilane	3 (108%)	6 (134%)						3 (76%)
Viti/ Vitina	4 (105%)	4 (187%)					4 (125%)	
Podujevë/ Podujevo	5 (79%)		3 (66%)	3 (239%)	3 (112%)			4 (74%)

Municipality	Property Tax	Building Permits	Transfer of Property Ownership	Change in Land Use	Regulation of Business Activity	Rent for Municipal Facilities	Rent for Municipal Buildings	Inspection Services
Pejë/ Peć	6 (77%)				6 (81%)			
Kamenicë/ Kamenica		1 (420%)					1 (675%)	
Obiliq/ Obilić		3 (216%)					2 (412%)	2 (80%)
Prizren		5 (172%)						
Shtime/ Štimlje			2 (75%)		5 (88%)			
Lipjan/ Lipljan			4 (45%)	2 (331%)			5 (91%)	
Fushë Kosovë/ Kosovo Polje				1 (656%)				
Štrpce/ Shtërpçë				4 (162%)				
Malishevë/ Mališevo					4 (107%)			
Vushtrri/ Vuçitër						4 (43%)		
Pristina						5 (40%)		
Skënderaj/ Srbica						6 (40%)		
Suharekë/ Suva Reka						1 (311%)		
Klinë/ Klina						2 (92%)		
Hani i Elezit/ Đeneral Janković					1 (172%)	3 (89%)		
Istog/ Istok							3 (318%)	
Dragash/ Dragaš							6 (52%)	
Mitrovicë/ Mitrovica								1 (193%)

RTI visited the financial department of each of the “winning” municipalities to discuss their effective experience with raising revenue. One of the most effective, if somewhat controversial, techniques was the use of “conditioning” to collect revenue. Municipalities would often require a citizen to show proof of payment of one fee in order to be allowed to obtain a required license or service. For example, citizens would not be able to obtain a vehicle license unless they had paid the property tax. This practice, recommended by the MEF in meetings with municipalities, had a questionable basis in Kosovo law.

While visiting these municipalities, RTI also conducted a survey of the current practices municipalities were using to forecast future revenues for budgeting purposes and discovered that municipalities were not using forecasting techniques. In fact, all of them were content to use the forecasts provided to them for each future year by the MEF.

Providing Advanced Level of Training on OSR

In working closely with the municipal finance directors of the AKM Collegium of Directors for Budget and Finance, RTI developed a resource, *Handbook on Improving the Planning and Collection of Municipal Own-Source Revenue*, about advanced techniques for revenue planning and collection.

RTI also conducted advanced-level training on municipal OSR that included the following topics:

- Summary of OSR and categories;
- Legal basis for collecting OSR;
- Management practices to maximize revenue collection;
- Development of a revenue manual for internal management;
- Principles of annual and multiyear revenue forecasting by revenue type;
- Calculating the cost of providing service;
- Delinquent account collection policies and procedures; and
- General strategies for effective revenue collection.

The training modules mirrored the handbook and included two lengthy interactive workshops on forecasting revenue and developing estimates for providing new services. Over 100 officials, including nine from the MLGA, trained in planning and increasing the collection of OSR.

Working with MEF and AKM on AI about Use of Conditioning

As mentioned previously, many municipalities were using “conditioning” to motivate citizens to pay their taxes and fees. The MEF was encouraging the use of this technique, but its legal basis was questionable. A review of “conditioning” was requested by the MLGA as well as the AKM Collegium of Directors for Budget and Finance. RTI held numerous discussions with officials in various ministries, as well as legal scholars within municipalities; RTI also met with the Deputy Ombudsperson of Kosovo to discuss citizen complaints before this institution about conditioning of municipal services.

RTI drafted a *Concept Paper on Conditioning of Municipal Administrative Services to Citizens*. This paper reviewed the current situation in several municipalities, the possible implications with conditioning of services, and recommendations on how best to use conditioning for revenue-collection purposes. It described what kinds of services and documents were conditioned by municipalities, where municipalities found the legal basis, and what the real economic and social impact was on both sides—the municipality and the citizens. Further, it analyzed any possible implications for other stakeholders on this issue and made some recommendations on the content of an AI that could be issued by the MEF and MLGA.

The paper formed the basis for an AI on Conditioning of Municipal Services that was offered to the AKM, MEF, and MLGA for their review and signature. All stakeholders agreed on the need to better clarify the services that can be conditioned, and to promote a uniform understanding of the application of conditioning in all municipalities.

RTI conducted a workshop on Conditioning of Municipal Services to Citizens. Twenty-five participants—finance directors of municipalities, heads of municipal legal offices, representatives of the MLGA and the AKM, and the Ombudsperson of Kosovo—attended the event. The participants were asked to review EMI’s research and analysis of the current situation of conditioning municipal services in some municipalities. Participants agreed that although the existing Administrative Instruction 2004/03 issued by the MEF was being used as a legal basis to introduce conditioning, many municipalities (and the MEF) were interpreting it very broadly and conditioning some services that were not within the parameters of the AI 2004/03.

Following the workshop, RTI submitted a final draft of the Administrative Instruction on Conditioning Municipal Services to all participants in the workshop, including the AKM, the Permanent Secretary and Political Advisers of the MLGA, and the MEF Municipal Budget Department officials.

Tracking OSR Collections Throughout EMI

RTI monitored the collection of OSR throughout the life of EMI, working closely with municipal officials as well as the MEF, which collected national data. The data were available in aggregate form, by municipalities, and by each revenue source. Table 7, below, tracks the growth of OSR collections during the period 2007–2009. The 2009 collections occurred during a local-election year.

Table 7. OSR Collection Growth, 2007–2009

Year	Total OSR Collected (euros)	Annual Change Over Previous Year (%)
2007	29,237,000	+ 5.0
2008	42,784,000	+ 46.0
2009	42,750,000	– 0.1

4.1.4 Strengthening municipalities’ capital improvement planning.

In 2007, most municipalities in Kosovo urgently needed to make more capital investments and provide or improve basic services to citizens for competencies specified in the new LoLSG. Making these investments and providing better services were also needed to attract and retain businesses for job growth and economic development. The condition of municipal infrastructure—municipal roads, parks, sidewalks, systems for heating and public lighting, solid waste, and public transport—was often assessed as poor. Municipal financial resources were scarce and were often limited to OSR that, by itself, was inadequate to fund many basic needs.

The citizens of Kosovo’s municipalities, most of whom were paying taxes and fees, were growing impatient and critical of municipal leaders for not addressing these problems and not delivering better capital investments. Citizens were not often fully aware of the challenges municipal governments faced because their municipal processes were not transparent. Municipal processes to plan and finance capital investments needed to be modernized to maximize the benefits from these scarce resources, and also to ensure citizens that elected municipal leaders were being responsive to their needs.

The government’s consolidated budget estimated that 34 percent of national capital expenditures was benefitting municipalities. Of this amount, 61 percent was planned by the municipalities themselves from their own revenue, and 39 percent was planned by central-level bodies (ministries) to be spent in municipalities. Projects funded from other sources of revenue, such as international grants, were mostly selected by the grantors and targeted by them to meet their own policy objectives. At the same time, access to a municipal credit market did not yet exist and other financing vehicles, such as public-private partnerships (PPPs), were not yet available.

The MEF mandated in its budget circular that municipalities participate in the Public Investment Program (PIP), which required them to identify and describe projects for one year and include them in their annual budgets. The process was not prescribed, except for a requirement to hold public meetings for the entire budget. Therefore, with few exceptions, municipalities had the legal authority to establish policies over all aspects of the local capital investment planning process. However, policies (local regulations) governing local process did not exist. Most municipalities did not utilize a consensus-based and financially prudent project identification process. Public participation in the development of capital investment plans was largely missing. Decisions about major capital investments—such as constructing public buildings, building roads, improving street lighting, and undertaking capital maintenance activities—occurred without meaningful citizen input.

RTI's role under EMI was to provide municipal officials in Kosovo with useful suggestions on improving their own CIP process. It would recommend local policies and procedures for being more inclusive and transparent, and would result in a three-year capital investment plan, in line with the regular three-year budget required by the MEF. RTI would also introduce a participatory approach to CIP. Municipal leaders most concerned with the capital investment decisions—mayors, finance directors, chairs of assembly budget and finance committees—would be shown how to build greater citizen participation in the decision-making process.

At the onset of EMI, RTI planned to develop a guide for training that would also be disseminated to all municipalities.

Developing a Policies and Procedures Guide for Municipalities

RTI conducted a comprehensive process of interviewing central and local government officials about the current state-of-the-practice in CIP. This included local officials from numerous offices in smaller and larger municipalities. Generally speaking, the municipalities of Kosovo were employing a wide variety of practices for CIP development, and almost none under the guidance of local policies that would prescribe the process and ensure policy objectives. Working closely with the AKM Collegium of Directors for Budget and Finance and the MLGA, RTI developed a guide for municipalities that could be used for training, as well as for future reference. Some of the key features of the guide include:

- Definition of capital investments (as opposed to operating expenditures);
- Options for a municipal organization to develop an annual capital investment plan, including a job description for a capital investment officer;
- Proposed local regulation for the CIP process, including a definition of a capital project (scale and purpose), sources of revenue for capital investments, a requirement for project selection criteria and selection process, and a capital investment calendar;
- Recommended forms for project identification (projects and equipment) and citizen nomination of projects;
- Cost estimation for capital investments;
- Assessment and reporting of capital needs by key departments;
- Criteria for project prioritization and selection, grouping projects by functional categories and by year;
- Development of an information campaign for members of the public;
- Procedures for conducting public meetings on capital investments;
- Presentation of the draft final capital investment plan to the municipal assembly; and
- Monitoring of project implementation.

The guide was reviewed by all members of the AKM Collegium of Directors for Budget and Finance as well as officials of the MLGA. Corrections were made and the final draft was prepared in Albanian, Serbian, and English, titled *Handbook on Capital Investment Planning (CIP): Strengthening Municipal CIP Procedures*.

Developing a CIP Training Curriculum for Municipal Leaders and Ministry Officials

Based on interviews conducted about the state-of-the-practice for CIP in Kosovo municipalities, RTI developed a training program that addressed key topics, including the following:

- What are Capital Investments?
- Creating an Effective Organization for Developing a CIP

- Developing Municipal Policies and Regulations to Use for the CIP
- Making Project Request Forms for Staff, Citizens, and Assembly Members
- Estimating and Using Financial Resources for Capital Investments
- Assessing Capital Needs by Key Departments
- Prioritizing Projects—An Interactive Group Workshop
- Preparing a Draft CIP
- Conducting an Effective Public Process.

The training was conducted interactively, in both English and Albanian. A significant amount of time was reserved for interaction and for conducting the workshops. The workshops used actual lists of projects taken from capital investments already built in Kosovo municipalities to ensure relevance. The draft *Guide* was used during the workshop and “tested.” Comments from the trainees were incorporated into the *Guide* before the final report on the workshop was published.

Conducting Training in CIP

Five regional workshops were held in the regions of Gjilan/Gnjilane, Pejë/Peć, Prizren, Pristina, and Mitrovicë/Mitrovica on the subject of *Capital Investment Planning—Strengthening Municipal Procedures*, attended by the chief financial officer, budget director, and two public improvement process officials from 30 municipalities, as well as officials from the MLGA. In total, 107 municipal officials attended the training sessions.

