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Accountable Governance Assessment

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Table of Contents

<u>List of Acronyms</u>	4
<u>Executive Summary</u>	5
<u>Introduction</u>	8
<u>Review of Current Situation and Initiatives</u>	8
<u>Legal Framework in Budgeting/planning</u>	9
<u>Annual Budget Preparation Process</u>	9
<u>Organization of the Budget Execution</u>	10
<u>Donor and Project Activities</u>	12
<u>The oversight process</u>	14
<u>Oversight by nongovernmental institutions</u>	17
<u>Transparency at the Local Level</u>	18
<u>Results from Field Research</u>	21
<u>Key findings from the Survey</u>	21
<u>Key findings from the Focus Groups</u>	22
<u>Conclusions</u>	25
<u>Planning</u>	25
<u>Expenditure</u>	25
<u>Oversight</u>	26
<u>General Conclusions</u>	26
<u>Bibliography</u>	30
<u>Annex 1: Methodology</u>	
<u>Annex 2: Survey Compilation of Data</u>	
<u>Annex 3: Focus Groups Compilation of Data</u>	
<u>Annex 4: Legal Framework on anti-Corruption</u>	
<u>Annex 5: International Good Practice</u>	

Abbreviations

ACA – Anti-Corruption Agency

AmCham – American Chamber

BO – Budget Organization

BRK – Budget of the Republic of Kosovo

CPA – Central Procurement Agency

CSO - Civil Society Organization

EULEX- European Union Rule of Law Mission

EU – European Union

KDI – Kosovo Democratic Institute

LPFMA – Law on Public Financial Management and Accountability

IMF – International Monetary Fund

MTEF - Medium Term Expenditure Framework

MoF- Ministry of Finance

NDI - National Democratic Institute

NDS – National Development Strategy

OPM – Office of the Prime Minister

OAG – Office of the Auditor General

PEFA – Public Expenditure and Financial Accountability

PRB – Procurement Review Body

PPL – Law on Public Procurement

SME – Small and Medium Enterprises

USAID – US Agency for International Development

Executive Summary

This assessment, commissioned by USAID, analyzes the state of transparency of public institutions of Kosovo both at the national and local level. Particular attention is given to the procurement and budgeting units of local public administration. What is presented in the following pages is an analytical description of institutional transparency enriched with statistical data for each specific assessment requirement and review of ongoing actions and activities resulting in increased transparency at the country level undertaken by international and national institutions and non-government agencies. This assessment aims to deliver an analytical description on the state of transparency in Kosovo by providing detailed snapshot of the situation, while proposing policy interventions and actions at the local level that aim to address lack of transparency by bringing together local government, businesses and civil society organizations.

Transparency and anticorruption appear among the most important issues for the future of the country to both policymakers and ordinary citizens in Kosovo. It is believed that having a transparent and accountable government leads to better future for the country both in terms of social and economic outcomes. However, rhetoric and reality are often at odds.

Regardless of the beliefs expressed by the public and other stakeholders on the importance of transparency, corruption remains relatively widespread and represents one of the main challenges facing Kosovo on its path to sustainable development. Corruption is reported as one of the main barriers to sustainable growth and development in most analyses and public opinion polls. The latest EU progress report published in 2014¹, notes limited progress in fighting corruption combined with low readiness of political elites to accept and support an independent judiciary. At the same time, the research presented in this report shows a widespread belief that things are not going in the right direction with regards to transparency and accountability. This is further substantiated by a strong distrust in the work of public institutions on the part of citizens, with few exceptions.

Despite these sentiments, there have been an increased number of initiatives by public institutions² with the support of donors and civil society to address this situation. Our research has shown a strong linkage between these initiatives and improvement of public perceptions of corruption. Clear examples are the municipalities of Prishtina and Gjakova, the first municipalities to have approved integrity plans.

¹ EU (2014) Kosovo Progress Report 2014, available at:
http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-kosovo-progress-report_en.pdf

² E.g. by the Ministry of Finance, Anti-Corruption Agency, Public Procurement Regulatory Commission, and the Office of Auditor General, among others.

This development regarding the approach to transparency and accountability is a result of a number of developments linked with Kosovo state-building.

The institutional development of Kosovo can be considered to be in its early stages. As such, the complexity of adopting legislation, systems and procedures has exceeded the ability of administration to implement them. At the same time, the ability of public to follow and participate in this process has been negligible. This report shows that while legislation is in place, both the administration and public fail to make use of it, thus allowing for corrupt practices to arise in the system. Most of our respondents were not fully aware of their role in the transparency cycle and their ability to be part of the processes, such as right to information, opportunities to participate in the planning process and ability to use publicly available information to play an oversight role. Also, most respondents noted that Civil Society Organizations (CSOs) and Media do not play a good enough role in increasing transparency. Moreover, the general public trust in both CSOs and Media has deteriorated substantially in the past years, therefore their credibility has suffered. Thus, the level of public participation and transparency especially at the local level of governing is quite low.

The approach to addressing these challenges has followed a similar pattern to the development of the institutional context. Most of the anti-corruption initiatives outlined in this report have been implemented as a result of donor or external pressure, without full buy-in by local institutions and leaders. Just recently, these initiatives have started to be seen as flagship projects by some local leaders. Notable examples can be found in “Integrity Plans” at the local level and initiatives around e-procurement and centralized procurement taking place at the central level.

Given these issues, it is recommended approaching the issue of transparency and accountability in a holistic manner. Programs should be implemented in all stages of public planning and expenditure. Specific initiatives should address:

Participation at the planning stage - More work needs to be done directly with citizens to get them engaged in the planning stages of the public spending policies. A notable initiative in this area is the concept of participatory budgeting. While the possibility exists in Kosovo’s legislation, its implementation has been lagging behind. What does this look like in practice?

Reduce administrative complexity at expenditure stage especially in relation to public procurement – The legislative framework has become too cumbersome to be well implemented by a relatively inexperienced administration with a high turnover of staff. As such it should be simplified and appropriate systems should be implemented to lower transaction complexity and the possibility of malicious activity. In this area, the concept of E-Procurement should be explored further. A number of countries (including Albania and Georgia mentioned later in the

report) have been implementing paperless systems of procurement leading to less corruption and more oversight.

Increase economies of scale in public procurement – for a small country and a small number of experienced professionals, Kosovo had too many agencies dealing with procurement of same supplies. The current initiative of the centralized procurement is meant to address this issue. Further support (especially in training and monitoring) could be useful for full and functional implementation of this initiative. Initiatives at the local level could be used as pilot initiatives to be applied nation-wide. Since the largest share of procurement and budget expenditure is spent at the national level and regulatory and legislative bodies are at the central level, the problem of corruption in procurement has to be addressed top-down.

Support the oversight capacities at both local and central levels – as mentioned before, there are a number of good initiatives in civil society dealing with the issue of accountability and transparency such as initiatives by FOL and GAP. They should be supported to do more. At the same time, these initiatives should support the civil society at the local level as well. Right now, with few exceptions, the capabilities of local CSOs to work with the public and provide an oversight function to the municipality are greatly under resourced.

Support the oversight role of the media at all levels – to date, media have proved effective at drawing attention to issues around transparency and accountability. Further support is required to increase their capacities to get involved at all stages of public funds planning and expenditure. Media should have more professional capacities to get involved in the ex-ante processes and not only to report ex-post-- something that will also in turn enhance their credibility and their potential to play a role in increasing of transparency.

Finally, any future intervention by both domestic and international actors should **address the public administration capacities** at all levels of governance. To date experience has shown that adopting laws and setting up institutions is not enough. Greater professionalism and competence is required for the establishment of a modern framework of transparency and accountability. Attracting competent professionals and providing on-going training for staff should represent the cornerstone of reform approach towards less corruption and more transparency.

Introduction

This assessment outlines the findings gathered through desk research and literature review as well as through field research and focus groups conducted with major stakeholders. It tries to provide answers to four basic questions of concern for the project: What is the current situation regarding the accountability system in Kosovo? What is currently being done to address the gaps by the government and other actors? Which are some of the best practices identified internationally? And finally what can be further done to improve the situation in Kosovo?

One of the challenges to this report is the distinction between the national and local due to two reasons: first, issues identified are common to both levels of governance and second, the amount of discretionary budget spending at local level is significantly lower than at national level. This challenge applies to policy analysis, however in relation to the field research and perception of citizens and stakeholders the report will make a clearer distinction between two levels due to the ability to gather better information through data collection with questionnaires, interviews and focus groups.

The accountability system has been defined as comprising of three major areas: Planning and Budgeting of public funds, Execution or spending of public funds with specific focus on public procurement and oversight systems, including auditing and independent oversight by the civil society and other organizations. The findings show that Kosovo currently faces challenges in each of these policy areas. While decent institutional and legal framework exists on paper, its implementation remains challenging and provides opportunity for corrupt practices.

The rest of this report is organized as follows: initial review of the current situation in each of the mentioned areas followed by identification of gaps and outline of some of the current initiatives taking place, at the same time outlining some good practices internationally. The second part of the report summarizes some findings from the field research (details in annexes) and finally presentation of recommendations on how to address the challenges.

Review of Current Situation and Initiatives

In the area of public expenditure planning, Kosovo has developed a sound legal framework based on international best practice. This has been driven mainly by international donors and other financial institutions such as IMF, USAID and EU.

Legal framework in budgeting/planning

The main regulatory framework for fiscal matters in Kosovo is the Law on Public Financial Management and Accountability (LPFMA) – Law No. 03/L-048. It regulates the basics of the different stages of the budget process including the officials and institutions being part of the public financial management system.³

Concerning budget formulation, the LPFMA regulates the preparation of the Medium Term Expenditure Framework (MTEF), the Preparation and Review of Proposed Budgets and Appropriation Requests, including timelines, guidelines for budget circulars, and the setting for the proposed Budget of the Republic of Kosovo (BRK).

The LPFMA sets detailed planning procedures and timelines to be followed by both Central Level and Municipal Level. These guidelines are reinforced on yearly basis by the issuing of Budget Circulars outlining yearly specifics of budget planning such as government and municipality priorities, budget ceilings and financing instructions. Meanwhile, the process is

³ Law No. 03/L-221 (2010) and Law No. 04/L-116 (2012).

monitored and guided by the respective departments in the Ministry of Finance namely Central Level Budget Department and Municipalities Budget Department. The LPFMA also sets out responsibilities and roles for different positions within Budget Organizations, especially in relation to financial planning, approval of expenditures and financial oversight. As such the LPFMA together with the PPL represent the main body of legislation related to transparency and accountability.