The same training module was used to train each MPT in the five new Kosovo Serb-majority communities (a total of 75 trainees), and was conducted in Serbian. In these cases, the training led directly to the development of the first capital investment plans for each community. In the case of Klokot-Vrbovac/Klllokot-Vërboc and Gračanica/Graçanicë, high-priority projects were submitted for funding by international organizations.

RTI returned the topic of CIP when it conducted extensive training on performance management. Each training session ended with an assignment to work groups to identify what capital and operational improvements were necessary to improve a municipal service, and to improve a municipal indicator. The selection of these “competing” improvements was then tied back into the lessons learned in the CIP training modules.

4.1.5 Improving municipalities’ management of illegal construction.

After the war ended in 1999, disorganized and irregular development was the most obvious characteristic of the urban landscape in Kosovo. Enforcement of laws and regulations for urban development diminished as the United Nations began governing Kosovo. Over the succeeding 10+ years, municipal governments never regained the control they once had over the land use planning and development process. This has had a negative impact on both urban and rural development, the environment, economic development, and the quality of life of its citizens, and will most likely take decades to rectify. Illegal construction has become rampant. All types of buildings were and are being erected without building permits, and not even all on private land. In the cities, apartment blocks and other structures are being built without being connected to utilities and without a provision for parking, substandard construction techniques and materials put citizens at risk, and congestion is strangling the road systems. The intercity highway network and many rural roads are becoming dangerous and sometimes impassible because of the unregulated access points providing ingress and egress to hotels, convenience stores, industries, and other businesses located adjacent to the road. Farmland is being lost, drainage along roadways is blocked, and sensitive environmental areas are at risk.

Illegal construction in urban and rural regions is a problem that plagues most of the municipalities of Kosovo. It occurs as a result of many complicated factors. A decade of poor leadership and lax enforcement, as well as issues with corruption, have allowed many thousands of buildings to be illegally constructed with varying negative or benign effects. Some of these are innocuous buildings built on private property and essentially “doing no harm.” Others are very intensive developments built on private property, disputed property, or even on municipal property. Some have been built in the right of way of planned roadways; some in fragile environmental areas, such as in floodplains; and some have been built on land planned for municipal facilities, such as hospitals or schools.

Multimillion-euro investments in addressing this problem have been made by the European Union (EU), UNDP, and United Nations Human Settlements Programme (UN-HABITAT), with little impact. While LGI made a modest beginning in its initiatives with spatial planning, including the successful development of spatial plans in several municipalities, the tide did not turn. Early in 2007, LGI convened Presidential Dialogues with all of the municipal mayors. The mayors themselves cited illegal construction as a major problem, but one they felt afraid to tackle. It reconfirmed a lack of political will at the local and national levels that exacerbates the problems of illegal construction.

While it was thought that RTI could not influence all factors involved, it could play a role in EMI by raising awareness of the problem among municipal and national officials and prompting local governments to begin addressing the issue of illegal construction. RTI’s advantage was its ability to communicate and work with all Kosovo municipalities and leadership.

Collaborating with and Invigorating the AKM Collegium of Directors for Spatial Planning

RTI engaged with the leadership of AKM and its Collegium of Directors for Spatial Planning on problem identification, program development, and training. The collegium is formally composed of department heads from each municipality and often other technical staff participate in their activities. The members are primarily technical staff, with advanced degrees in fields related to urbanism and spatial planning. The Collegium of Directors for Spatial Planning had been inactive, holding meetings only sporadically and having very low attendance. Its meetings were not action oriented; typically each municipality in attendance (often less than 30 percent of the total members) reported its interesting events and meetings ended with a lengthy lunch. RTI began partnering with the collegium in an attempt to energize its members and help them fulfill their mission. Over time, the collegium saw its meetings become regular and its membership swell to 100 percent, with very active participation. In attempting to invigorate the collegium leadership, RTI held periodic strategy sessions with the chairperson and deputy chairperson, and the collegium convened many executive board meetings to make decisions between the regular quarterly sessions. RTI assisted the collegium to form an ambitious work plan that included workshops, studies, proposed legislation, handbooks, study tours, and a national conference. All of RTI’s successes in EMI for this component were achieved with the active partnership of the collegium.

Developing Research on Spatial Planning and Illegal Construction and Developing a Comprehensive Work Plan and Approach for Addressing the Issue

- In addressing questions and concerns about the qualifications of municipal staff members (often raised by international organizations and ministry officials), the AKM Collegium of Directors for Spatial Planning and RTI developed and implemented a questionnaire that assessed the capacities (experience, skills, and education) of staff members of the departments of spatial planning and construction inspection, including department directors. This not only provided new information, but also established a baseline for future comparisons. In addition, other surveys were performed that assessed how departments of spatial planning were organized and their relative importance (prominence) within the overall structure of upper management in the municipality. Finally, the collegium and RTI systematically explored the relative roles and communication channels between the departments of the inspectorate and spatial planning—both of which shared a common purpose of ensuring orderly and legal development.

- The collegium and RTI also completed a survey of spatial municipal, urban, and regulatory plans for all municipalities of Kosovo. Without recently approved plans, it is impossible to approve or disapprove a request for a building permit, leading to rampant illegal construction.
- RTI and the collegium conducted a major day-long workshop and training session to identify the main problems related to illegal construction in Kosovo municipalities and to make recommendations for managing, reducing, and preventing illegal construction in the future. The workshop was held with directors of urbanism and development, directors of the inspectorate, and the highest ranking officials from spatial planning—architects and lawyers. In addition, representatives from AKM, the MLGA, and UN-HABITAT attended. The workshop aimed to facilitate discussions among these groups to reach a consensus on problems and solutions.
- Based on the studies and workshop above, RTI and the AKM collegium published a report on *Illegal Construction: Problems and Strategies for Improvement*. The report summarized conclusions drawn from the studies and workshop above, as well as recommendations for improving planning and development in Kosovo municipalities. This report was widely disseminated.

Developing a Municipal Guide on Illegal Construction

This guide aimed to provide a compilation of all laws, regulations, and AIs that were in force for the planning, building, and construction competencies of municipalities. These documents were not readily available and were not easy to review and use. A compilation was much needed in spatial planning departments, as well as among developers and citizens who might be able to act as “watchdogs,” if they were aware of the laws. RTI and the collegium selected a local legal firm to do the work. The principal products were (1) a comprehensive compilation of municipal laws, regulations, and AIs regarding spatial planning, development, and construction; and (2) an assessment of the current implementation of legal procedures and recommendations on improvements to ensure full compliance with the law.

Delivering Training for Municipal Officials

- RTI invited UN-HABITAT, OSCE, the Swiss Agency for Development and Cooperation, and other organizations providing assistance to local governments in Kosovo in spatial planning, to participate in meetings of the collegium. This led to UN-HABITAT providing a day-long training on taking the initial steps in developing urban plans—training on designing work plans, tendering, contracting, and managing consultant assistance.
- The work plan developed by the AKM Collegium of Directors for Spatial Planning identified the need to meet with officials in nearby countries to observe how they were managing illegal construction. With no funds set aside to sponsor this activity in the EMI program, RTI asked the OSCE to consider this request. OSCE selected Albania, and RTI developed a program for a study tour on illegal construction. A three-day visit was hosted by OSCE in cooperation with the Association of Municipalities in Albania (AMA). The purpose of the visit was to exchange experiences in the fields of planning—preparing municipal plans, implementing regulatory urban plans, managing illegal construction, managing informal settlements, and including citizen participation in the process of drafting plans. The AMA selected three municipalities to visit: a small municipality, Sukth (about 25,000 inhabitants); a medium municipality, Fier (about 80,000 inhabitants); and the municipality of Tirana (about 600,000 inhabitants). All members of the AKM collegium attended.
- Following the experience in Albania, RTI worked with USAID/World Learning to provide for a study tour to a nearby country that (1) had a legal planning framework similar to Kosovo’s, and (2) was more advanced than Kosovo. RTI developed the prospectus for a study trip to Croatia by municipal spatial planners of Kosovo. Upon RTI’s encouragement, World Learning worked with the Association of Cities of Croatia (AOC) to host the group of

planners from Kosovo municipalities. The AOC is a local government association that was created with the assistance of USAID/Croatia in 2005 and is now a self-sustaining NGO in Croatia. In total, 13 officials were sent to Croatia on a one-week study tour, including a representative of the Ministry of Environment and Spatial Planning and one spatial planning director from Gračanica/Gračanicë, a new, Kosovo Serb-majority municipality. Many meetings were organized and held as part of the study visit with municipal representatives of the urban planning departments in the cities of Cakovec, Zara, Koprivica, Kalrovci, Rjeka, and Kutina; representatives from the Ministry of Environment, Spatial Planning, Protection, and Construction; and municipal mayors. The group also took field trips to see new projects, public-private partnerships, implementation of urban plans, projects with environmental protection, etc. The Croatian media followed their progress very closely and many articles appeared in the local and national Croatian media. This study tour was judged by the participants and World Learning as highly successful. The study tour also led to follow-up visits from officials from Croatia to Kosovo. (For more information, see the section below on Holding a National Conference on Spatial Planning and Illegal Construction.)

Drafting a Model Regulation on Preventing Illegal Construction

EMI worked with the AKM Collegia of Directors for Spatial Planning and the AKM Collegium of Municipal Legal Officers in drafting a model regulation on illegal construction. Workshops were held with representatives of the urbanism departments in municipalities, legal officers within those departments, representatives of the MLGA, and the Ministry of Environment and Spatial Planning. The participants discussed regulating illegal construction in their respective municipalities. There was consensus that Kosovo could best manage illegal construction by having the Kosovo Assembly adopt a relevant law. However, it was agreed that municipalities are obliged to take action to curb illegal construction, pending a resolution of this issue by the central government. A draft law on Legalizing Illegal Construction had been prepared in 2005, but it was never adopted.

Based on these discussions, RTI drafted a Model Regulation on Dealing with Illegal Construction, prepared with the review of the two collegia mentioned above. Participants made several comments about the relationship of this model regulation to the Law on Construction and the Law on Spatial Planning. EMI sent a revised draft of the Model Regulation on Dealing with Illegal Construction to all participants, including MLGA representatives and the initial workshop participants. It reflected all participants' opinions and suggestions. RTI assisted the Collegium of Directors for Spatial Planning to submit the model regulation to the AKM's Board, which could adopt it as a general policy framework on how municipalities can manage illegal construction pending central legislation. The Vushtrri/Vučitrn Director of Urbanism commended the model regulation and informed other participants of his intention to submit this draft to his municipal assembly for consideration and adoption.

Holding a National Conference on Spatial Planning and Illegal Construction

EMI, in close cooperation with the AKM and the Ministry of Environment and Spatial Planning, held a National Conference on Municipal Spatial Planning and Illegal Construction near the end of the EMI program. The conference was held in the auditorium of the New Government Building (former Rilindja/Jedinstvo) and attracted 159 guests: mayors, assembly chairpersons, department heads and other staff from municipal departments of spatial planning and inspection, and ministry staff and members of the international community.

The Croatian State Secretary from the Ministry of Environment and Spatial Planning, Ms. Josipa Blazevic Perusic, gave a major presentation about managing illegal construction in Croatia which provided many examples of how Croatia is curbing illegal construction. The morning session saw several presentations on the work of the AKM Collegium of Directors for Spatial Planning, with particular emphasis on lessons learned from the training and study visit undertaken by the delegation of Kosovo municipal spatial planning experts to Croatia. The Croatian State Secretary then spoke about the building inspection system in Croatia's cities. In addition, two representatives from the

Kosovo Ministry of Environment and Spatial Planning—Mr. Agim Radoniqi and Ms. Shpresa Strellci—gave a presentation on municipal urban development planning and construction and on applicable Kosovo legislation on spatial planning issues. The afternoon session included another round of presentations by municipal representatives, including planning directors from Pristina and Gjakovë/Đakovica, who described the activities and steps that were being taken by their municipalities to prevent illegal construction.