Annual budget preparation process

Annual budget planning starts with the identification of Government priorities. These priorities are set out in the program of the government and would ideally be part of a broader National Development strategy.

The Government had put down the latest policy priorities in its “Program of the Government of the Republic of Kosovo 2015-2018”⁴. However, that document is only a collection of the Government’s objectives and does not present any strategy. With support of EU⁵ funds the Strategic Planning Office at the Prime Minister’s Office (OPM) is drafting the National Development Strategy (NDS). The NDS is organized around four pillars covering government priorities and targeting Human Capital, Good Governance and Rule of Law, Competitive Industries and Infrastructure. The Good Governance and Rule of Law pillar covers also the issues around addressing current gaps in public procurement.

However, the NDS is still in public consultation phase and needs to be approved by the Government as soon as possible thus streamlining government planning process towards addressing current challenges on the path towards sustainable development.

On the structural end even though legal basis exists, some of responsibilities are not clearly defined between sector ministries and the Strategic Planning Office at OPM. Also, within sector ministries, there is no clear process for developing strategies. Plans are produced, but they are not coordinated and consulted with the other sector ministries within the Government. Especially the planning of activities and the planning of finances do not interlink properly.

Following the approval of the priorities and submission of budget proposals by the budget organizations, the Government submits its budget proposal to the Parliament for discussion and approval.

Regarding the Parliamentary Approval of budget, certain aspects of the parliamentary procedures have to date not been clearly defined and need improvement within the process.

For example, there are no clear provisions, neither in the LPFMA nor in the Rules of Procedure of the Assembly, on reporting procedures both prior to submission to the Assembly and thereafter. It is not clear whether periodical reports have to be approved by a committee or even the plenary sessions or are just meant to be submitted to the assembly for information.

⁴ Office of the Prime Minister of Kosovo (2015): The Program of the Government of the Republic of Kosovo.

⁵ EU funded project “Support to Kosovo’s Strategic Planning” managed by European Union Office in Kosovo, Implemented by CPM Consulting Group Estonia.

Furthermore, latest PEFA Assessments⁶ have continuously noted that parliamentary involvement in budget planning happens only at the stage when the government approves budget, thus limiting the ability of the assembly to provide inputs at the planning stages.

At the level of municipalities the process is quite similar to the central level, with the exception that the budgets are approved by Municipal Assemblies and the role of the Parliament is limited. Initially municipalities formulate a Medium Term Expenditure Framework, in which they incorporate all budget proposals from different departments within the ceilings provided by the Ministry of Finance. Following the approval of the MTEF, Municipalities prepare yearly budget proposals according to the timeliness provided by the Ministry of Finance. It should be noted that since Municipalities have their own source revenues, they have a degree of freedom in planning especially in the area of capital expenditures.

Municipal budgets are part of the overall budget submitted by the government to the parliament.

Organization of the budget execution

Two laws are generally used during the execution of the budget or expenditure of public funds: the Law on Public Financial Management and Accountability (LPFMA) and public procurement law (PPL).

The main problems which were identified by the Office of Auditor General (OAG) in this phase are: inadequate planning of expenditure by the relevant institutions at the central as well as local levels, asset management, implementation of capital projects and the procurement process itself in particular.

The reports of the Office of the Auditor General, in the past three years noted that the central and local governments have failed to make planning of the meaningful budget expenditures, and as a result money has been transferred from one budget line to another, which as explained above can be done without any need for approval by the Assembly.

Another issue highlighted in these reports is public procurement. In general it is said that the government has not implemented a single centralized procurement or a framework contracting system. The impact of this deficiency is the loss of ability of the public sector to achieve economies of scale and save on cost.

On the other hand, although the PPRC reports that the procurement system is making progress from year to year and is becoming more transparent, annual reports of the OAG reveal that the implementation of the procurement framework is not at a satisfactory level. Furthermore, the OAG has systematically identified numerous violations and irregularities, in particular with the **preparation** of tender dossiers, the **evaluation phase** and in the **implementation** phase.⁷

Thus, the procurement process remains a challenge for the government of Kosovo. Significant weaknesses in the OAG's report for 2014 are a repetition of those of 2013, 2012 and 2011 of which were:

⁶ PEFA (2013) Government of Kosovo Self-Assessment

⁷ OAG (2014) Annual audit report 2014, page 33

- The award of contracts to irresponsible economic operators;
- The award with contracts without the commitment of funds;
- Purchase not in accordance with the budget law / administrative guidelines; E.g. initiate the procurement procedure without the commitment of funds; accepting the deliverables without a proper professional opinion.
- Delays in the implementation of the contract;
- Payments for Goods and Services from the Capital Investments;
- Purchase Order made after receipt;
- The performance guarantee does not cover the period of implementation;
- Lack of Admission Committee;
- Contract awarded without procurement procedure;
- Lack of signatures on the Declaration of Needs;
- Purchase contrary to the technical specification;
- Certification of payment without sufficient evidence;
- Exceeding the limit for overtime work;
- Needs Assessment weak; and
- No penalties / penalties for not fulfilling contractual requirements.

These deficiencies allow opportunities for corruption practices in the procurement process. The EU Progress Report (2014) has also flagged these issues. The issue of defining and implementing technical specifications is seen as the main problem. The report also talks about corruption cases that are currently being treated in EULEX, where nine cases were sentenced to cases of corruption.

Moreover, EULEX has several ongoing investigations into public procurement-related corruption⁸. Corruption in public procurement is a recurring issue and public perception of the transparency and fairness of public procurement has deteriorated. Overall, the legal framework generally complies with EU standards and is non-discriminatory. Nonetheless, the capacity of all bodies involved needs to be further improved. It is important to avoid long periods during which key positions are not filled. Contract management and planning capacity need to be strengthened. Awareness needs to be raised as regards public procurement procedures and their implementation, and corruption needs to be addressed more effectively by Kosovo authorities.⁹

At the same time, there have been a number of initiatives and projects to address issues in the public procurement process.

⁸ It should be noted here that incidence of corruption cases related to procurement reported is much higher at the central level than at municipal levels.

⁹ EU (2013) Kosovo Progress report, 2013, page 33

Donor and Project Activities

The Kosovo Public Procurement System and Institutions have been supported by several EU funded projects such as “Reform of the Public Procurement System in Kosovo (2008-2009)” and “Improving Administrative Capacities in the Area of Public Procurement in Kosovo (2012-2015)”. Further support has been provided by other institutions and donors, such as the World Bank including the project “Enhancing the Implementation of Public Procurement Project¹⁰” implemented in the period February 2013 – February 2016.

An EU funded project, "Support to Public Procurement Reform in Kosovo"¹¹ implemented between 2009 to 2012 has assisted in the development of the public procurement system for Kosovo ensuring that the system is compatible and up-to-date with EU Standards and promotes efficiency and transparency in the use of public funds. The project supported four Kosovo institutions: 1. Public Procurement Regulatory Commission; 2. Public Procurement Review Body; 3. Central Procurement Agency; 4. Kosovo Institute for Public Administration. The overall objectives of this support were related to drafting primary and secondary legislation, modernization of the training system for Procurement Officers, managerial and organizational reviews of the public procurement institutions and on the job training and coaching. Some of the most important achievements with the support of this project include: The new Public Procurement Law, in force from October 2011; the secondary legislation, in force from January 2012; the new organizational structures, and working procedures for PPRC, PRB and CPA; Training Programs, which have will influenced more than 520 Procurement Officers.¹²

The National Public Procurement Strategy 2015-2020¹³ has been drafted with support of EU funded Project “Improving Administrative Capacities in the Area of Public Procurement in Kosovo” aiming to Improve the Public Procurement system through on-going monitoring and implement the necessary regulatory changes; Strengthen the public finance approach; Increase transparency and efficiency and, improve the flow of information; Follow current trends (green procurement, socially responsible procurement, e-procurement, support of SMEs); Further develop the human capital involved in public procurement; Stay in line with the changing EU directives. This strategy was intended to be approved by the end of 2014, however to date it has not been approved by government. Even though the strategy is not formally approved yet, some legislative reforms have been drafted.

Kosovo has in place an Electronic Governance Strategy 2009-2015, consisting of several objectives to achieve within its vision in the field of e-governance including here state e-portal; electronic registers; e-administration; e-cadastre; e-statistics; e-employment; e-procurement; e-

¹⁰ See: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/ECA/2015/07/14/090224b082ff4e81/1_0/Rendered/PDF/Kosovo000Enhan0Report000Sequence003.pdf

¹¹ A three year EU funded project, "Support to Public Procurement Reform" was concluded on 2012.

¹² The project is implemented by PLANET S.A in consortium with BIP, Crown Agents and the International Procurement Agency.

¹³ See: http://krpp.rks-gov.net/krpp/PageFiles/File/draftLS/2014/00-National%20Public%20Procurement%20Strategy-v3_ENG.docx

ID; e-tax; e-commerce; e-customs; e-health etc. The strategy is accompanied by an Action Plan for Implementation of Electronic Government Strategy 2009-2015, including specific activities and actions to implement strategy. So far, some developments have been achieved on implementation of objectives of this strategy.

The Government of Kosovo is working on the implementation of centralized procurement and e-procurement. Recently (2015) an administrative instruction for implementation of central public procurement procedures was issued by the Government.¹⁴ This was the precondition for the implementation of centralized procurement procedures for specific items of common use as required by Law on Public Procurement. Seems that there was no political will to implement centralized procurements and furthermore Central Procurement Agency capacities were also weak. Concerns about the implementation of Centralized Public Procurements are continuously raised by EU through Kosovo Progress Reports.¹⁵ The implementation of Centralized Public Procurement was supported by projects financed by World Bank and EU; however, their implementation in practice is still to come. CPA has already started few procedures; however, they are facing difficulties in their implementation.

Even though Kosovo legislation allows implementation of E-procurement, so far it was not implemented. At the end of 2014 with the support of World Bank, the Government has started the “Development or Customization of Transactional Modules for e-Procurement System.” The project is financed by the World Bank for the Ministry of Finance, respectively the Commission for Public Procurement of the Republic of Kosovo, within the Project of modernization of public administration. A Croatian company has been selected to implement this project.¹⁶ The project goal is to implement a platform for electronic public procurement. This platform will support end-to-end processes of public procurement, starting with procurement planning, the implementation of procurement procedures and finally contract implementation and payments. The project scope is the development or customization of transactional modules for e-procurement system, including ICT infrastructure and contract management information system. It is foreseen that the system will support the processes of procurement, electronic auctions, and processes for addressing complaints. An associated training plan is envisioned for Procurement Officers/Agents from all government bodies at the central and local levels.

The oversight process

The oversight framework of public finance consists mainly of the Assembly of Kosovo, Office of the Auditor General and Internal Audit functions within public institutions. The Kosovo Anti-Corruption Agency within its mandate for prevention of corruption and conflict of interest on exercising public functions is considered a player also.

¹⁴ Administrative Instruction (grk)-No. 02 /2015 for the implementation of central public procurement procedures.

¹⁵ EU (2014) Kosovo Progress Report 2014, p. 35, available at:

http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-kosovo-progress-report_en.pdf

¹⁶ . The project has obtained strong international competition from more than 10 bidders (or consortium). See: <http://www.worldbank.org/projects/procurement/noticeoverview?id=OP00028336&lang=en>

The Kosovo Assembly through its mechanisms, such as the Commission for Oversight of Public Finances and the Commission for Budget and Finance, oversees the expenditure of public funds in order to increase the level of transparency of the expenditure and to ensure citizens that public money is used on the value for money principle.

This oversight is based on the yearly reports of the Office of the Auditor General (OAG) and through conducting hearings by the Committees with relevant institutions such as Ministries, Municipalities and other independent agencies. In this way, the Committee makes the Executive responsible to implement the audit recommendations, which consist of improving the effectiveness of public expenses. The OAG in itself is currently facing difficulties, since the new Law regulating OAG has not been passed since 2013 and for more than a year OAG is operating without an appointed Auditor General. Consequently, the Deputy Auditor, who usually deals with quality assurance, holds the position of the Auditor General, and performs his duties, even though he is not officially appointed to that position. This has impacted both internal capacities of the OAG and the legitimacy of the Auditor General.

According to the LPFMA the Minister of Finance is obliged to prepare financial reports and submit them first to the Government for review, and then to the Assembly, but no later than 30 days after the end of each quarter¹⁷. Moreover according to Article 46 of the LPFMA the MoF is required to prepare and submit to the Government and the Assembly the final budget report for the previous fiscal year no later than March 31. The final budget report is prepared by the Treasury Department and includes all the information required according to the LPFMA, i.e. information on receivables and payments, assets, financial liabilities, a comparison of the information with two previous years, any outstanding obligations, capital assets, the situation of government loans, the number of employees etc.

These reports are usually approved by the assembly after short discussions. It is worth mentioning that historically the reports are approved without having one critical opinion from the General Audit Office. In this regard the oversight system does not function. Later when those reports are audited, they are once again put up for discussion at the plenary sessions. This process itself is time consuming and does not provide any added value, because the Commission for Oversight of the Public Finance (COPF) has to review these reports and give its opinion on them after they have been approved by the parliament, which means that nothing can be changed after they are already approved.

The Office of the Auditor General has legal independence for the audit based on the law. However, the recommendations made by this office are still not taken seriously by the Executive. Similar recommendations have been found in three recent reports (reports for 2011, 2012, 2013) addressed by this office and directed to the Executive, but were unfortunately not taken into account. Moreover, in the 2014 OAG report the Auditor General has addressed the same recommendations. At the same time the percentage of OAG recommendations addressed by the institutions of the Executive has decreased from 2013 in 2014 from 33% to 32%.

¹⁷ Republic of Kosovo (2008): Law on Public Financial Management and Accountability, Article 45.1; p. 35.

Most of the recommendations by the OAG are directed towards addressing the issues identified earlier. Examples of recommendations related to this report are as follows¹⁸:

- Government should implement the centralized procurement system and approve the list of articles to be procured through this system so it can benefit from economies of scale.
- Parliament should ensure that the government addresses the gaps in legislation to fully implement the e-procurement system.
- Attention should be given to financial and non-financial asset registration and management within each institution.
- Parliament should ensure that the Government implements the recommendations of the OAG, not only for the current year but also for the years before.

A similar situation can be noted in the internal audit function within the Executive. They [internal auditors] face a limited independence due to dysfunctional audit committees in many institutions. Not addressing the recommendations from the management for systemic issues that can be a source of corruption is the main fact that shows the lack of interest to improve governance of public money, as well other important issues of the procurement process, such as:¹⁹

- Not applying a centralized procurement for the same items that need to be procured from various government institutions of Kosovo,
- Not applying the approximate amount of suppliers during the evaluation of tenders, which is requested by PPL.
- Establishment of discriminatory evaluation criteria; and
- Problems in project implementation etc.

Another important body within the oversight of the expenditure processes, especially in regards to procurement, is the Procurement Review Board. The Procurement Review Board (PRB) was not operational from August 2013 up to March 2014, when the Assembly appointed the Board's new members. The Assembly disregarded the recommendation of the Independent Selection Board, which had concerns regarding some of the appointees, including an ongoing corruption investigation.²⁰ Meanwhile, the suspension of PRB operations has created considerable delays and backlogs in processing complaints. The issue is considered to be a problematic one also by the Anticorruption Agency, since the process of appointing the board members is political.²¹ Furthermore, there are corruption allegations for elected members of this institution.²²

¹⁸ OAG (2015) Annual Audit Report 2014.

¹⁹ The central harmonization unit of internal audit, report for 2014

²⁰ EU (2014) Kosovo Progress Report 2014, p. 34, available at:
http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-kosovo-progress-report_en.pdf

²¹ Interview with Head of Anti-Corruption Agency Mr. Hasan Preteni, Prishtina 16. 09. 2015.

²² Ibid.

In a recent report on the work of the Anti Corruption Agency (ACA) for 2014, it is noted that the Agency has developed preliminary investigation procedures in a total of 304 cases, where 56 of them were transferred from the previous year, and in 2014 they filed 248 new other cases. 131 of these cases have been sent to the prosecution and police for further processing, 11 cases were sent to competent administrative authorities with a request to initiate disciplinary proceedings, 102 cases have been closed, while 52 cases are pending.²³ Agency is playing an important role on the declaration of property by senior public officials as required by legislation.²⁴ According to the head of Agency, the future role of ACA shall be focused more on control of declared property by senior public officials rather in the preliminary criminal investigations.²⁵

Regarding the prevention of corruption, more specific attention has been given to the activities planned under the Strategy for the Prevention of Corruption and its Action Plan 2013 – 2017. This document was reviewed in 2013 and serves as strategic framework for the work of the Anti-Corruption Agency. Specific objectives and tasks have been reported as implemented; however the number of tasks not implemented, partially implemented or not reported is high.²⁶ Only 47% of planned activities for year 2014 were reported by public institutions as fully implemented.²⁷ Those statistics do not provide the information to evaluate the qualitative implementation of these measures.

According to the Public Pulse Report published by UNDP in 2015, Corruption remains one of the top three most important problems for Kosovans. Therefore, a large number of respondents think that large-scale corruption is prevalent in many institutions. The institutions that are perceived to have the highest prevalence of large-scale corruption include: healthcare providers 52% (compared to 56% in November 2014), Kosovo Electric Corporation 45% (compared to 39% in November 2014), Courts 43%, Customs 39% (compared to 33% in November 2014), the central administration/institutions 38.5%, the Privatization Agency of Kosovo (37%) etc. Kosovo Police, International Organizations and banks are perceived to be the least corrupt institutions. Twenty percent of Kosovans believe that large scale corruption is present in the Kosovo Police and International Institutions, whereas 24.3% (compared to 17% in November 2014) think that it is present in banks.²⁸

Finally, data published by Transparency International²⁹ in 2014 shows that Kosovo (together with Albania) has the highest perception of corruption in the region, even though only about 16%

²³ Anti-corruption Agency (2014), Annual report 2014, page 5, available at: <http://akk-ks.org/repository/docs/Raporti%20vjetor%20final%202014%20-%20versioni%20shqip%20%281%29.pdf>

²⁴ Law no. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials as amended and supplemented by Law no. 04/L-228 (entered into force in 2014);

²⁵ Interview with: Hasan Preteni, Director of Anticorruption Agency, Prishtina, 16. 09. 2015.

²⁶ Anti-Corruption Agency (2014) Annual Report 2014, p.18, available at: http://www.akk-ks.org/repository/docs/Raporti_vjetor_final_2014_sq.pdf

²⁷ Ibid.

²⁸ UNDP (2015) Public Pulse Report –IX, April 2015, p. 7-8, available at: http://www.ks.undp.org/content/dam/kosovo/docs/PublicPulse/pp9/PPR9_Anglisht.pdf

²⁹ <http://www.transparency.org/country/#KOS>

of population has admitted to ever paying a bribe.³⁰ Nevertheless, a huge majority of interviewees believe the government is too inefficient in fighting corruption (61%).

Oversight by non-governmental institutions

A number of non-governmental organizations have been active in the area of anti-corruption and transparency. Most prominent among them is the *FOL movement*, which has established a number of online platforms to follow the work on public institutions. FOL has also worked on publishing reports about the work done by anti-corruption institutions and it has engaged with the public to increase public awareness of transparency and accountability issues. The platforms developed by FOL provide accurate and useful data on the current stage of corruption cases investigated by police/prosecution and also in regards to the final results in the court.³¹

Kosova Democratic Institute (KDI) has published the Public Procurement Transparency Index in 2015. According to “Public Procurement Transparency Index”³² issued in 2015 by Kosova Democratic Institute (KDI), a spin-off of National Democratic Institute (NDI) and local partner of Transparency International in Kosova, the Government of Kosovo for 2014 demonstrated a low level of transparency on public procurement. According to these findings citizens, media and businesses were not provided documents which are essential for public procurement. This report assesses the disclosure of procurement documents and information by the Government of Kosovo. The index consists of 23 indicators across five categories of public procurement, namely: access to public documents, budgetary transparency, procurement transparency, transparency in public auctions, and complaints to the procurement review body. The findings of this index show that critical documents are not published on web-sites of ministries. Budget, financial reports, procurement plan, but also tender and auction announcements are not accessible online. In assessing the level of transparency in public procurement KDI tested the access to public information through official requests. Out of the 20 institutions, 9 responded within the legal deadlines, nine were late in their response and two ministries did not respond at all to the requests. According to these findings most of Ministries are not transparent also regarding their budgetary issues, including publication of their budget in websites, publication of financial reports, audit reports, and procurement plans.³³

Media have also played an important role in reporting on corruption. Most prominent cases can be found in the KALLXO.com initiative which encourages citizens to report their encounters with corruption and follows-up with journalist investigation and reporting.