The Conference on Municipal Spatial Planning and Illegal Construction completed its one-day session with the following recommendations:

- Lobbying for greater support from the national level of government for the issues of planning, construction, and inspection;
- Completing and amending Kosovo’s national legislation on the issues of spatial planning and construction;
- Reorganizing and strengthening the municipal spatial planning departments;
- Building capacity of the municipal inspection departments;
- Lobbying for higher motivation among building inspectors and planners; and
- Implementing a geographic information system (GIS) in the municipalities of Kosovo.

4.1.6 Using Incentive Funds to reward municipalities for compliance with the decentralization framework, improved revenue collection, innovative management techniques, and improved service delivery.



The EMI Incentive Fund under Task 3 issued four rounds of small competitive grants to municipalities for infrastructure projects. The municipalities submitted the projects and received EMI assistance in completing their proposal applications. These are before-and-after illustrations of a sidewalk built to improve the safety of children in a village within Shtime/Štimlje.

An Incentive Fund of approximately \$1.5 million was an important part of the strategy for EMI. It offered an important tool to RTI to encourage municipalities to begin focusing on their own performance. A municipality that made an effort and improved its performance might receive a reward for that performance. It also introduced competition into

performance so that improvements in one municipality would be measured against other municipalities to encourage better performance. Accordingly, the bulk of awards were made to municipalities to reward their success in meeting competitively based improvements in a variety of ways.

Under Task 3, the Incentive Fund rewarded municipalities for:

- Employing innovative management practices that improved their ability to provide services to their citizens;
- Improving municipal services to their citizens;

- Complying with new decentralization legislation enacted by the government and the Assembly of Kosovo;
- Increasing the collection of OSR; and
- Achieving and exceeding performance standards for municipal services.

There were four separate competitive rounds for Incentive Fund awards during the final two years of the project. In each round, the Fund encouraged municipalities to focus on one or more of the areas listed above. Details of the awards under each are presented in Annex III.

Activities for each of the four rounds included the following:

- Announcing the Incentive Fund round and providing regional training seminars to explain the eligibility requirements, application procedures, and deadlines. These sessions often took the form of training municipal staff members on writing grant proposals.
- Convening an evaluation and selection panel for the selection of projects, which included representatives of the AKM and the MLGA.
- Obtaining USAID (Contracting Officer’s Technical Representative [COTR]) initial approval for projects selected.
- Conducting an environmental assessment for each project.
- Holding a national ceremony for winning municipalities.
- Developing and signing a Letter of Agreement with selected municipalities.
- Procuring goods and services for each project.
- Monitoring project implementation and results.
- Signing a handover agreement.

See Tables 8 and 9 for a summary of the Incentive Fund awards by round and award type.

Table 8. Summary of Task 3 Incentive Fund Awards, by Round

Round	Number of Awards	Total Expended
1	8	\$130,000
2	18	\$520,000
3	6	\$220,000
4	14	\$580,000
TOTALS	46	\$1,450,000

Table 9. Summary of Task 3 Incentive Fund Awards, by Award Type

Award Type	Number of Awards	Amount Expended	Municipal Match
Innovative Management	8	\$160,000	\$131,947
Improve Service Delivery	14	\$210,000	\$286,189
Increase Own-Source Revenue	11	\$495,000	\$48,144
Comply with Decentralization Legislation	3	\$135,000	\$40,258
Performance Management	10	\$450,000	\$288,810
TOTALS	46	\$1,450,000	\$795,348

General Achievements

- Introducing competition and performance-based grants in Kosovo. The EMI program was successful in introducing competition among grant recipients and introducing performance-

based grants in Kosovo. Many mayors that did not win an award in one particular Incentive Fund round expressed their dissatisfaction with the results, but were able to obtain a grant in other rounds. Only four municipalities (out of 33) did not win an award during the four rounds. As a result of this program, the MLGA announced that it, too, would start making its own incentive awards on a competitive basis. In an announcement at the Round 3 Incentive Fund ceremony, the Permanent Secretary of the MLGA announced that awards totaling 50,000 euros would be given to the three municipalities that provided timely data in complying with the MLGA's new requirement of submitting data for the performance management system.

- The MLGA Projects Department assisted RTI in evaluating projects, which meant that the head of the Projects Department used performance-based criteria for the first time for making grant awards. Including this office in the award evaluation process also helped eliminate redundancies in award-giving between the two programs. The AKM was also introduced to this process for the first time.
- Award ceremonies. Each round of Incentive Fund awards was accompanied by a national ceremony that brought all municipalities together to see the results of the competition. A number of benefits resulted from these ceremonies:
 - Leaders of all municipalities gathered together and were conscious of the importance of their sector. Often, ministers took advantage of these events to broadcast their own messages and policies to this group.
 - USAID was able to highlight its financial and technical assistance investments in the municipal sector, as well as to reiterate its reform policies to all in attendance.
 - The US Embassy participated in the ceremony and the US Ambassador presented a major policy address to all in attendance.
 - Because of the high-profile attendees, the national media covered the ceremonies and the USAID program and policies also were given considerable media attention for the entire country to observe and learn about.
- Innovative practices. Because the Incentive Fund gave awards for innovative management practices, this category spurred many project nominations that were truly innovative. The award criteria emphasized true innovation that “pushed the envelope” —projects that tried to creatively improve internal procedures in a way that had not been tried before, and in a way that could be replicated by other municipalities.

Round 1 Achievements

- For Round 1, EMI made a total of nine awards: two awards for innovative management and seven awards for projects and programs that improved the delivery of municipal services to citizens. Eight of the projects resulting from these awards were successfully built or purchased and became operational; one was cancelled because the municipality was unwilling to accept the results of the procurement.
- The total amount of the eight awards was \$130,000, which was matched by municipalities' cash and in-kind services of \$131,947.
- In general, the projects introduced a number of innovations in Kosovo and often benefited population groups that were rarely served, such as elementary school children, with a new sidewalk linking the elementary school with the village center (Malishevë/Mališevo); pedestrians, with a lighted crossing over a high-volume main boulevard (Prizren); high school students, who were provided with a modern information technology (IT) laboratory that replaced decades-old equipment (Obiliq/Obilić); and citizens in general, who received a modern indoor citizen service center where previously they had needed to queue up outdoors (Gjilan/Gnjilane).

Round 2 Achievements

- Round 2 resulted in a total of 18 awards: two awards for innovative management, eight awards for projects and programs that improved the delivery of municipal services to citizens, five awards for increasing the collection of OSR, and three awards for complying with the new decentralization legislation. All of the projects resulting from these awards were successfully built or purchased and became operational.
- The 18 awards totaled \$520,000. The first two categories required a 40 percent match with municipal own-funds or in-kind services. The total awards in these two categories were \$160,000, and the actual match provided by municipalities' cash and in-kind services was \$286,216, far exceeding the required match.
- The awards for increasing the collection of OSR were given to the top five municipalities that increased the collection of OSR the most (percentage increase) from 2007 to 2008. The winners increased their annual collections 240 percent, 206 percent, 121 percent, 116 percent, and 86 percent.
- The criteria used to determine whether a municipality was complying with the new decentralization legislation were created by RTI and eventually adopted by the MLGA Division for Municipal Services Monitoring for its short form.
- Again, the projects introduced a number of innovations in Kosovo. For example, in Gjakovë/Đjakovica, satellite municipal offices were made operational in 10 villages, allowing citizens to travel to their village centers rather than all the way to the city center to obtain routine services, such as administrative permits. Several municipalities restored streetlights to their centers, bringing safety to pedestrians and vehicles for the first time in two decades. Over 1,500 elementary school children and teachers in Glllogvc/Glogovac were provided with operational toilets that replaced facilities that had been defunct for over 10 years.

Round 3 Achievements

- Round 3 yielded a total of six awards in the amount of \$220,000: two awards for innovative management and four awards for performance in accomplishing municipal services to citizens (in the categories of public lighting and administrative services). All of the projects resulting from these awards were successfully built or purchased and became operational.
- Round 3 introduced a new award category that would be repeated in Round 4, and exemplifies the new performance management system introduced by RTI that was embraced by the MLGA. The awards were for municipalities that were judged "top performers" when it came to providing services to their citizens. Awards in this category were for \$45,000 each. The winners were selected by combining two sets of data: one that the municipalities calculated themselves about the service, and the other one that stemmed from a citizen survey in their municipality. RTI combined both sets of data to determine the two "top performers" in each category.
 - The first service category was for public lighting. Municipalities first calculated what percentage of their local streets was equipped with functioning streetlights. These data were combined with the results of a survey question that asked a large random sample of their citizens how satisfied they were with the public streetlights in their municipality. The top two municipalities for public lighting were those that scored the highest in this category.
 - The second service category was municipal administrative services, the offices where citizens come to request birth, death, and marriage certificates. Municipalities first calculated what percentage of citizen requests was actually fulfilled within the required time frame. These data were combined with the results of a survey question that asked a large random sample of their citizens how satisfied they were with the services they received while requesting certificates.

- The projects introduced a number of innovations in Kosovo. For example, in Shtime/Štimje, the municipality built a room for the municipal assembly members (a first in Kosovo), where the members could meet and confer about issues, communicate with citizens, and conduct informal business. In Suharekë/Suva Reka, the municipality purchased a queue management system, allowing citizens to take a number and sit and wait (rather than standing in line) to meet with municipal staff about their administrative services.

Round 4 Achievements

- In Round 4, EMI made a total of 14 awards; two awards for innovative management (\$20,000 each), six awards for performance in accomplishing municipal services to citizens (awards of \$45,000 for categories of municipal parks, municipal roads, and solid waste), and six awards for increasing the collection of OSR (\$45,000 each). All of the projects resulting from these awards were successfully built or purchased and became operational.
- The total amount of the 14 awards was \$580,000. The first category (innovative management) required a 40 percent match with municipal own-funds or in-kind services. The total awards in this category were \$40,000, and the actual match provided by municipalities' cash and in-kind services was \$42,333, again exceeding the required match.
- The awards for increasing the collection of OSR were given to the top six municipalities that increased the collection of OSR the most (percentage increase) from 2008 to 2009. The winners increased their collections 364 percent, 97 percent, 30 percent, 10 percent, 8 percent, and 7 percent.

5. Lessons Learned from the Implementation of the Effective Municipalities Initiative

As described in Section I (Introduction), USAID/Kosovo's assistance program for local governance began in May 2004 and thus constitutes a longstanding area of emphasis for the US Government. The program began with the Local Government Initiative from May 2004 to July 2007, and continued with EMI from July 2007 to October 2010. A new program began in October 2010, the Decentralized Effective Municipalities Initiative (DEMI). There is broad agreement within USAID and the international donor community that decentralization has led to more democratic governance for Kosovo by bringing government institutions closer to the population, allowing citizens to take part in direct elections, allowing local decision-making, and holding local officials accountable. In general, USAID's local government assistance program in Kosovo has helped produce the most decentralized form of local government among the countries of the former Yugoslavia. The Effective Municipalities Initiative, while contributing to that general effect, also produced significant achievements in establishing a more viable and sustainable multiethnic society, in bringing about legislative and policy reforms for local government, and in helping to strengthen local governments' ability to provide for better municipal services. While this report focuses on the results achieved during EMI, a number of valuable lessons can be drawn from the experience of the program.