GAP Institute is a local think tank, has also been active in the area of transparency and accountability. Based on the report “Kosovo Budget – transparency and forms of budget reporting” done by GAP in 2013³⁴, it is seen that the reports on expenditure of the budget by the

³⁰ Accessible at : http://www.transparency.org/country/#KOS_PublicOpinion

³¹ See at: <http://levizjafol.org/folnew/platformat/>

³² Public Procurement Transparency Index, Kosovo democratic Institute, March 2015, <http://www.kdi-kosova.org/publikime/13-indeksi-i-transparences-ne-prokurimin-publik.pdf>

³³ Ibid. p. 10.

³⁴ GAP (2013) Kosovo Budget – Transparency and Forms of Reporting, http://www.institutigap.org/documents/84490_AnalizaperbuxhetinENGfinal.pdf

Ministry of Finance to the Assembly of Kosovo are not appropriate and do not offer an outlook on transparency in regards to spending of public money. Quarterly and annual reports from the Ministry of Finance are general and the tables with total expenditures for categories are unclear and not transparent.

Further, if we look into the level of budget organizations, publishing of expenditures from the ministries of the Government of Kosovo is very limited. Out of 19 ministries (the number of ministry in 2013), only the Ministry of Justice publishes the budget expenditures in a detailed form on a ministry level. Other ministries are satisfied with providing some notes on budget expenditure within the overall annual report of the particular ministry. The practice of not publishing the budget expenditures is also followed by the Office of the Prime Minister, the Assembly of Kosovo and the Office of the President.

This trend, of including the budget expenditures in the annual report, can be observed also in a large number of independent institutions that incorporate those expenditures in the annual reports. However, the number of independent institutions that provide better reports on expenditures is greater than the number of ministries in the Government.

The same situation with regard to publication of budget expenditures is observed in the local level. Out of 37 municipalities of Kosovo, only the Municipality of Malisheva published quarterly, six-monthly, and annual financial statements on budget spending for 2012. Only, the Municipality of Prizren has allowed having access on detailed budget spending for 2011. More recent data have not been published by GAP or any other organization.

GAP Institute has also worked on an online platform enabling all interested parties to view how the budget is spent by each organization funded through Kosovo Budget. The platform “How does the state spend our taxes?”³⁵ is followed with specialized reports bringing data closer to the citizen.

Transparency at the local level

GAP has also worked on the budgeting behavior of municipalities. In a report titled “Budgeting Practices in Six Municipalities in Kosovo” published in 2014 they note that even though according to Law on Local Government Finance, the Mayor is directly responsible for publication of financial reports, none of the municipalities have published reports as required by law.

Another issue at the local level is the issue of hiring of new staff. According to Auditor General not all municipal personnel was been hired according to the procedures stated in the Civil Service law and based on merit. This issue should be carefully handled by the Administration Departments in Municipalities, and by doing so sequentially assists municipalities to comply with the law and avoids hiring incapable individuals that do not necessarily offer qualitative services to the municipality and its citizens.

³⁵ www.institutigap.org

The LPFMA states that all municipalities and other budget organizations should be audited externally. Therefore, the yearly recommendations provided by the Office of Auditor General to each individual municipality should be addressed and implemented as soon as possible so as to avoid municipal mismanagement, dragging current problems into the future, and have an inefficient municipality.

All the necessary reports required by the law such as quarterly, semi-annually, annually reports of revenues and expenditures, and internal and external auditors' report, amongst others, should be available to the public; more precisely, all the aforementioned reports should be published on the websites of each municipality. This in turn increases municipal transparency and increases confidence in the individuals and the party that administers the municipality.

While there has been progress in the use of official municipal web-pages to make more information available to the public, according to OAG most municipalities do not publish their executive decisions or regulations in the web-pages. There is more online transparency on the budget but again the budgets are made transparent after they are approved and not in their draft state, when there is neither time for input nor are the mid-term budget reviews transparent online, in most municipalities. Most local governments do not publish their expenditures every three months as it is legally required.

In 2014, UNDP as part of its anti-corruption program supported by Swiss Development Cooperation Agency provided support to two municipalities (Prishtina and Gjakova) in developing Integrity Plans. According to Kosovo's Anti-Corruption Strategy 2013 – 2017 adopted by the Kosovo Assembly, all public institutions are required to develop and implement the Integrity Management Strategies. The idea of these plans is to identify areas that are most vulnerable to corruption within each institution and to work on developing and installing integrity planning in their daily work plans.

From the data collected from the interviews and the focus groups, Kosovo institutions do not aim for involvement of non-governmental stakeholders in the budget discussions, such as civil society or independent experts, and business associations, and other contributors to the Kosovo budget. Hence, the drafts and budget proposals have largely been unilateral and without the possibility of public discussion, which limits the possible contributions related to prioritizing public expenditure. Also, the description of government goals on spending in the macroeconomic analysis part of the budget lacks a proper economic and informative analysis, primarily for the members of the parliament, and then also for the general public.

Furthermore, data from the focus groups specifically concludes that the quality of discussions regarding the drafting of the budget by participants, especially by media, who are heavily criticized by all groups, is fairly unprofessional. Civil Society Organizations' presence also at times indicates fictive heads of organizations with leading political party affiliations, in these public hearings.

Results from field research

Following the initial desk research, a survey and focus groups have been conducted to identify perceptions and patterns of issues existing among stakeholders.

Key findings from the survey³⁶

Majority of people believe that things in Kosovo are going in the wrong direction. While corruption remains highly important in their opinion (19%), unemployment is the biggest worry of Kosovo public (62%). There is general distrust in governance institutions in Kosovo, but there has been some improvement in the perception regarding police and municipalities. Majority of population is not satisfied with transparency of public institutions, at the same time their knowledge and engagement with options to increase transparency remains limited. Some key data:

- 76% of respondents not familiar with municipal budget planning and management
- Majority of respondents never participated in municipal public hearings related to finances
- In general, low level of awareness/existence of transparency initiatives
- 71% of respondents not familiar with their right to access official documents
- Majority of those who are familiar with the Law did not exercise their right to access documents (81%)
- Majority believe corruption is a widespread, yet, majority informed through media (75%)
- Majority of those that experienced corruption did not report it to authorities
- Majority of those that experienced corruption say it wasn't worth reporting it
- 62% of respondents believe that the level of corruption has increased compared to past
- Majority of respondents believe that the level of media coverage of corruption has increased
- Police is perceived as the main institution fighting corruption
- Majority of respondents believe that efforts of civil society have little impact on fighting corruption
- Majority recommend strong punitive measures & strengthening judiciary to prevent corruption
- Low hopes among respondents on the future and possibility for change in the area of transparency and corruption fighting.

³⁶ Detailed results can be found in Annex 2.

Key findings from the Focus Groups

In order to ascertain the public perception on the lack of transparency in planning and managing public resources, especially, the public procurement processes, we have hosted eight focus group interview sessions, in all five regions of Kosovo, as well as with central level stakeholders such as media, civil society and key public institutions. Main findings are presented in the table below.

There is little to no transparency about public budgeting especially at the central level. Even when problems related to budgets are made public via auditing reports little is done to address given the lack of proper legal procedures for these cases. Audit agencies should also do more to increase the level of transparency by making even more reports public especially related to problems in budgeting and more particulars in those sections of budgeting where public is more affected. Lack of accountability is also seen as a factor that lowers transparency. It seems that even when accountability is required institutions especially at the local level dealing with budgeting find ways to justify their problems and lack of transparency.

There was a general tendency among the focus groups participants to speak in very general terms about the issue of transparency. The ideas expressed were a result of opinions mainly formed through media information about corruption. When individuals were asked about specific facts or reasons for this kind of perception they discussed:

- Little inclusion of mass public into the budget processes;
- Little effect that the initiatives to increase transparency have had;
- Negative publicity in the media;
- Lack of participatory budgeting activities in the municipality management;
- Lack of publications regarding the detailed expenditure reports in municipal or central government web-sites (Municipality of Prishtina, Municipality of Gjakova and Ministry of Justice, were an exception)
- People do not feel empowered to engage in anti-corruption efforts, as they do not see an opportunity to change the behavior of important central and local institutions.

Participants in the focus groups could not clearly indicate the facts or the reasons for *the highly corrupt perception* about public procurement processes but they offered piecemeal concepts related to lack of transparency and considered the above perception as a by-product of the existing situation related to the management of the public funds. Their inability to indicate facts or reasons also shows that the general public is not engaged enough in processes leading to better governance and increased participation in budget and procurement processes. This is to be expected in societies that are undergoing prolonged transitions and unresolved minority / majority issues.

The major obstacle in the focus groups regarding transparency was related to the fact that participants struggled with definitions of transparency. In the Albanian language the concept of transparency is very little used outside its physical meanings and when approaching issues of

public resource management. For most of them dealing with transparency only on management of public resources was a limitation as the common populace does not have the required specialized knowledge to effectively engage in discussions about public resources. The key to better management is involvement of people in decision-making processes.

Regarding civil society, it seems that these kinds of organizations have become dormant about issues related to accountability and transparency – something that can be explained with the very limited international funding opportunities for activities related to transparency and threats that people dealing with anti-corruption efforts have received in the past. This is also coupled with the general perception of being unable to change the situation especially in relation to court decisions and lack of punishment for corruption at the highest spheres of political decision making. The situation is not better in the minority local government units. The level of transparency and accountability among minority institutions is quite opaque. Minority groups' complaints about nepotism are extremely high in Serbian municipalities in Kosovo especially, such as Gracanica, Novoberdo, Partesh and Shterpce where according to focus group participants it is impossible to get a job even if qualified if not affiliated with leading parties. Moreover, the presence of Belgrade remains to be very strong in these municipalities - controlling even employment and firing of employees through interrogation processes.

The business representatives we talked with believed that public institutions considered it to be a privilege to share information about public resources and procurement more specifically. They also believe that there is little transparency present and that it is higher at the local level of government compared with the national / central level.

As for the government agencies, the ideas shared dealt with the fact that they are transparent according to the laws and regulations in place. They also indicated that issues related to transparency are not of prime importance for them especially as they are working in situations of limited staff and time pressure. They were also aware of the fact that more is expected of them. It was interesting to notice in the discussions that the participants expected more from the auditing institutions and far less from the anti-corruption agency.

Among the different groups we met with there was quite little discussion even when induced about anti-corruption agency. The general opinion was that media was doing the job of this institution, while also the general opinion was that media has lost the trust of the general public more and more with every passing year, and that media reporting often ends with procedural aspects, rather than the analyzing and assessing of news. According to the media participants themselves there is a very limited number of investigative journalism at present, and while there are more reporters writing more news, the public is over informed - but misinformed, which is a result of lack of finance in the media market. In regards to the emergence of online portals in the last years, the general belief is that they are not trustworthy, however according to the media participants themselves the latter has allowed for a decentralization of media outlets and as a result no public institutions have complete power over media outlets.

The table below shows main findings from the focus groups, while more detailed findings can be found in Annex3.

Fig. 1 Summary of Focus Group Findings

<i>Issues in regards to Transparency and</i>	Youth	Businesses	Central Gov	Local Gov	NGOs	Minorities	Women	Media
Lack of Transparency is higher in:	Central Government	Central and Local Governments	Central Government	Central and Local Governments	Local Governments	Local Governments	Central Governments	Central and Local Governments
The role of the Law Enforcing institutions:	Present, but fairly implemented	Very Limited. The Law on Public Procurement is inadequate	Present, but fairly implemented	Present, but fairly implemented	Limited	Very Limited. Local Governments always manage to justify their corruptive acts	Present, but not implemented - Women are not familiar with their rights	Limited. There is a lack of information on law enforcing mechanisms.
The role of Audit Institutions:	No Transparency nor accountability	Limited. Only to identify irregularities and make recommendations	Limited. Only provide base for further investigations	Has impact - improves the efficiency of organization's fiscal management	Limited, in comparison to the mandate	Very Limited. Do not employ their mandate	Very limited. A need for deeper analysis.	A great role in providing information to public and especially media
The role of Civil Society:	Lacks responsibility in increasing transparency	Not transparent themselves	Active, but lack knowledge and in depth analysis	Very limited role	Lack of citizen activism	No role. CSOs do not access to Local Authorities	Very limited. Civil Society has a bad reputation also	Very limited. CSOs are not perceived as credible
The role of Media:	Limited. The Government has a major influence on publicly owned media outlets	Fairly Limited. Media can play a strong role. At present, it constantly attacks the PRB	Negative effect on Transparency due its lack of professionalism	Have a counter-affect. Media is not trusted by the public	Fairly Limited. The belief is that media ought to play an "extra" strong role.	Very limited. Not even informative.	Very limited. Media is not trusted, especially the online portals	Fairly limited. Media is fairly trusted
Public tender Processes:	Not transparent. Awarding of tenders is done based on political affiliations	Not transparent. Tender specifications are often done in collaboration with potential bidders	Not transparent. Faults occur in the Tender Specifications phase where only 2 -3 officials have access	Fairly transparent. Not transparent in the tender preparation phase	Not transparent. Corrupt practices are part of these processes.	Not transparent. Corrupt. Belgrade affiliated.	Not transparent. Corrupt	Not transparent. Not fair. It is no one's interest to have this process be transparent
Competition for jobs:	Not Transparent. Awarding of jobs is done based on political affiliations	Not transparent. Procurement officer's lack the know how	Nepotism has a great presence	Fairly transparent	Loopholes in the law result in conflicts of interest	Nepotism has a great presence	Not transparent. Hiring is done without merit	Not merit based. The professionalism of municipal at local level tends to be very low
Outlook for transparency:	Negative	Negative	Somewhat Positive	Positive	Somewhat Negative	Somewhat Negative	Somewhat Negative	Negative

Conclusions

Following the analysis of the current situation, as well as research with main stakeholders, it is safe to conclude that more transparency is required in every phase of the public funds planning, expenditure and oversight. Main conclusions can be found below:

Planning

Despite recent improvements the budget process is not yet running smoothly in all areas of the budget planning. The medium-term fiscal and budgetary planning remains the core development area of the Public Financial Management system in Kosovo for years to come.

In terms of the legal framework, more and especially more detailed rules and regulations should be created.

- Neither negotiations between the MoF and the BOs concerning the budget proposals nor standards for the evaluation of the budget proposals by the MoF are legally required let alone sufficiently regulated at the moment.
- The overall strategic planning mechanism needs improvement. Strategies, which are prepared, are done so without any proper financial impact analyses. Additionally, there is no uniform and standards-based impact analysis for new legislation or for amendments to existing legislation. This means, once legislation has been passed and additional financial needs arise, these cannot be addressed, because they were not part of the budget planning process. Much of the under-spending in capital investment in recent years occurred due to deficiencies in planning.
- If we go deeper in BO there could not be found a good planning for upcoming year and this lead to not proper expenditure.
- Involvement of public is low in the budgeting process both at national and local level
- Public awareness of their rights and possibilities to take part in budgeting remains low.

Expenditure

Government continues to be able to use discretionary transfer of funds between line items without previous approval by the Assembly of Kosovo. At the same time the involvement of the assembly in the oversight process remains limited.

Public procurement continues to be the major source of irregularities in the expenditure of the public money. This is strongly linked to the implementation of the legal framework covering this area both in preparing tendering documentation and awarding the contract. Limited oversight exists in the area of monitoring of public contracts once awarded.

A good public procurement should rest on the principles of fair competition, transparency and accountability. Criticism and doubts on the management of public budgets and procurement of public funds system at the local level in Kosovo refer to evidence of:

- Unfair competition as result of the application of specific criteria in the tendering process

- Shortcomings in the legislative framework concerning the complaint procedure:
 - Staff integrity and expertise
 - Independence of the complaint institution
- Lack of local media and civil society pressure

Oversight

Oversight function continues to be fragmented between official oversight functions and roles and the independent initiatives of the civil society and media. Furthermore, to date, there has not been a clear correlation between independent oversight institutions finding and actions of the government. Similar recommendations are found in the yearly report of the OAG without any major consequence on the work of the executive.

Some promising initiatives can be seen in a number of municipalities with the ability of replication to other public institutions.

The conditions for higher transparency relies more on institutional, legal and capacity development than the availability of technology to develop initiatives related to e-government (the ICT aspect is no way to be neglected in this line of thinking). It is clear that e-procurement or other technical upgrades made in the systems will not guarantee an elimination of corruption practices, but they can serve as an instrument that increases effectiveness of the local public administration while applying transparency.

Based on the focus group discussions regarding higher transparency at the local level there is indeed room for improvement both administrative and technical in terms of managing procurement processes and budgets more transparently. The presence of corruption cannot be denied, and it is a common need to mitigate it.

General Conclusions

- Transparency is mainly a paper reality – while laws and systems exist at every layer of the government, there is huge discrepancy with the situation in reality.
- General public lacks awareness on transparency – both our research and work done by the civil society organizations shows that, while general public demands more transparency there is a lack of understanding of how this can be achieved.
- Civil society engagement in transparency is top-down – limited engagement of local NGO-s in accountability and transparency has led to focus on central government activities being a priority of engagement.
- Media reports on transparency are haphazard and specialized coverage is missing – media have been quite efficient in reporting on corruption incidence, but haven't been able to systematically and professionally cover the transparency and accountability issues.
- The lower the level of government the higher the lack of knowledge about transparency – lack of skills at lower levels of government have led to more mistakes in applying the legal framework and more opportunities for corrupt practices.

- Effective rule of law and application of rules and regulations increases transparency – the debate on transparency and accountability goes in line with perceived inefficiency of main rule of law institutions.
- Political parties should do more about transparency – current efforts on increasing transparency have all been focusing on addressing issues within public administration. However, little has been done in working on transparency and accountability of political parties. Many incentives of corruption practices in the public institutions are correlated to incentives that exist in the political system. An example coming out of our focus groups is linked to the practices of hiring in the public administration, considered as one of the most politicized process.

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I. Methodology

Methods and tools that have been used to carry out the assessment to determine where real and/or perceived systemic and procedural weaknesses in central level/municipal budgeting and procurement exist that contribute to corruption, are based on the concepts of local development, redefined and adapted in the areas of maintaining the integrity of community development, creating a common picture of current development conditions, measuring the global impact of actions, maintaining strategic control of local development processes, and assessing systemic problems and requirements. Such a systemic perspective of local development is mainly focused on social and economic components of the overall development paradigm.

Novus Consulting has employed quantitative research methods, including surveying and statistical analysis. Furthermore, it has validated quantitative data with qualitative research methods, with focus groups and in-depth individual interviews.

a. Quantitative Research Methodology

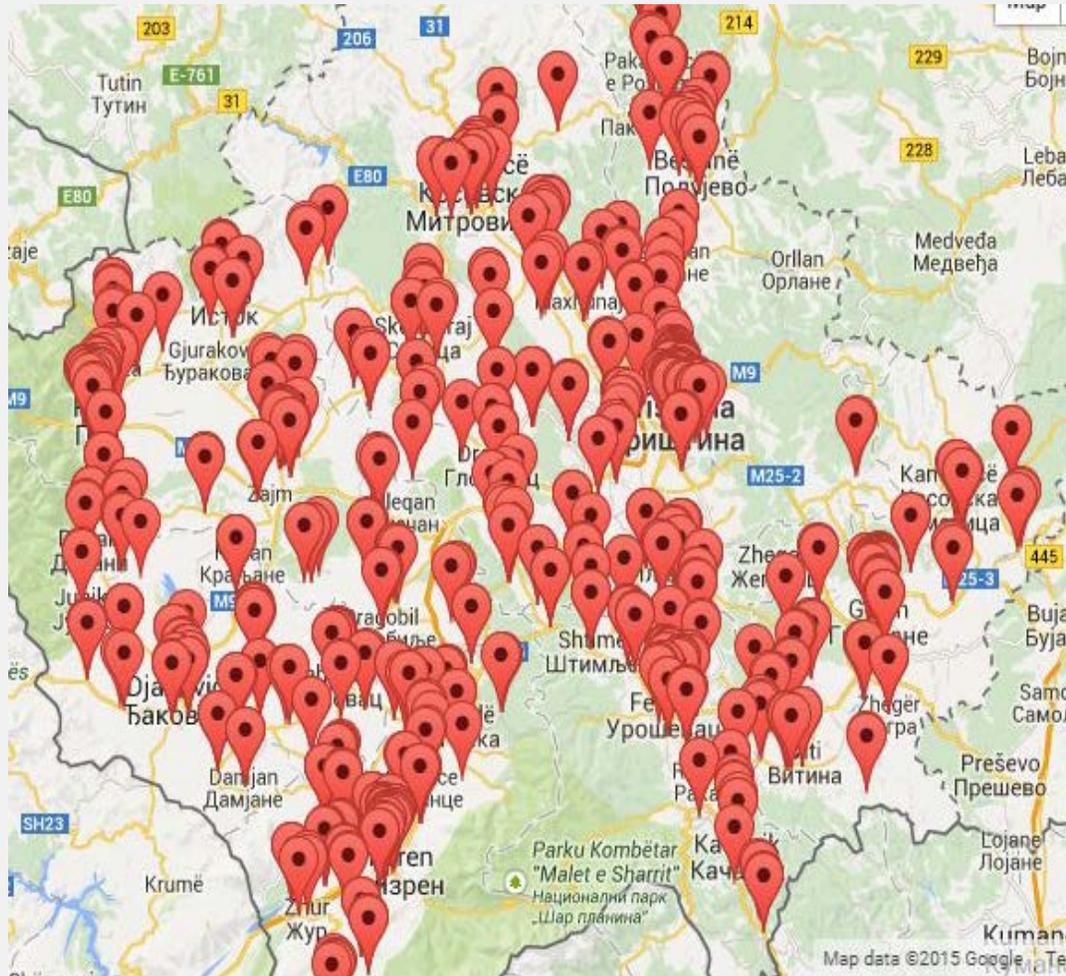
With the objective of measuring the perceived systemic and procedural weaknesses in municipal budgeting and procurement, Novus Consulting has conducted a Simple Random Sample survey with the 1,067 respondents, for a confidence level of 95% and a margin of error of 3%. The latter has provided the team with statistically significant data at a confidence interval of 3%. This level has allowed Novus researchers to draw valid conclusions about the attitudes and the beliefs of the nation about the perceptions of transparency in budgeting and procurement processes in local public institutions in Kosovo.