RTI found senior staff in Kosovo municipalities to be very receptive to the training subject matter and eager to learn new, more advanced municipal management techniques. Here officials from Istog/Istok learn about own-source revenues.

The activities conducted for the Task I Objective led directly to standing up the new and enhanced Serb-majority municipalities and linking them to Kosovo institutions. The assistance activities that led to this result took place in the third and final year of the EMI program. Valuable lessons include the following:

- The process leading up to the successful elections included the creation of MPTs; these were very effective in bringing about the successful elections that created the new and enhanced municipalities. Membership in these MPTs was local—limited to individuals living in the Serbian-majority communities themselves and selected for these salaried positions after they applied for them. The membership of each MPT reflected the multiethnic makeup of the communities; thus, there were both Serbs and Albanians among their members. The focus of the technical assistance for the MPTs was on improving the living conditions in the villages and in creating sustainable and accountable local institutions that would provide services and other benefits to the citizens, regardless of their ethnic identity. MPT members created a number of required legal and administrative documents (such as a municipal organograms, draft municipal ordinances, draft rules of procedure, and capital investment plans) that were quickly used by newly elected mayors and assembly members after the elections, thus ensuring quick start-up of new local governments. Indeed, the MPTs proved to be a highly effective mechanism to create a local identity for the new municipalities and establish an administrative foundation that allowed them to progress rapidly after elections.
- In the period before the local elections, there was considerable concern that the local population would not participate in the vote, causing embarrassment to the Kosovo and US Governments and weakening the primacy of the plan found in the Ahtisaari Proposal.

The US Government launched a bold strategy to encourage voter turnout that succeeded and paved the way for successful elections. Combining the forces of the US Embassy with USAID and its contractors created a powerful force at a time when there was no other visible support coming from the international community. Within several weeks of the elections, RTI completed a number of community investments selected by MPT members and highly valued by the local citizens, such as provision of drinking water, electricity, school IT equipment, sidewalks, and others. As each project was completed, the US Ambassador, DCM, and USAID Mission Director inaugurated it in front of local media (Albanian and Serbian), and delivered messages that emphasized the promising future that lay ahead for the new municipalities. The community improvements, combined with the presence of US Government officials, proved effective in delivering a dynamic message. These activities did appear to have the desired impact of mobilizing voters and giving credibility to the new/enhanced municipalities. For example, in the elections in Parteš/Partesh in June 2010, voter turnout was estimated at 56 percent. In other towns, such as Gračanica/Gračanicë and Klokot-Vrbovac/Kllokot-Vërboc, the turnout was lower, estimated at 23 percent and 25 percent, respectively, but still higher than expected and certainly acceptable for local elections.

- Linking the new municipalities to Kosovo institutions proved to be a challenging task and revealed how much the GoK and mother municipalities would need assistance to help establish new and expanded municipalities. Representatives of the GoK, including the MLGA, revealed a lack of motivation during the period prior to the elections. Despite a program of visible and substantial support by the US Government, USAID, and the ICO, ministers of the GoK did not visit the MPTs in their offices prior to the elections; the minimal support provided lacked conviction. In many cases, mother municipalities found it difficult to cooperate with MPTs and new municipalities before and after the elections. After the elections, the line ministries responsible for direct support to municipalities seemed to lack the willingness to engage with or provide special assistance to new municipalities, for example, in formulating their budgets, developing their capital investment plans, or developing spatial plans. Despite the importance to the Republic of Kosovo for fulfilling the conditions of the Ahtisaari Proposal, the GoK showed little enthusiasm for the elections or for the new local governments. This tepid support may continue to be a problem in the near future and might lead to weak and possibly unsustainable local new/enhanced municipalities.

The activities for the Task 2 Objective led to creating a modern and sound legislative framework for decentralization and to providing better central government guidance, oversight, and compliance with relevant laws by municipalities. Valuable lessons include the following:

- The GoK has produced a modern and sound legislative framework for local governance in Kosovo; the system is the most thorough and decentralized among all the countries of the former Yugoslavia. And yet, the process through which these laws were developed was not inclusive, transparent, or one that was widely supported by Kosovo partners. It was largely created and adopted by international organizations that needed to meet political goals for an independent Kosovo state. Building policy dialogue for further reform of the local government will be important. The legal framework's strength is also its weakness. The form of local government in Kosovo is strongly decentralized, but also out of step with countries in the region, as well as its own history. Although the legislative framework exists, the underlying and traditional pillars of decentralization are weak and potentially unsustainable. There is no "champion" of decentralization in the GoK, not in the office of Prime Minister nor in any government ministry. The Parliamentary Commission on Public Service, Local Administration, and Media is not active and does not actively support or champion local government decentralization. The AKM is an advocacy organization for Kosovo mayors, not for local governments. Many of the most prominent mayors in the country are opposed to several central provisions in the laws (which limit their powers) and do not press their case for independence from central ministries. Local governments and their staff continue to be

viewed depreciatively by government institutions, international organizations, NGOs, and the power elite in Kosovo society. There is much work to be done in ensuring continued success.

- The role that the MLGA plays with local governments to guide, provide oversight, and ensure compliance with national legislation is developing, but will take a long and sustained effort to become fully effective. Several factors have contributed to impede the MLGA's ability to implement this important role. First, the MLGA itself is not considered a prominent ministry in comparison to others. This weakens the MLGA's ability to advocate for the interests and to solve problems of local governance among other ministries. Secondly, the authority and ability of the Minister to implement reforms within MLGA is limited because of the laws governing civil service in Kosovo. Very often, his strongest ideas went unimplemented within the ranks of the MLGA. Thirdly, policy dialogue is essential for successful policy implementation, and local governments need to be treated as full partners in the process of local governance. However, the experience and knowledge of the (young) senior staff of MLGA is limited, especially in comparison to senior staff among local governments where, on average, they have over 10 years of local government experience. This has led to the MLGA staff trying to direct the activities of their local partners rather than collaborating with them. As an encouraging sign, the performance management system, implemented by RTI with support of local governments and the MLGA, was completely endorsed and adopted by the MLGA and is the first credible, technical mechanism the MLGA can use to monitor municipal effectiveness over a matter of critical importance to citizens and local leaders—municipal service delivery. Using this tool will help establish the MLGA's role and effectiveness in monitoring local governments. Every effort should be made by USAID to support and strengthen this new system.
- The importance and primacy of the LoLSG need to be reinforced. The drafting of several other laws in the post-independence era without adequate coordination and review from the involved ministries, effected municipalities, and AUK has resulted in the adoption of legal provisions that conflict with the LoLSG. International organizations still see it as their role, if not their right, to draft new legislation and get it approved without any consultative process. Municipalities have started to complain about the difficulties in implementing new legislation that conflicts with older legislation. Expedited procedures, required before independence, should stop. Parliamentary committees need to cross-check the numerous drafts against each other and remove any inconsistencies; stakeholders need to be consulted and have time to formulate their positions. The GoK should require that new laws that affect local governments be reviewed by local governments or AUK before passage.

The activities under the Task 3 Objective increased the ability of all original municipalities (and new and enhanced municipalities) to comply with the decentralization legislative framework and to provide better service delivery. Valuable lessons include the following:

- RTI's experience throughout the three years of capacity building, training, mentoring, and partnering with senior municipal staff members from a variety of departments and municipalities and across several training components (managing illegal construction, increasing OSR, improving municipal services) indicated that the senior staff in Kosovo municipalities were very receptive to the training subject matter and were eager to learn new, more advanced municipal management techniques. This could have been a result of their previous experience as employees in the municipalities of the former Serbia (Yugoslavia), their years of experience (many with over 10 years), their university education, or a combination of the above. However, the ability of RTI staff to provide more advanced techniques that reflected the state-of-the-practice in more advanced countries was often hampered by AIs issued by ministries that micromanaged municipal procedures (in opposition to the tenets of administrative decentralization). This was found to be true in

every training component. Often, AIs caused technical assistance to have limited value or to be unimplementable.

- The technical assistance component that aimed to improve municipal services produced a powerful technical system that was built with the consensus of senior municipal staff from a variety of municipalities and was endorsed and required by the MLGA. The system of performance management—measuring and monitoring the effectiveness of municipal services—was first attempted by another international organization, but failed to achieve the desired outcome. The MLGA turned to RTI in the second year of EMI to attempt to create the system. Working exclusively with upper MLGA and AKM staff took



When other methods stalled, EMI pulled together an “emergency meeting” of a group of experts to develop indicators for a comprehensive performance management system for municipal services. The system was created based on those indicators, and hundreds of municipal staff members were trained and certified to use it.

- almost another year and did not produce many desired results. RTI abandoned this approach and instead turned directly to municipal expert groups to create the system. The system was created, and hundreds of municipal staff members were trained and certified to use it. Even after the end of EMI it continued being implemented through MLGA requirements. The system is now the best performance management system in the region, but is still in a preliminary stage and can be improved to include more sensitive outcomes and indicators, as well as more municipal functions. USAID should continue to oversee the MLGA’s implementation of this program, as well as the AKM’s acceptance.
- Citizen opinion surveys conducted in municipalities proved to be a powerful tool for giving voice to citizens and their opinions about municipal services and local democracy. At first, RTI teamed with UNDP to produce the Mosaic survey (conducted in 2008, produced in 2009), but without full management control, lost valuable time and survey focus that may have also compromised the validity of some survey results. EMI conducted its own survey for 2009 (published in 2010), which produced many reliable and unexpected results. Survey results that revealed citizen dissatisfaction with many municipal services were disputed by many municipal mayors, who asserted that only they knew whether services were being provided adequately and whether citizens were satisfied or not. Some challenged the scientific validity of the survey methodology, and almost all municipal mayors refused to distribute the hundreds of hard copies of survey results (sent to their offices by RTI) to their senior staff, municipal assembly members, NGOs, citizens, or members of the media, as requested by RTI. Although RTI put the results on the EMI Web site, there is a concern that the results never became widely known by several target groups, including assembly members, citizens, NGOs, and media groups. These surveys introduced a new voice into the policy dialogue about the adequacy of municipal services—the citizens’—and every effort should be made to continue these surveys, perhaps with co-funding from the MLGA.
- The Incentive Fund was an integral part of the effort to increase the ability of all original municipalities (and new/enhanced municipalities) to comply with the decentralization legislative framework and deliver better services. The Fund proved to be a very effective tool to motivate municipalities and was an excellent complement to the capacity development that took place in Task 1 and Task 3 of the program. Municipalities were surprisingly motivated to win one of the 46 awards available, despite their relatively small

award size (average size was \$31,522), and the requirement for a municipal financial match with nearly 50 percent of the awards. The Fund also introduced competition in the performance-based awards that was later duplicated by the MLGA in a recent award program associated with performance management. Part of the attraction of winning an award was undoubtedly the idea of receiving recognition from the US Government in a national award ceremony (awards being presented by the US Ambassador or USAID Mission Director) and in front of national media. Many mayors used the awards in their 2009 mayoral election campaigns. There were limits to the attractiveness of the awards that should be kept in mind, however. One award was given to reward municipalities for complying with the decentralization framework, and required municipalities to remove civil servants and department heads from their municipal assemblies. This proved to be very difficult politically and only a limited number of municipalities attempted to win one of these awards. The ones that did win required a lot of “special” assistance from RTI to achieve the outcome.