Data collection tools employed for the quantitative research were computer-assisted personal interviewing (electronic tablets with specialized interviewing). No manual data entry was required. Data was entered and stored in a cloud server real time through mobile internet connection (3G/4G), thus increasing the accuracy of surveys and minimizing the human error during data entry from paper-based surveys.

Target group	The entire population of Kosovo, excluding the North of Kosovo. Every citizen had an equal probability of being selected in the sample (sample of n from N population).
Sample universe	n= 1,067
Sample type	Simple Random Sample (multi-stage sampling for geographical/administrative units)
Definition of sampling units	The survey was proportionally distributed among all municipalities of Kosovo , and further up to the individual level: <ul style="list-style-type: none"> 1. Municipality <ul style="list-style-type: none"> a. Municipal Unit <ul style="list-style-type: none"> i. Urban ii. Rural <ul style="list-style-type: none"> 1. Street level <ul style="list-style-type: none"> a. Household <ul style="list-style-type: none"> i. individual
Selection procedure of sampling units	<ul style="list-style-type: none"> 1. Municipality (<i>proportional to population statistics</i>) <ul style="list-style-type: none"> a. Municipal Unit (<i>proportional to population statistics</i>) <ul style="list-style-type: none"> i. Urban (<i>proportional to population</i>) ii. Rural (<i>proportional to population</i>) <ul style="list-style-type: none"> 1. Street level (<i>random selection</i>) <ul style="list-style-type: none"> a. Household (<i>random selection</i>) <ul style="list-style-type: none"> i. individual (<i>next-birthday</i>)
Margin of error	3.0%
Confidence level	95%
Pilot testing	~30 respondents
Data collection method	Face-to-face interviews
Data collection tool	Computer-assisted personal interviewing (Electronic tablets with specialized surveying software)
Data entry	No manual data entry was required. Data was entered and stored in a cloud server real time through mobile internet connection (3G/4G). This increased the accuracy of surveys and minimized the human error during data entry from paper-based surveys.
Fieldwork procedure for the	Interviewers found the starting point according to the instructions provided by the administrator of the survey (randomly selected), including name of village/street.

<p>interviewers</p>	<p>From the starting point, interviewer headed in the instructed direction aiming to identify the first dwelling (the left side of the street toward bigger numbers of dwellings, and the third dwelling from the starting point).</p> <p>When entering the selected dwelling, the interviewers followed the procedure of choosing the household/apartment (three apartments in one building could be selected for interviewing; the interviewer was provided detailed instructions about the apartment selection procedure etc.)</p> <p>In a street where there are primarily individual houses, the interviewer selected the first house on the left from the starting point, skipped the second house, selected the third, skipped the fourth, selected the fifth and so forth, until all the interviews for that particular street were consumed.</p> <p>After choosing the house/apartment, interviewer used next-birthday method for selecting the respondent. Non response situations:</p> <ol style="list-style-type: none"> a) When no one at home: interviewer went back 2 to 3 times at another time of the day, if without success, interviewer noted it with all other details (reasons for the interview not being realized) in the interviewer’s diary. b) When refused by the person who opened the door: interviewer was not coming back, and noted it with all details (reasons for the interview not being realized) in the interviewer’s diary; c) When the respondent was not available: same as under (a) d) When respondent refused the interview: respondent was NOT replaced by another person from the same household. Interviewer noted it with all details (reasons for the interview not being realized) in the interviewer’s diary. <p>Interviewers took notes in Interviewer’s Diary in which they recorded all basic information about the sampling and interviewing process.</p>
<p>Quality control and assurance</p>	<p>We employed the following methods of quality control and assurance:</p> <p>1. Interviewer field visits (unannounced) - our field supervisors visited each interviewers unannounced during the survey process to determine the following:</p> <ul style="list-style-type: none"> • Is the interviewer conducting the survey in the instructed street? • Has the interviewer properly selected the households? • Has the interviewer properly selected the individuals in the household based on the next-birthday method? • Has the interviewer properly presented him/herself and the purpose of the survey? • Is the interviewer keeping his/her schedule of work? <p>The exact location of the interviewer is <u>tracked via GPS in real-time.</u></p>

The GPS tracking for the surveys undertaken:



2. **Respondent follow-up phone calls (random)** - Following the start of the survey, once we received real-time on our server the first 50 interviews, we started calling randomly 40-50% of all respondents. We verified interview places, respondent selection (next-birthday within household), sex, age, and three other random questions throughout the survey.
3. **Consistency checks** - We also checked the data (as they come real-time from the field) about any inconsistencies in key demographic variables. For example, if an interviewer has significantly more female or male in the sample, this shows that he/she is not accurately/strictly following the next-birthday selection method.

Below are the total surveys undertaken categorized in Rural and Urban Kosovo

Type of Residence	Nr.i ank.	%
Rural	605	57%
Urban	465	43%
	1,070	100%

Below are the list of cities and villages where surveys were undertaken.

Municipality where survey was undertaken	Village where survey was undertaken
Deçan	Abri e eperme
Dragash	Arllat
Drenas	Astrazup
Ferizaj	Bablak
Fushe Kosove	Bajgore
Gjakove	Bajqine
Gjilan	Balaj
Gracanic	Ballofc
Hani i Elezit	Baran
Istog	Barilev
Junik	Barliev
Kaçanik	Bec
Kamenice	Becuk
Kline	Begaj
Kllokot	Bellopoj
Lipjan	Berivojce
Malisheve	Besi
Mamushë	Blaq
Mitrovice	Bllace
Novoberde	Brestoc
Obiliq	Brezne
Partesh	Breznic
Peje	Broboniq
Podujeve	Brodosana
Prishtine	Bubavec
Prizren	Budrike
Rahovec	Bujan
Ranillug	Busavate

Shtepce	Carrabreg I Ulet
Shtime	Carralluke
Skenderaj	Cerrc
Suhareke	Cerrnice
Viti	Dashinoc Isniq
Vushtrri	Dedaj
	Devaje
	Doberlluke
	Dobrosh
	Dubrav
	Gabrrice
	Gadime e ulet
	Gerdoc
	Gergoc
	Gjinoc
	Gjonaj
	Gllarev
	Gllogjan
	Gllogoc
	Godanc i eperm
	Gremnik
	Hajvali
	Hallaq i vogel
	Hodonovc
	Kabash
	Kishnapole
	Kolle
	Komogllave
	Konushefc
	Korrotoic e eperme
	Kozhic
	Kqiq i madhe
	Kraishtë
	Krajk
	Krush e madhe
	Krushev e madhe
	Krushic e poshtme
	Kryshevc
	Kunushec
	Kushnin
	Lebanë

	Lebushë
	Leshan
	Letanc
	Lladroc
	Llashtice
	Llaush
	Lluge
	Lluke e Eperme
	Loxhë
	Lubiqeve
	Lubizhde
	Lugbunar
	Lumadh
	Lupq
	Lushte
	Lutogllave
	Mamushë
	Maqitev
	Marali
	Matiqan
	Mazgit
	Meje
	Mikushnic
	Miradi e poshtme
	Muhovc
	Nerodime e ulte
	Opoj
	Orroberd
	Ozdrim
	Pagarushe
	Pastasell
	Penuhë
	Petrovc
	Pirane
	Pjetershtice
	Planqor
	Pogragj
	Pojatë
	Poklek
	Polac
	Ponesh

	Popoc
	Poturoc
	Pozhoran
	Prekaz i poshtem
	Prelez i jerlive
	Prilep
	Prugoc
	Qifllëk
	Qikatov e vjeter
	Qupev
	Ramun
	Randobrav
	Reke
	Reqan
	Retije
	Rogan
	Rogovë
	Romaj
	Ropic
	Rufc i vjeter
	Sadovine e qerkezeve
	Sallabaj
	Samadrexhe
	Savrov
	Sazli
	Shishmon
	Shkoze
	Shupkoc
	Shushicë
	Siboc
	Skivjan
	Sopij
	Stangerg
	Stanoc
	Stanovc
	Studime e Poshtme
	Talinoc
	Terdefc
	Terpezë
	Terrne
	Topliqan

	Tushil
	Vasilev
	Verboc
	Velekince
	Velezh
	Verban
	Vinarc
	Vitomiricë
	Vojnik
	Volljak
	Vragoli
	Vrell
	Xerxe
	Zborc
	Zheger
	Zojz

Surveys were undertaken in the Albanian as well as Serbian language.

b. Qualitative Research Methodology

The qualitative research complemented the survey to receive deep insights about the attitudes, beliefs and norms of the citizens related to the topics to be explored. The research team developed a qualitative research methodology for this project, which incorporated eight focus groups, as well as a set of interviews conducted with key stakeholders.