- The technical assistance provided through capacity development in Tasks 1 and 3 often used techniques that are being used effectively in US cities and towns. This was considered “natural” in that (1) many of the techniques used were honed over decades in a local government environment with strong decentralization and administrative practices not unlike the form used in Kosovo, and (2) Kosovo municipalities were always eager to learn or replicate American practices because of their affinity for American culture. With independence, Kosovo is recognizing the potential benefits of aligning itself with Europe and may aspire to become part of the European Union. Moving in this direction would be natural for Kosovo, as it has been for other countries in the Balkans. Kosovo could become eligible for billions of euros in EU grants that would provide enormous benefits to Kosovo institutions and citizens. Complying with EU standards would also provide innumerable benefits to Kosovo. The process of helping the Kosovo government (and its local governments) move toward EU integration would require a modification of technical assistance strategies that blends European and US practices, similar to what has taken place in other Eastern European countries that have been in a similar position.

Annexes

Annex I Status of EMI Deliverables by Annual Work Plans

YEAR I WORK PLAN, AUGUST 2007 TO JULY 2008		
TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 1: Assist in standing up the new/enhanced municipalities as called for in the settlement document and linking them to Kosovo institutions		
No subtasks in Year I	NA	NA
Task 2: Assist the central government (a) in creating the legislative framework for decentralization; (b) in providing better guidance to, oversight of, and compliance with the relevant laws by municipalities		
Task 2.1 Facilitate a process leading to the completion of the local government and decentralization legal and regulatory framework, including effective secondary legislation	Paper: Legislative Framework of Decentralization in Kosovo	Attained Y1Q1
	Paper: Local Leadership Capacities and Relations with Citizens	Attained Y1Q1
	Paper: Municipal Administration, Organization, Human Resources and Performance-Based Management	Attained Y1Q1
	Decentralization Action Plan	Attained Y1Q4
	Draft Law on Local Self-Government	Attained Y1Q2
	Draft Law on Local Elections	Attained Y1Q2
	Draft Law on Municipal Boundaries	Attained Y1Q2
	Draft Law on Local Finance	Attained Y1Q3
	AI "On Municipal Transparency and Openness"	Attained Y1Q3
	AI "On Disclosure of Financial Assets and Conflicts of Interests of Municipal Authorities"	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the AI.
	AI "On Procedures of the Use of Languages in the Municipalities of Kosovo"	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the AI.
	AI "On the Rule and Procedures for Cooperation of Municipalities with Villages, Neighborhoods and Settlements"	Attained Y1Q4
	AI "On Public Consultation and other Forms of Citizen Participation at the Municipal Level"	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the AI.

YEAR I WORK PLAN, AUGUST 2007 TO JULY 2008		
TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 2.2 Strengthen the central government's ability better to assist, oversee and coordinate with municipalities in the implementation of and compliance with relevant legislation	Assessment of the MLGA's research and analysis capability with recommendations	Attained Y1Q3
	Policy Paper on Dispute Settlement Mechanisms in the District Courts	Attained Y1Q3
	Benchmarking study to establish a performance baseline for municipal service delivery	Attained Y1Q4
	Municipal Compliance Action Plan	Attained Y1Q4
	Strategy paper on transfer of new and enhanced competencies	Attained Y1Q3
Task 3: Increase the ability of all original municipalities to comply with the new decentralization framework and provide better service delivery through increasing own-source revenues and improving democratic processes		
Task 3.1 Build capacity in Kosovo counterparts by putting in place a training delivery system and conducting counterpart-led training initiatives	Report on local training capacity	Attained Y2Q1
	EMI training calendar	Attained Y1Q2
	Training curriculum for first round, "Newly Elected Mayors"	Attained Y1Q3
	List of qualified trainers after completion of first round	Attained Y2Q1
	Report to USAID on local training capacity	Attained Y2Q1
Task 3.2 Assist municipalities to set performance standards for service delivery, monitor performance, and make improvements	Report with recommendations for use of Incentive Funds	Attained Y1Q3
Task 3.3 Assist municipalities to improve own-source revenues collection	Initial report on municipal OSR collection baselines	Attained Y1Q4
	An update of the baseline report which includes self-chosen OSR collection targets for each municipality	Attained Y2Q1
	Report on municipalities' performance in improving own-source revenue collection three months after setting targets, with recommendations for Incentive Fund eligibility	Attained Y2Q1
	Report to USAID with recommendations for future own-source revenue collection activities and use of Incentive Fund awards	Attained Y1Q4

YEAR I WORK PLAN, AUGUST 2007 TO JULY 2008		
TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 3.4 Improve municipalities' capital investment planning	Policies and procedures guide for municipalities	Attained Y2Q4
	CIP training curriculum	Attained Y2Q3
	TOT for CIP	Attained. TOT was done for OSR training in Year 2 and for performance management in Year 3
	CIP training programs	Attained Y2Q4
	Report to USAID on use of CIP by municipalities during the 2008 budget cycle	Attained Y2Q1
Task 3.5 Improve municipalities' management of illegal construction	Draft municipal regulations on illegal construction	Attained Y3Q4
	Handbook: Illegal Construction Guide: Prevention and Remedies	Attained Y2Q4
	Report to USAID with recommendations for Year 2	Attained Y1Q4
Task 3.6 Use Incentive Fund awards to reward municipalities for compliance with decentralization framework, improved revenue collection, improved service delivery and infrastructure, and increased citizen participation	Incentive Fund strategy and implementation plan	Attained Y1Q4

YEAR 2 WORK PLAN, AUGUST 2008 TO JULY 2009		
TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 1: Assist in standing up the new/enhanced municipalities as called for in the settlement document and linking them to Kosovo institutions		
Task 1.1 Orient, plan and provide training to all key staff of the new/expanded municipalities, both elected and appointed, and coordinate support in conjunction with other actors	Report on Task 1 focus groups	Attained Y2Q1
	Training modules used in Kosovo Serb community training	Not attained until Year 3. USAID's directive to not begin work in Task 1 municipalities was still in effect during Year 2.
	Action plan for creating new municipalities	Attained Y2Q1
	Strategy on capacity building in new municipalities	Attained Y2Q1
Task 1.2 Assist in securing the provision of vital municipal-provided services in new municipalities, either by themselves and/or through existing municipalities	Model inter-municipal agreement	Attained Y2Q4
Task 1.3 Assist MLGA to strengthen outreach and cooperation between the new municipalities, the existing municipalities and the central government in order to strengthen ties between the new municipalities and Kosovo institutions	None	NA
Task 1.4 Manage an Incentive Fund, which could be used in service or infrastructure improvements in the new and mother municipalities	None	NA

YEAR 2 WORK PLAN, AUGUST 2008 TO JULY 2009		
TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 2: Assist the central government (a) in creating the legislative framework for decentralization; (b) in providing better guidance to, oversight of, and compliance with the relevant laws by municipalities		
Task 2.1 Facilitate a process leading to the completion of the local government and decentralization legal and regulatory framework, including effective secondary legislation	Law on Local Referenda	Attained Y1Q4
	Law on the City of Pristina	Attained Y1Q4
	Law on Municipal Partnerships and Inter-municipal Cooperation	Attained. Y2Q2
	Law on Municipal Transparency (revisions)	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Law on the Relationships between a Municipality and Its Settlements, Neighborhoods and Urban Quarters	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Law on Supervision of Enhanced Competencies by Central Government	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Policy Paper on Municipal Borrowing	Attained Y1Q4
Task 2.2 Strengthen the central government's ability better to assist, oversee and coordinate with municipalities in the implementation of and compliance with relevant legislation	Study on Financial Autonomy of Municipalities	Attained Y3Q1
	Municipal Compliance Information Tracking Action Plan	Attained Y2Q1, Q4
	Manual on Local Government Research Tools	Attained Y3Q1
	Handbook on Local Self-Government	Attained Y2Q1
	Handbook on Local Government Finance	Attained Y2Q3
Task 3: Increase the ability of all original municipalities to comply with the new decentralization framework and provide better service delivery through increasing own-source revenues and improving democratic processes		
Task 3.1 Build capacity in Kosovo counterparts by putting in place a training delivery system and conducting counterpart-led training initiatives	Assessment of Local Training Providers' Capacity	Attained Y2Q1
	MLGA Capacity-Building Comprehensive Strategy	Attained Y2Q1
	All training curricula	Attained throughout Y2. Curricula were developed near to the time of actual training.
	EMI training calendar	Attained Y2Q1 and then updated in Q2, Q3, Q4
	Trainer certification guidelines	Attained Y2Q1 and again in Q3 with AUK

YEAR 2 WORK PLAN, AUGUST 2008 TO JULY 2009

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
	Handbooks	Attained Y2Q3, Q4
	Reporting system for MLGA staff development tracking	Attained Y2Q3
	Capacity-Building Annual Report	Attained Y2Q1 (PBMS Report)
Task 3.2 Assist municipalities to set performance standards for service delivery, monitor performance, and make improvements	2008 Survey Report	Attained Y3Q2 (issued by UNDP)
	Pilot functions indicators (Phase I)	Attained Y2Q4
	Performance management Indicators (future phases)	Attained Y2Q4
	Training module on performance measurement pilot (Phase I)	Attained Y3Q1
	Municipal Monitoring System	Attained Y3Q3
	2009 Survey Report	Attained Y3Q2
Task 3.3 Assist municipalities to improve own-source revenues collection	OSR Baseline Report	Attained Y2Q1
	Training on OSR Management Techniques	Attained Y2Q2
	Intensive Assessment on Maximizing OSR Collections	Attained Y2Q3
	OSR Guide and Training Materials	Attained Y2Q2
	Midlevel training	Attained Y2Q4
Task 3.4 Improve municipalities' capital investment planning	Policies and Procedures Guide for Municipalities	Attained Y2Q3
	CIP training materials	Attained Y2Q4
	CIP training programs	Attained Y2Q4
	Report to USAID on use of CIP by municipalities during the 2008 budget cycle	Attained Y2Q4
Task 3.5 Improve municipalities' management of illegal construction	Guidebook on illegal construction	Attained Y2Q4
	Training materials	Attained Y3Q4
	Training for all municipalities	Attained Y2Q3 and 4, and Y3Q4. Formal, classroom-style training was not provided, but training was provided in other venues, including a week in Croatia and a day-long conference on illegal construction, attended by all planning officials.
	Other informational products to raise awareness of the harm of illegal construction	Attained Y3Q4

YEAR 2 WORK PLAN, AUGUST 2008 TO JULY 2009

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 3.6 Use Incentive Fund awards to reward municipalities for compliance with decentralization framework, improved revenue collection, improved service delivery and infrastructure, and increased citizen participation	Regional seminars for Rounds 1, 2 and 3	Attained Y2Q1
	Selection criteria for Rounds 1 and 2	Attained Y2Q2
	Selection of at least 9 awards for Round 1	Attained Y2Q2
	Letters of Agreement with 9 municipalities	Attained Y2Q2
	Selection of at least 35 awards for Round 2	Attained Y2Q3
	Letters of Agreement with 35 municipalities	Attained Y2Q4
	Procurement of goods and services for 9 municipalities in Round 1	Attained Y2Q4
	Procurement of goods and services for 35 municipalities in Round 2	Attained Y3Q1

YEAR 3 WORK PLAN, AUGUST 2009 TO JULY 2010

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 1: Assist in standing up the new/enhanced municipalities as called for in the settlement document and linking them to Kosovo institutions		
1.1 Orient, plan and provide training to all key staff of the new/expanded municipalities, both elected and appointed, and coordinate support in conjunction with other actors	Training modules	Attained Y3Q1-4
1.2 Assist in securing the provision of vital municipal-provided services in new municipalities, either by themselves and/or through existing municipalities	Competencies checklist	Attained Y3Q1,Q2
	Community development needs assessment	Attained Y3Q1,Q2,Q3
	Physical needs assessment	Attained Y3Q1,Q2
	Negotiated and approved inter-municipal agreement(s)	Attained Y3Q3,Q4
	Approved municipal statute(s)	Attained Y3Q2,Q3
	Approved 2010 budget	Attained Y3Q2,Q3
Other necessary regulations approved		Attained (Rules of Procedure) Y3Q2, Q3
Task 1.3 Assist MLGA to strengthen outreach and cooperation between the new municipalities, the existing municipalities and the central government in order to strengthen ties between the new municipalities and Kosovo institutions	None	NA
Task 1.4 Manage an Incentive Fund, which could be used in service or infrastructure improvements in the new and mother municipalities	NA	A complete program of Incentive Fund investments was developed and implemented, but the work plan for Year 3 did not include any deliverables

YEAR 3 WORK PLAN, AUGUST 2009 TO JULY 2010

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 2: Assist the central government (a) in creating the legislative framework for decentralization; (b) in providing better guidance to, oversight of, and compliance with the relevant laws by municipalities		
2.1 Facilitate a process leading to the completion of the local government and decentralization legal and regulatory framework, including effective secondary legislation	Law on Management of Municipal Property	Attained Y3Q3
	Law on Local Self-Government, technical amendments	Attained Y3Q1, Q3
	Law on the Naming of Settlements and Villages	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Law on the City of Pristina	Attained. Y3Q1
	Law on Partnerships and Inter-municipal Cooperation	Attained Y2Q2
	Law on Relationships between a Municipality and Its Settlements	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Law on Enhanced Competencies by Central Government	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the law.
	Study on Municipal Financial Autonomy: Comparison of 2007-2010	Attained Y3Q4
	Study on Specialized Local Government Institutions in Kosovo	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the study.
	Methodology for Administrative Review of Municipal Acts and Regulations	Attained Y3Q4
Task 2.2 Strengthen the central government's ability better to assist, oversee and coordinate with municipalities in the implementation of and compliance with relevant legislation	Model Regulations	Attained. Y3Q3.
	Study on Status of Big Municipalities	Not attained. Despite initial agreement with the MLGA on the activity, the Ministry did not pursue the study.

YEAR 3 WORK PLAN, AUGUST 2009 TO JULY 2010

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 3: Increase the ability of all original municipalities to comply with the new decentralization framework and provide better service delivery through increasing own-source revenues and improving democratic processes		
Task 3.1 Build capacity in Kosovo counterparts by putting in place a training delivery system and conducting counterpart-led training	EMI training calendar	Attained Y3Q1
	Report on TOT program	Attained Y3Q2, Q4
	Handbook on Transparency and Citizen Participation	Attained Y3Q2
	Handbook on Performance Management and Benchmarking	Attained Y3Q4
	Handbook on Increased Effectiveness of Municipal Assemblies	Not attained
	Capacity Building Annual Report	Not attained
	All training curricula	Attained Y3Q1–Q4
Task 3.2 Assist municipalities to set performance standards for service delivery, monitor performance, and make improvements	Performance Management Comprehensive Matrix	Attained Y3Q3
	2010 Survey Report	Attained Y3Q3
Task 3.3 Assist municipalities to improve own-source revenues collection	2009 OSR Report	Attained Y3Q3
	Training on advanced OSR management techniques	Attained (new municipalities) Y3Q2–Q3
	Training on OSR for elected officials	Attained (new municipalities) Y3Q2–Q3
	AI on Conditioning	Attained Y3Q4
Task 3.4 Improve municipalities' capital investment planning	Report to USAID on use of CIP by municipalities during the 2009 budget cycle	Attained Y3Q1
	CIP training materials	Attained Y3Q2
Task 3.5 Improve municipalities' management of illegal construction	Training materials on illegal construction	Attained Y3Q4
	Handbook on Illegal Construction	Attained Y3Q4
	Model Regulation on Managing Illegal Construction	Attained Y3Q4
	Informational Brochure on Illegal Construction	Not attained. Brochures from Croatia and Albania were reviewed with AKM collegia; they decided to develop one themselves.

YEAR 3 WORK PLAN, AUGUST 2009 TO JULY 2010

TASK/SUBTASK	DELIVERABLE	STATUS (ATTAINMENT/NONATTAINMENT)
Task 3.6 Use Incentive Fund awards to reward municipalities for compliance with decentralization framework, improved revenue collection, improved service delivery and infrastructure, and increased citizen participation	Announcements for Rounds 3 and 4	Attained Y3Q1
	Project selection criteria for rounds 3 and 4	Attained Y3Q1
	Announcements of winning municipalities for Rounds 3 and 4	Attained Y3Q2, Q3, Q4
	Environmental reviews for needed projects	Attained Y3Q1–Q4
	Letters of Agreement with Rounds 2, 3 and 4 winning municipalities	Attained Y3Q3
	Letters of Agreement with Round 4 winning municipalities	Attained Y3Q4
	Results of tender procedures for all projects requiring a tender process	Attained Y3Q3, Q4
	Monthly status reports for all Incentive Fund projects	Attained Y3Q1–Q4
	Handover agreements for all projects	Attained Y3Q4

Annex II List of Work Products—Effective Municipalities Initiative 2007–2010

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
1	MLGA Research and Analysis Capability Assessment	Assessment Report	An assessment of the capacity for research and analysis of the MLGA Legal Department.
2	Concept Paper on Local Referenda in Kosovo	Policy Paper	Review of the characteristics of local referenda in numerous countries covering various issues (initiating a referendum, thresholds for initiatives, administration of referenda, etc.). Includes analysis of the Kosovo context of principles of the Ahtisaari Proposal, newly adopted Law on Local Self-Government, Law on Municipal Boundaries, and recommendations from the Council of Europe.
3	Key Thematic Areas and Synopsis - Kosovo Program for Decentralization and Local Governance	Policy Paper	A paper prepared for the MLGA, outlining the steps needed to implement local government reforms in Kosovo.
4	Legislative Framework of Decentralization in Kosovo	Policy Paper	A paper prepared for the MLGA, outlining the legislative framework needed for decentralization in Kosovo.
5	Local Leadership Capacities and Relations with Citizens of Kosovo	Policy Paper	A paper prepared for the MLGA, outlining the local leadership capacities and relations with citizens.
6	Municipal Administration, Organization, Human Resources, and Performance-Based Management	Policy Paper	A paper prepared for the MLGA, outlining the municipal administration, organization, human resources, and performance-based management systems existing in Kosovo municipalities.
7	Overview of International Local Government Performance Measurement Systems	Technical Report	A review of the theory and practice of performance management systems in other countries.
8	Comparative Overview of Local Government Ministries in the Region and Abroad	Technical Report	A review of the authorities in local government ministries in the region and abroad.
9	MLGA Capacity-Building Comprehensive Strategy	Policy Paper	A paper prepared for the MLGA on developing a comprehensive strategy for capacity building in municipalities.
10	Action Plan on Capacity Building and Donor Coordination	Action Plan	A paper prepared for the MLGA on identifying efficient ways for training municipalities, as well as approaches for coordinating external assistance.
11	Report on EMI Performance-Based Management System	Technical Report	A report that outlines the program accomplishments from the beginning of the project (July 2007) through September 30, 2008.
12	Annual Capacity Building Report - FY 2008	Technical Report	Annual report on EMI capacity-building efforts.
13	Policy Paper on Municipal Legal Compliance Tracking Mechanism	Handbook	A handbook on how to measure whether municipalities are complying with the various laws effecting local governments.

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
14	Study on Financial Autonomy of Municipalities 2007-2008	Policy Paper	Assessment of fiscal decentralization—analysis of the degree of municipal discretion during the years 2007 and 2008. Includes review of the financial discretion of municipalities before and after the new Law on Local Government Finance was adopted.
15	Study on Financial Autonomy of Municipalities 2010	Policy Paper	Expansion of the 2007–2008 study to include 2009. Financial analysis of the municipalities’ discretionary expenditures. Reviews newly adopted local government financial legislation and its impacts on discretion.
16	Study on Comparative Overview on the Advantages of Kosovo Local Government	Technical Report	Analysis and comparative assessment of the framework of local government of Kosovo and other countries in the region.
17	Policy Paper on Consultation Mechanisms Between Local and Central Authorities	Policy Paper	Analysis of the formal and informal consultative mechanisms between local governments, the MLGA, and the courts.
18	Memo on Compatibility of Law on Publicly Owned Enterprises with Law on Local Self-Government and Ahtisaari Proposal	Policy Paper	Assessment of the compliance of LoPOE with the Ahtisaari Proposal and Kosovo Constitution’s provisions on publicly owned enterprises, as well as the Law on Local Self-Government.
19	Memo on Compliance of the Law on Police with the Ahtisaari Proposal	Policy Paper	Analysis and illustration of the procedure of selecting the local police commander according to the Law on Police and its compatibility with the Ahtisaari Proposal.
20	Memo on the Suspension of Mayors	Policy Paper	Paper prepared for the MLGA that reviewed the grounds for suspension of a municipal mayor by the Government of Kosovo and the role of the MLGA and other entities in the process.
21	Handbook on Local Self-Government	Handbook	Outlines the organizational structure of municipalities, municipal competencies (own, delegated, and enhanced), inter-municipal and cross-border cooperation, municipal finances, citizen participation mechanisms, and relationship between central and local government.
22	Handbook on Local Government Finance	Handbook	Includes applicable provisions on financial resources of local governments, procedures regarding municipal budgeting, borrowing, reporting, and auditing; outlines the main responsibilities of the local government bodies regarding these matters.
23	Handbook on Capital Investment Planning (CIP): Strengthening Municipal CIP Procedures	Handbook	Includes means for developing local policies and CIP regulations; request forms for projects, equipment, and citizens; procedures for estimating available municipal sources and capital needs; criteria to prioritize projects, including public/information campaigns for the CIP; and tools for monitoring and reporting on CIP progress.

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
24	Handbook on Spatial Planning and Construction	Handbook	Includes applicable regulations and provisions on spatial and urban planning, procedures for developing and adopting spatial and urban planning documents, supervision, legislative requirements on spatial planning and construction, general and basic requirements on construction, construction products and techniques, technical documentation regarding construction, the participants in the process of construction, procedures on obtaining construction permits, and treatment of illegal facilities.
25	Handbook on Improving the Planning and Collection of Municipal Own-Source Revenue	Handbook	Describes the major sources of municipal revenues, problems with collection, and strategies for improvements.
26	Handbook on Municipal Transparency and Citizens Participation	Handbook	Includes extensive information on municipal transparency, best practices, and recommendations, as well as mechanisms that lead to transparent municipal services.
27	Manual on Local Government Research Tools	Handbook	Provides information to MLGA staff on local and major European research institutions and agencies working on local government, and lists contact information for all regional and most European central government institutions dealing with local government.
28	Compendium of Local Government Laws	Handbook	Includes major provisions on local government reforms that give municipalities more competencies and additional functions. A look-up guide for citizens, developers, and municipal officials.
29	Draft Handbook on Municipal Acts and Regulations (Albanian)	Handbook	Handbook for the MLGA and municipalities on how to develop local acts and regulations.
30	Draft Methodology of Administrative Review of Municipal Acts (Albanian)	Policy Paper	Policy paper on methodology of administrative review of municipal acts.
31	Performance Management System: Recommendations for Phase 1	Summary Report	Overview of process and methodologies used in development of performance measurements for the following municipal services: water supply, solid waste collection, public transport, and administrative services.
32	Performance Management System: Recommendations for Phase 2	Summary Report	Overview of process and methodologies used in development of performance measurements for the following municipal services: emergency services, parks maintenance, public lighting, public parking, sewage, solid waste disposal, building regulations, and family and social welfare services.
33	Performance Management: List of Outcomes and Indicators	Technical Report	The system of outcomes, indicators, and sources of data for the new performance management system.
34	Annual Report on the Progress of Decentralization (FY 2008)	Report	Changes in local government legislation, steps taken by the GoK to implement decentralization, level of implementation by the municipalities, future challenges, and risks to project impacts.