1. Methodology for the Focus Groups undertaken in the entire region of Kosovo

Focus groups are one means of complementing survey data and are an increasingly popular way to learn about public opinion perceptions and attitudes to certain phenomena. They are in-depth, qualitative interviews with a small number of carefully selected people who are brought together to discuss a particular topic. In order to ascertain the public perception on the lack of transparency in planning and managing public resources, especially, the public procurement processes, Novus Consulting hosted eight focus group interview sessions.

The first four focus group (FG1, FG2, FG3, FG4) were held in Prishtina, the fifth (FG5) was held in Prizren, the sixth (FG6) was held in Gracanica, the seventh (FG7) was held in Gjakove, and the last one (FG8) was held in Prishtina again:

- FG1: Prishtina; 8 participant's consisting of Youth [age: 18 – 24], students from all around Kosovo [Prishtina, Mitrovica, Gjilan, and Gjakova]
- FG2: Prishtina; 8 participants consisting of Businesses, operating in Prishtina mostly
- FG3: Prishtina; 8 participants consisting of NGOs, operating in Prishtina and other municipalities like Shtime and Vushtri
- FG4: Prishtina; 7 participants consisting of Central Public Procurement Officers and Auditors
- FG5: Prizren, 7 participants consisting of Local Governance Public Procurement Officers, operating in the region of Prizren
- FG6: Gracanica; 8 participants who are Serb minorities consisting of Businesses, NGOs, Governmental officials pertaining to the municipalities of Gracanica, Novoberdo, and Kamenica
- FG7: Gjakove; 8 participants who are female consisting of Businesses, NGOs and more
- FG8: Prishtina; 7 participants consisting of Media outlets

Each group offered a unique perspective on identifying any policy issues that need to be addressed that will increase transparency in budgeting and improve public procurement processes. In this context the perceptions of civil society, businesses, media and other interested groups and agencies on transparency and accountability in managing public resources at the Central and the local level governments with detailed information are presented on each session in the focus group findings section of the Final Report.

Recruitment for Focus Groups

Participants in each focus group were roughly of the same socio-economic group. In most groups, apart from FG7, a gender balanced group was targeted and composed. Therefore, in most groups the age and gender composition of the group facilitated free discussions.

Participants for focus groups FG2 – FG5, and FG8 were selected based on their documented interest expressed, gathered throughout the current state research, recommendations made by key informants, and recruitment from Novus Consulting investigators based on their prior knowledge of central and local level governance, and affiliation with management of Public Money.

Having said that, FG2 consisted of businesses who had previously been part of public procurement processes, and most of whom had voiced out their opinions about the process. The same applies for FG3, which involved civil society representatives that had taken part in budget hearings – most of them were drawn out of budget hearing lists across municipalities – as well as CSOs that had taken part in production of reports in regards to transparency, accountability, and managing of Public Funds.

Other Focus Group participants for FG1, FG5, and FG7 were selected in a random basis in regions throughout Kosovo.

The venues for focus group participation were carefully reviewed before selection. The venues were in a position to ensure attendance and participation for all population groups, even the sensitive groups in the society, i.e. female and minorities. Based on our past experience, focus group venues were organized in the following places: education institutions (university/college and school buildings), training centers, and/or meeting rooms of non-governmental organizations.

Participants were invited at least a two to three days in advance, and were explained the general purpose and procedures of the FGD in order to obtain their consent to join.

As potential participants were recruited, they received a brief description of what the group would be about, as well as assurances that their participation was entirely voluntary and that their confidentiality would be protected. Each participant, apart from FG3, FG4, and FG5, were also reimbursed for travel expenses, and provided refreshments and drinks before the start of the session. In hopes of ensuring participants were relaxed about the sessions, a comfortable, relaxed atmosphere was created for each of the focus group sessions. Data from each focus group was captured through audio recording, and manual note taking. The audio recording allowed for verbal information to be obtained verbatim, and manual note taking involved capturing the key points of the discussion by handwriting them.

Protocol for Focus Groups

FG1 – FG5 were conducted by two facilitators, while FG6, FG7 and FG8 were conducted by one facilitator. There were a total of two facilitators. Facilitator 1 attended each session with the exception of FG6 and FG8, facilitator 2 attended every focus group session. FG1 - FG8,

excluding FG6, were conducted in the Albanian language, while FG6 was conducted in the Serbian language.

All facilitators were skilled in maintaining good group dynamics, had the responsibility of keeping the group focused, and ensured the generation of lively and productive discussions. Moderating styles were tailored to fit respective groups. However, in general, each 2 hour session began with a general discussion of the purpose of the session, structure of the focus group, anticipated protocol for the session, and an introduction of the 19 key questions participants were expected to discuss during the session. The questions were formulated by the project researchers based on the project goals and survey responses. The group then discussed the questions through talking with one another, asking public questions about what they heard, and reacting to one another's comments. The keys questions/topics posed at each session were:

***Question #1:** The concept of transparency in relation to management of public funds*

***Question #2:** Definition of transparency (how do participants understand transparency as applied to their life's*

***Question #3:** Perceptions about transparency (how do participants perceive transparency)*

***Question #4:** How to deal with lack of transparency? Is it ever punished - should it be punishable?*

***Question #5:** Where is lack of transparency higher?*

***Question #6:** What is the role of the media in dealing with lack of transparency?*

***Question #7:** What is the role of the civil society in dealing with lack of transparency?*

***Question #8:** What is the role of the law enforcing institutions in dealing with lack of transparency?*

***Question #9:** What is the role of audit institutions in dealing with lack of transparency?*

***Question #10:** Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.*

***Question #11:** Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.*

Question #12: Reporting / discussing transparency in relation to public competitions for jobs

Question #13: Legal reform and transparency

Question #14: The most involved media in transparency efforts

Question #15: The most involved NGO in transparency efforts

Question #16: The most transparent municipality government

Question #17: The most transparent ministry / central government institution

Question #18: Outlook for transparency in the next two years

Question #19: If in the position of a transparency czar state the policy action of choice to increase transparency

Each question was purposely phrased in order to secure multiple responses and to ensure that the formulation of the question had no effect on the responses. The questions were carefully sequenced so that the general questions preceded the more difficult ones. Leading questions that suggested the facilitator's opinion or an anticipated answer were avoided.

In particular, the question about the Outlook for Transparency has been phrased and limited to two years, considering that the mandate for Local Government leaders is up until 2017. Hence the team believed that phrasing the question within that time frame would lead us to a better understanding of the challenges towards an enhanced transparency. The answers to that question in particular provided us with focus groups participants' beliefs in the short run and the long run – that considering the latter question was immediately followed up with a question on their views in the long run.

Prior, to every start of a Focus Group, it was explained to the participants that the information they share with us, will be shared in the name of the group, and so will the conclusions that come out of focus groups. They were also informed that their details – First Name, Last Name, and Agency or it they are from, as well as job position in some cases, will be shared with the Donors and the main stakeholders. The individuals did agree to grant the use of their names for those purposes. However, they did not sign any forms granting the use of their names.

The tables below indicate the key participants of eight Focus Groups:

	Focus Group - Businesses	Representative
1	GeT Group	Visar Kelmendi
2	PR Solutions	Armend Susuri
3	Arberia Com	Bujar Jashari
4	WWF	Redon Rezniqui
5	Info Systems	Ilir Shehu
6	E communications	Kastriot Jahaj
7	RTC Consulting	Drilona Emrullahu
8	Ferronikeli	Lindita Daija

	Focus Group - Officials from Institutions	Representative
1	Procurement officer, Ferizaj Municipality	Ragip Zejnullahu
2	Procurement officer, Lipjan Municipality	Bekim Arifi
3	Head of Procurement, Gjilan Municipality	Salih Kqiku
4	Office of the Auditor General	Feqerije Thaqi
5	Office of the Auditor General	Qendresa Mulaj
6	Procurement officer, Shtime Municipality	Have Sharri
7	Former Procurement Officer - Current Advisor to the Mayor, Prishtina Municipality	Ekrem Rexha

	Focus Group – CSOs	Representative
1	NGO Polis	Fitim Sadiku
2	Levizja FOL	Petrit Zogaj
3	KIPRED	Krenar Shala
4	NGO Lens	Bardha Ahmeti
5	Regional Environmental Center	Faton Kaqkini
6	NGO Mileniumi i Ri	Nehat Bllacaku
7	Engineers without Borders	Vigan Jashari
8	Business Consultants Council	Venera Abazi

	Focus Group – Media	Representative
1	BIRN	Florina Ejupi
2	"Ekonomia ne KS"	Ereza Vela Berisha
3	Telegrafi	Lulzim Ahmeti
4	"Epoka e Re"	Afet Bela
5	Association of Journalists of Kosovo - Current Lead & Newspaper "Fjala"	Zekirja Shabani
6	Association of Journalists of Kosovo - Former Lead	Argentina Grazhdani
7	RTK	Fisnik Derguti

	Focus Group - Local Officials	Representative
1	Municipality of Mamush - Finance Official	Xhevahire Gashi
2	Municipality of Rahovec - Manager of the Procurement Office	Jetuallah Kabashi
3	Municipality of Prizren - Procurement Officer	Isa Osmanaj
4	Municipality of Dragash - Director of Administration and Budget	Beqir Rashiti
5	Municipality of Malisheve - Director of Economy, Budget and Finance	Vesel Krasniqi
6	Municipality of Suhareke - Procurement Officer	Bujar Kuci
7	OSBE Representative working in the region	Mentar Karjagdiu

	Focus Group - Women	Occupation
1	Fikrete Isufi	Private Clinique Employee
2	Elvane Beqa	Stay-at-home mother
3	Genta Zeka	Activist
4	Edita Axhemi	Women's Business Association SHE - ERA
5	Mirlinda Sada	Women Association "Medica"
6	Arianita Osmani	Student

7	Donika Beka	Student
8	Drilona Haxhiu	Student

	Focus Group - Minorities	Occupation
1	Ivica Vasic	PP "Nest" representative
2	Nemanja Nedeljkovic	NGO representative
3	Jovan Jovanovic	Private Company Employee
4	Milan Dabic	Project Officer - EU Project
5	Nemanja Popovic	S & N Company
6	Nemanja Mihajlovic	IT Service Provider
7	Dragana Nedeljkovic	Restaurant Owner
8	Dragan L.	CSO Lipjan

	Focus Group - Youth	Occupation
1	Arianit Beqiri	Student
2	Endrit Dibrani	Student
3	Viona Stavileci	Student
4	Donjeta Islami	Student
5	Bujan Stavileci	Student
6	Shpresa Frrokaj	Student
7	Meriton Morina	Student
8	Elvedina Zeqiri	Student

2. Methodology for the Interviews undertaken with key stakeholder

To achieve the objectives of this report the team has also conducted more in-depth interviews with key stakeholders to triangulate our findings and expand on them where possible. Interviews were carried out with select government officials at the central level and a broad cross-section at the local level, independent GoK Agencies, and all the stakeholders and beneficiaries identified.