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
35	Reporting Requirements and Criteria for Determining Compliance with Decentralization Legislation	Table	Compliance standards, means of verification, and information sources for GoK decentralization for use by the MLGA monitoring department.
36	Report on 18 conflicting provisions in the existing legislation	Policy paper	A study of the conflicts in existing laws that have a negative impact on decentralization and local governance.
37	Report on meetings with Serb communities in the new/enhanced municipalities	Technical report	A report on interviews with Kosovo Serbs concerning the establishment of new municipalities (prior to elections).
38	Performance Measurement of Municipal Services: A Citizens' Perspective 2009	Survey	Results of the 2008 Mosaic survey, published in 2009, which outlines and measures citizens' satisfaction with (1) Life in the Municipality, (2) Municipal Services, (3) Municipal Finances and Capital Investments, (4) Experience with Municipal Administration, and (5) Experience with Local Democracy. In total, 65 questions on municipal services were administered to 6400 households. Complete survey results were developed for and distributed to each municipality.
39	Performance Measurement of Municipal Services: A Citizens' Perspective, 2010	Survey	Based on 2009 report, but now with 130 questions administered to 6850 households, including new municipalities. Outlines and measures citizen's satisfaction with (1) Life in the Municipality, (2) Municipal Services, (3) Municipal Finances and Capital Investments, (4) Experience with Municipal Administration, and (5) Experience with Local Democracy.
40	Report on Own-Source Revenues Baseline	Status report	Annual status reports on the collection of own-source revenue for each municipality and in the aggregate.
41	Report on Experience of PMUs: Recommendations for Future New Municipalities	Policy paper	A report on interviews with PMUs on their own experience with establishing themselves, and recommendations for new Serb-majority municipalities.
42	Report – Increasing Own-Source Revenues: Description, Problems, and Strategy for Improvement	Handbook	A handbook outlining priorities for revenue collection and techniques for increasing revenue collections.
43	Report on Illegal Construction – Problems and a Strategy for Improvement	Handbook	A handbook outlining problems and priorities for better management of illegal construction and techniques for more effective management.
44	Report on Certification Program for Local Trainers	Technical report	A summary report on the training-of-trainers program conducted by EMI and American University of Kosovo.
45	Test of MLGA Staff on General Knowledge on Municipal Government Operations, MLGA Operations, and MLGA Department Operations	Technical Report	A test with results on the general and specific knowledge of municipal government operations, administered to the senior staff of the MLGA.
46	Report of the Results of the Ministry of Local Government Administration Staff Tests	Technical Report	Test purpose, methodology, and results. Does not include questions. Product is specific to MLGA and GoK.
47	Law on Local Self-Government	Public Law	Draft law collaboratively developed with EMI inputs.

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
48	Law on Local Elections	Public Law	Draft law collaboratively developed with EMI inputs.
49	Law on Municipal Boundaries	Public Law	Draft law collaboratively developed with EMI inputs.
50	Law on Local Government Finance	Public Law	Draft law collaboratively developed with EMI inputs.
51	Law on Public Financial Management and Accountability	Public Law	Draft law collaboratively developed with EMI inputs.
52	Law on Local Referenda	Public Law	Draft law collaboratively developed with EMI inputs.
53	Draft Model Regulation on Dealing with Illegal Construction (Albanian)	Legal Report	A model regulation that municipalities can use to adopt their own local regulation on controlling illegal construction.
54	Analysis on the Division of Powers in Macedonia, Slovenia, Estonia, and Norway (Albanian only)	Report	An analysis of the roles and responsibilities for local governance among different levels of government in other countries.
55	Policy Paper on Amendments to the Law on Local Self-Government	Policy Paper	Report of findings/recommendations for amendments to the LoLSG. Report based upon meetings co-facilitated by EMI and MLGA Legal Department. To identify gaps, contradictions, and other issues related to implementation of the LoLSG.
56	Concept Paper on Conditioning of Municipal Administrative Services to Citizens	Policy Paper	Review of legal basis for use of conditioning to facilitate payment of taxes and fees. The paper includes possible implications of conditioning and offers recommendations on ensuring some uniformity in using such practice through the possible drafting and issuance of an Administrative Instruction on this issue by relevant central authorities.
57	Draft Administrative Instruction on Conditioning of Municipal Services (Albanian)	Administrative Instruction	A model Administrative Instruction prepared for MLGA that sets forth mechanisms for use of conditioning of municipal services to facilitate payment of taxes and fees.
58	General Action Plan for New and Expanded Municipalities	Action Plan	Action plan prepared for the MLGA, outlining activities, trainings, and other tasks to be taken to start MPT work in proposed municipalities.
59	Specific Action Plan for Municipal Preparation Teams (MPTs) in the New Municipalities	Action Plan	Specific action plans for each MPT, outlining activities, trainings, and other tasks to be taken to start MPT work.
60	The Procedure for the Establishment of Severna Mitrovica/Mitrovicë Veriore Municipality	Policy Paper	Review of the Ahtisaari Proposal provisions regarding the North Mitrovica issue, as the Ahtisaari Proposal pays particular attention to the establishment of the Severna Mitrovica/Mitrovicë Veriore municipality because of the weight it carries for the other new, to-be-established municipalities, where the Kosovo Serb community will be in the majority.
61	Immediate Action Work Plan for New/Expanded Municipalities	Action Plan	Listing of tasks for newly elected/appointed officials in the new Kosovo municipalities.
62	Work Plan on Own Competencies in Education for the New/Expanded Municipalities	Action Plan	Specific tasks and steps to be undertaken in the competency of education in the new Kosovo municipalities.

No.	TITLE	TYPE OF DOCUMENT	DESCRIPTION
63	Draft Municipal Statute for the New/Expanded Municipalities	Draft Municipal Statute (Legal Document)	Draft statute (Draft City Charter) prepared by the MPT, with assistance from RTI.
64	Draft Rules of Procedures of the New/Expanded Municipal Assemblies	Draft Municipal Assembly Rules of Procedure (Legal Document)	Draft municipal procedures prepared by the MPT with assistance from RTI.
65	Immediate Investments in the New Municipalities of Klokot-Vrbovac/Klllokot-Vërboc, Gračanica/Graçanicë, and Ranilug/Ranillug, and the Expanded Municipality of Novo Brdo/Novobërdë	Action Plan	The purpose of this document is to provide the MLGA with information on the identification, planning, and implementation of \$1,115,812 (€ 748,867) priority investment projects for the newly established municipalities. This document highlights the practical approach that EMI has used with the MPTs in order to make the process more transparent and produce an outcome—the list of priority projects—representing the needs of the entire community.
66	Model Inter-municipal Agreement	Model Agreement	Model inter-municipal agreement taking into consideration the steps and process before entering into an inter-municipal agreement; implementation of the agreement; issues to consider following the end of the agreement.
67	Implementation Plan for Memorandum of Understanding on Transfer of Services from Mother to New Municipalities	Action Plan	Specific steps and tasks to be undertaken by ministries and municipalities in fulfillment of the MOU for Transfer of Services.
68	Solid Waste Financial Plan	Financial Plan	Financial plan (statement of revenues, expenses, etc.) for solid waste collection services.
69	Solid Waste Performance Measurement Survey	Survey	Survey of citizens, businesses, and government officials about solid waste collection services in new municipalities.
70	Draft Methodology of Administrative Review of Municipal Acts (Albanian)	Report	Prepared for the MLGA Legal Department on procedures and criteria to be used by the MLGA when reviewing municipal acts.
71	Matrix of beneficiaries of the EMI Incentive Fund program	Incentive Fund Project List	Final list of all Incentive Fund projects from the EMI program. List includes municipality, project name, date, cost, municipal contribution, and number of beneficiaries.

Annex III EMI Incentive Fund Awards

Task I Round	Municipality/ Counterpart	Project Title/Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
I	Gračanica/ Graçanicë	IT labs and Internet network for the primary school in Suvi Do/Suhadoll, primary and secondary school in Lepina/Lepi, primary school in Donja Gušterica/Gushtericë e Ulët, primary school in Uglar/Ugljare, primary and secondary school in Sušica/Sushicë, primary and two secondary schools in Laplje Selo/Llapllasellë	\$ 115,000	NA	10/26/09	Nov. 2009	3,610 students of primary and secondary schools in Gračanica/ Graçanicë
I	Gračanica/ Graçanicë	School generators for village Llaplje Selo/Llapllasellë The school building is being used by primary school Miladin Mitic, Secondary Economics School, and Gymnasium	\$ 22,500	NA	10/26/09	Nov. 2009	1,226 students of three schools in Llaplje Selo/ Llapllasellë
I	Gračanica/ Graçanicë	Purchase of solid waste containers, solid waste truck, service agreement for solid waste service, and software for billing and collection	\$ 217,333	NA	10/28/09	July 2010	17,000 citizens
I	Gračanica/ Graçanicë	Railroad crossing warning signs at the junction of Preoce–Lepina/Lepi	\$ 7,500	NA	10/28/09	Nov. 2009	17,000 citizens
I	Novo Brdo/ Novobërdë	Establishment of a citizen service center and provision of administrative services to villages Labljane/Llabjan, Pasjane/Pasjan, and Jasenovik, in the expanded territory, with VPN Internet communications	\$ 72,000	NA	10/21/09	Nov. 2009	9,800 citizens, including the expanded territory
I	Novo Brdo/ Novobërdë	Purchase of solid waste containers, solid waste truck, service agreement for solid waste service	\$ 140,833	NA	10/28/09	July 2010	4,800 new citizens of Novo Brdo/ Novobërdë
I	Ranilug/ Ranillug	Purchase of solid waste containers, solid waste truck, service agreement for solid waste service	\$ 159,958	NA	10/28/09	July 2010	5,000 citizens

Task I Round	Municipality/Counterpart	Project Title/Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
I	Ranilug/Ranillug	Grader/snowplow vehicle	\$75,000	NA	NA	NA	5,000 citizens
I	Klokot-Vrbovac/Kllokot-Vërboc	Purchase of solid waste containers, solid waste truck service agreement for solid waste service	\$ 140,833	NA	10/28/09	July 2010	4,430 citizens
I	Klokot-Vrbovac/Kllokot-Vërboc	Purchase of a transformer for the village of Grncar/Gërncar	\$ 45,000	NA	10/22/09	Oct. 2009	550 citizens of the village of Grncar/Gërncar
I	Klokot-Vrbovac/Kllokot-Vërboc	IT labs and Internet network for primary and secondary schools in Mogila/Mogillë, Verbovac/Verbovc, and Klokot/Kllokot	\$ 39,000	NA	10/22/09	Nov. 2009	722 students of primary and secondary schools
I	Klokot-Vrbovac/Kllokot-Vërboc	Purchase of two new water pumps for village Mogila/Mogillë	\$ 4,500	NA	10/22/09	Oct. 2009	1,550 citizens of the village of Mogila/Mogillë
I	Parteš/Partesh	Sidewalk in Donja Budrika/Budrikë e Poshtme	\$27,000	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Sidewalk in Parteš/Partesh	\$27,000	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Sidewalk in Pasjane/Pasjan	\$27,000	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Sidewalk in Donja Budrika/Budrikë e Poshtme	\$27,000	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Children's playground in Donja Budrika/Budrikë e Poshtme	\$9,450	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Children's playground in Parteš/Partesh	\$9,450	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Children's playground in Pasjane/Pasjan	\$9,450	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	IT lab in Donja Budrika/Budrikë e Poshtme school	\$11,250	NA	4/22/10	June 2010	897 students
I	Parteš/Partesh	IT lab in Parteš/Partesh school	\$11,250	NA	4/22/10	June 2010	897 students
I	Parteš/Partesh	IT lab in Pasjane/Pasjan school	\$11,250	NA	4/22/10	June 2010	897 students

Task I Round	Municipality/ Counterpart	Project Title/Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
I	Parteš/Partesh	Green market in Pasjane/Pasjan	\$31,227	NA	5/11/10	June 2010	5,000 residents
I	Parteš/Partesh	Ultrasound scanner for clinic in Parteš/Partesh	\$43,200	NA	4/22/10	June 2010	5,000 residents
I	Štrpce/Shtërpçë	Food and farmers' market facility for Štrpce/Shtërpçë	\$ 126,247	NA	8/17/10	Sep. 2010	11,000 residents
I	Štrpce/Shtërpçë	Purchase of two vehicles for solid waste collection	\$101,296	NA	8/23/10	Sep. 2010	11,000 residents
I	Štrpce/Shtërpçë	Purchase of solid waste containers	\$ 31,075	NA	8/06/10	Sep. 2010	11,000 residents
I	Severna Mitrovicë/ Mitrovica Veriore	Establishment of a public information tool/Web site	\$7,500	NA	8/12/10	Sep. 2010	Residents in Severna Mitrovica/Mitrovicë Veriore

Task III Round and Category	Municipality/ Counterpart	Project Title/ Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
I Innovative Management	Kamenicë/ Kamenica	“On the Air with Kamenica” Municipal outreach program	\$ 20,000	\$ 16,193	8/28/09	July 2009	49,581 residents
I Innovative Management	Novo Brdo/ Novobërdë	“Nouvo Monte Lives in the 21st Century” Public information and rural economic development	\$ 20,000	\$ 15,228	8/28/09	Feb. 2010	9,899 residents
I Service Delivery	Gjilan/ Gnjilane	“Enhancing Services for Citizens in the General Administration Department” Citizen registration desks at the general administration department	\$ 15,000	\$ 33,300	8/28/09	June 2009	52,000 residents
I Service Delivery	Obiliq/Obilić	IT lab for Gymnasium Hasan Tahsini	\$ 15,000	\$ 10,000	8/28/09	Oct. 2009	500 residents
I Service Delivery	Novo Brdo/ Novobërdë	“Improving Solid Waste Services” Solid waste containers and OSR billing operation	\$ 15,000	\$ 11,500	9/18/09	Apr. 2009	9,899 residents
I Service Delivery	Pejë/Peć	“Establishing Municipal Registration Services in Satellite Offices of the Villages of Pejë/Peć” Establishment of registration offices in five villages	\$ 15,000	\$ 25,000	8/28/09	July 2009	18,156 residents
I Service Delivery	Prizren	“Enhancing Pedestrian Safety for High-Volume Pedestrian Road Crossings” Street lighting for pedestrian road crossing	\$ 15,000	\$ 11,520	3/12/09	June 2009	214,963 residents
I Service Delivery	Malishevë/ Mališevo	“Providing a Pedestrian Sidewalk for the Schoolchildren in the Village of Bubavec/Bobovac”	\$ 15,000	\$ 17,140	12/8/09	June 2009	3,000 residents

Task III Round and Category	Municipality/ Counterpart	Project Title/ Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
2 Innovative Management	Gjakovë/ Đjakovica	Satellite offices in 10 villages The municipality will provide network connections to the village registration offices	\$ 20,000	\$ 15,800	8/28/09	Sept. 2009	55,000 residents
2 Innovative Management	Vushtrri/ Vuçitrn	GPS Leica 900 equipment for urban directorate	\$ 20,000	\$ 20,060	8/28/09	Nov. 2009	106,000 residents
2 Service Delivery	Dragash/ Dragaš	Snowplow truck and service	\$ 15,000	\$ 25,000	12/10/09	Aug. 2010	40,000 residents
2 Service Delivery	Gllgovc/ Glogovac	Renovation of toilet facilities in the primary school building	\$ 15,000	\$ 5,152	12/9/09	Oct. 2009	1,552 students
2 Service Delivery	Shtime/ Štimlje	Sidewalks in Belincë/Belince village	\$ 15,000	\$ 26,254	12/1/09	Oct. 2009	11,000 residents
2 Service Delivery	Lipjan/ Lipljan	Preparing regulatory plans to channelize the river Sitnica	\$ 15,000	\$ 35,000	8/28/09	July 2010	11,500 residents
2 Service Delivery	Gjilan/ Gnjilane	Renovation of heating system at the city theater and library	\$ 15,000	\$ 12,736	9/12/09	Dec. 2009	116,246 residents
2 Service Delivery	Klinë/ Klina	Development of a minipark	\$ 15,000	\$ 14,750	9/22/09	Apr. 2010	10,000 residents
2 Service Delivery	Podujevë/ Podujevo	Public streetlights for Skenderbeu Street	\$ 15,000	\$ 38,864	9/18/09	Dec. 2009	50,000 residents
2 Service Delivery	Skënderaj/ Srbica	Public streetlights for Ilaz Kodra and 18 Qershori Street	\$ 15,000	\$ 20,000	11/12/09	Feb. 2010	56,000 residents
2 OSR	Mamusha/ Mamuša	Sidewalks in Mamusha/Mamuša center	\$ 45,000	NA	10/6/09	Nov. 2009	6,000 residents

Task III Round and Category	Municipality/Counterpart	Project Title/ Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
2 OSR	Novo Brdo/Novobërdë	Better municipal services The municipality will provide garbage containers, water meters, and water billing software	\$ 45,000	NA	9/18/09	Nov. 2009	5,000 residents
2 OSR	Gjakovë/Đjakovica	Renovation of the roof of the cultural house, Asim Vokshi	\$ 45,000	\$ 40,601	9/15/09	Dec. 2009	150,000 residents
2 OSR	Hani i Elezit/Đeneral Janković	Construction of fence for the Ilaz Thaqi primary school, the branch in Seqishtë/Secišhte; and purchase of school inventory for the Ilaq Thaqi primary school	\$ 45,000	\$ 3,171	11/23/09	Mar. 2010	1,182 students
2 OSR	Kaçanik/Kaçanik	Building of seating for the sports stadium	\$ 45,000	\$ 4,372	11/18/09	Mar. 2010	33,000 residents
2 Compliance with Decentralization Framework	Ferizaj/Uroševac	Improve existing municipal park in Ferizaj/Uroševac	\$ 45,000	\$ 14,691	9/7/09	Nov. 2009	160,000 residents
2 Compliance with Decentralization Framework	Gjilan/Gnjilane	Building of underground crossing in Velekincë/Velekince village	\$ 45,000	\$ 25,567	9/15/09	Apr. 2010	25,000 residents
2 Compliance with Decentralization Framework	Shtime/Štimlje	Miniparks in villages The municipality is building miniparks and sidewalks in four areas: 1. Rashincë/Rašince village, 2. Vojnoc/Vojinovce village, 3. Muzeqinë/Mužičane village, and 4. Gornje Godance–Donje Godance/ Godance i Eperm–Godanc i Ulet village	\$ 45,000	NA	NA	Mar. 2010	6,586 residents
3 Innovative Management	Suharekë/ Suva Reka	Automated queue management system for citizens in administrative services office	\$20,000	\$9,000	12/9/09	Sep. 2010	85,000 residents

Task III Round and Category	Municipality/ Counterpart	Project Title/ Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
3 Innovative Management	Shtime/ Štimlje	Municipal office for elected assembly members	\$20,000	\$13,333	12/9/09	May 2010	21 members of the assembly
3 Performance Management	Pristina	Purchase of IT equipment for the municipal administration	\$45,000	NA	7/13/10	Aug. 2010	600 civil servants in the municipal administration
3 Performance Management	Skënderaj/ Srbica	Purchase of IT equipment for the municipal administration and purchase of medical equipment for primary health care	\$45,000	NA	7/13/10	Sep. 2010	200 civil servants and 175 medical staff
3 Performance Management	Prizren	Replace of the existing street lighting bulbs with LED lamps	\$45,000	NA	7/13/10	Sep. 2010	214,963 residents
3 Performance Management	Kamenicë/ Kamenica	IT equipment for the municipal administration	\$45,000	NA	7/13/10	Sep. 2010	11 departments in the municipal administration
4 Innovative Management	Kamenicë / Kamenica	New financial management system for bookkeeping office	\$ 20,000	\$ 29,000	7/13/10	July 2010	11 departments in the municipal administration
4 Innovative Management	Kaçanik/ Kačanik	Establishing an office for young environmental volunteers	\$ 20,000	\$ 13,333	7/13/10	Sep. 2010	33,000 residents
4 Performance Management	Gjilan/ Gnjilane	Construction of a park in the Iliria neighborhood	\$ 2 x 45,000 \$ 90,000	\$ 288, 810	8/2/10	Sep. 2010	5,780 residents
4 Performance Management	Malishevë/ Mališevo	Construction of a park and sidewalk at the Ibrahim Mazreku primary school	\$ 45,000	NA	8/2/10	Sep. 2010	976 students
4 Performance Management	Pristina	Establishment of a park in Arberia/Dragodan and Tauk Bashqe neighborhoods	\$ 2 x 45,000 \$ 90,000	NA	7/30/10	Sep. 2010	10,000 residents
4 Performance Management	Prizren	Establishment of the lighting system in the city alongside the river	\$ 45,000	NA	7/28/10	Sep. 2010	214,963 residents

Task III Round and Category	Municipality/ Counterpart	Project Title/ Notes	EMI Original Grant	Municipal Contribution	Environmental Review/Waiver Approved	Date of Completion	Beneficiaries
4 Performance Management	Fushë Kosovë/ Kosovo Polje	Establishment of a park in the center of the city	\$ 45,000	NA	7/28/10	Sep. 2010	33,682 residents
4 OSR	Hani i Elezit/ Đeneral Janković	IT equipment and office furniture	\$ 45,000	NA	7/13/10	Aug. 2010	43 civil servants
4 OSR	Štrpce/ Shtërpçë	IT equipment and office furniture	\$ 45,000	NA	7/13/10	July 2010	78 civil servants
4 OSR	Mitrovicë/ Mitrovica	Establishment of green areas in the municipality	\$ 45,000	NA	7/30/10	Sep. 2010	90,000 residents
4 OSR	Junik	IT equipment and office furniture	\$ 45,000	NA	7/13/10	Sep. 2010	54 civil servants
4 OSR	Klinë/Klina	IT equipment and office furniture	\$ 45,000	NA	7/13/10	Sep. 2010	130 civil servants