Stakeholders and Beneficiaries:

1. Ministry of Finance

2. Ministry of the Local Government Administration
3. Kosovo General Audit,
4. Anti-Corruption Agency
5. Regulative Commission on Public Procurement (RCPP)
6. Central Procurement Agency, established within the Ministry of Finance
7. Procurement Review Body (PRB)
8. Office of Good Governance, Human Rights, Equal Opportunities and Gender (of Self-Government office of the Prime Minister)
9. Municipal Mayors
10. Civil society organizations involved in monitoring transparency and budgeting and public procurement procedures
11. Donors

The common questions asked during all interviews were:

***Question #1:** What is your view on transparency in relation to management of public resources?*

***Question #2:** How do you perceive transparency in relation to participation to public tenders and publication of tender results?*

***Question #3:** What is your view of the public perception on corruption issues?*

***Question #4:** What are the competences and role of your organization in regards to accountability and transparency?*

***Question #5:** How does your organization deal with prevention of corruption?*

***Question #6:** Where is lack of transparency higher within your organization?*

***Question #7:** What is the role of the media in dealing with lack of transparency?*

***Question #8:** What is the role of the law enforcing institutions in dealing with lack of transparency?*

***Question #9:** What is the role of the civil society in dealing with lack of transparency?*

***Question #10:** What is the role of audit institutions in dealing with lack of transparency?*

***Question #11:** What do you believe is a possible positive impact of centralized procurements and e-procurements?*

***Question #12:** What is your outlook for transparency in the next two years?*

Additionally, specific questions were asked to specific stakeholders, Interviews were divided among team members as per the table below, while the write-up was overseen by the team leader, with inputs from all team members.

Annex 2

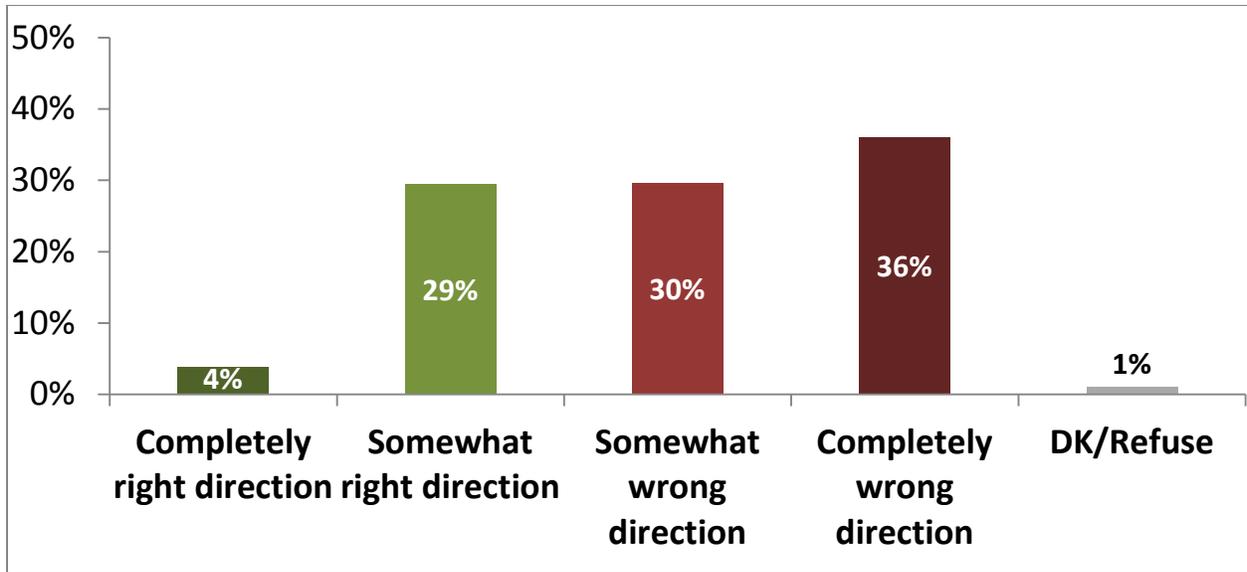
As per the table below note the stakeholder's identified data collection tools and the consultant to be undertaking them.

	Stakeholder List	Data Collection Tool	Consultant Engaged
1	Ministry of Finance	Interview	Mentor
2	Ministry of the Local Government Administration	Interview	Qerkin
3	Kosovo General Audit	Interview	Mentor
4	Anti-Corruption Agency	Interview	Qerkin
5	Public Procurement Regulatory Commission	Interview	Bernard N.
6	Central Procurement Agency, within MF	Interview	Mentor
7	Procurement Review Body (PRB)	Interview	Bernard N.
8	Office of Good Governance, Human Rights, Equal Opportunities and Gender (of Self-Government office of PM)	Interview	Qerkin
9	Municipal Mayors	Interview	Bernard N.
10	Municipal Finance and Procurement Dep.	Focus Groups	Bernard Z.
11	Municipal Officials	Focus Groups	Bernard Z.
12	CSOs involved in monitoring transparency and budgeting and public procurement procedures	Focus Groups	Bernard Z.
13	Women Civil Society Organizations	Focus Groups	Bernard Z.
14	Minority Civil Society Organizations	Focus Groups	Bernard Z.
15	Kosovo Municipal Association	Focus Groups	Bernard Z.
16	Private Sector, businesses affected by public procurement	Focus Groups	Bernard Z.
17	Donors	Interview	Bernard N.

I. Survey Compilation of Data

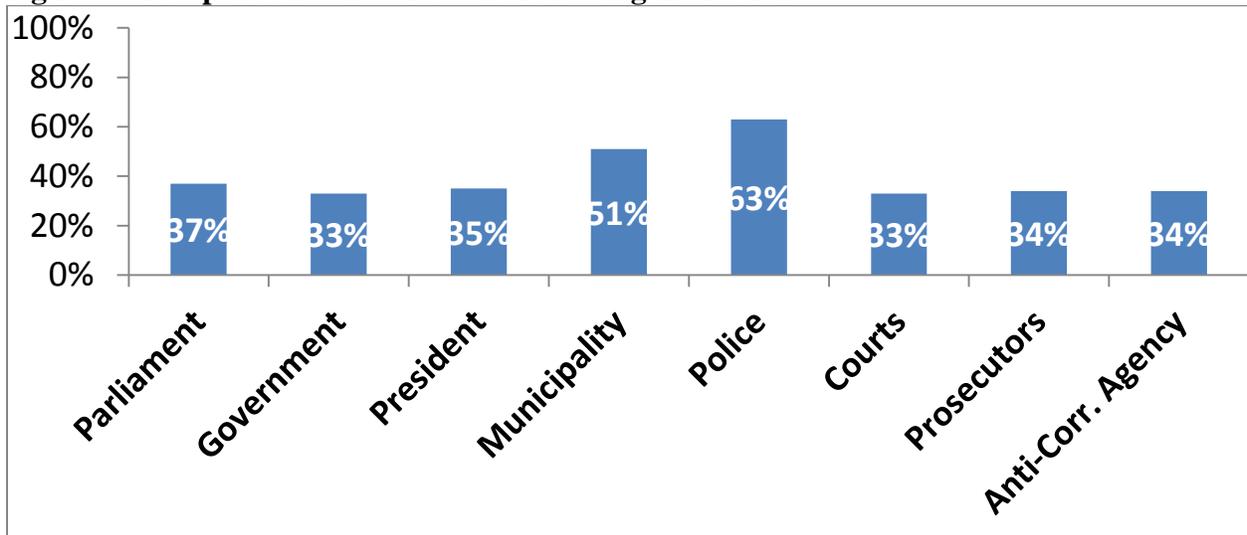
The tables below indicate the key findings in graphics from the survey:

Fig 1 Generally speaking, do you feel that things in Kosovo are going in the right direction, or do you feel that things are going in the wrong direction?



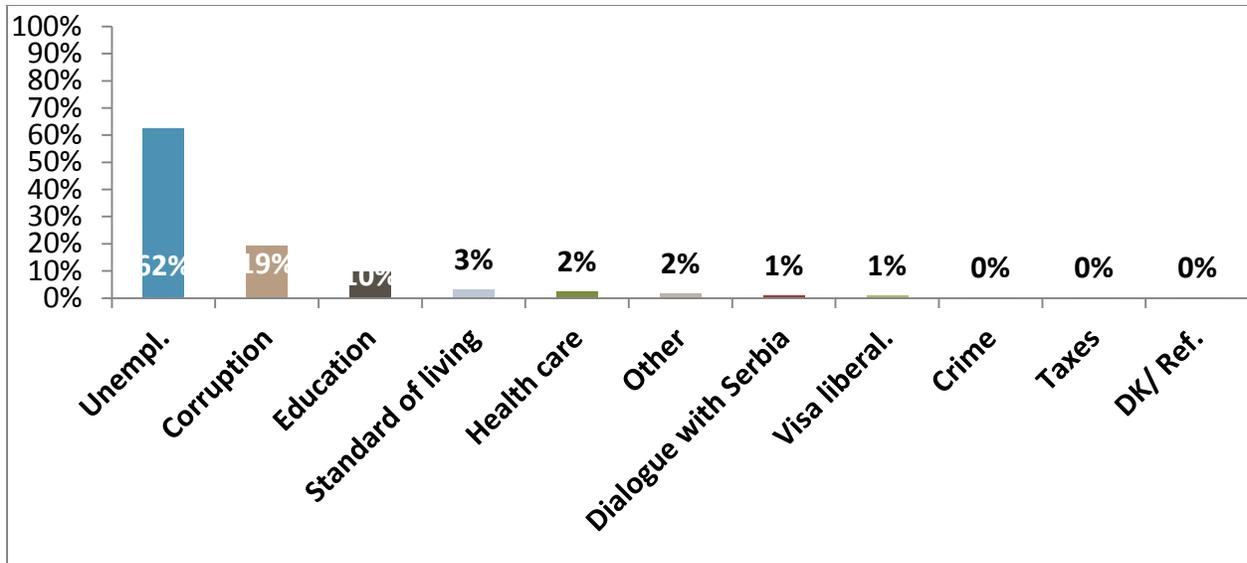
Majority believe that things are going in the wrong direction in Kosovo

Fig 2. % of respondents that trust the following institutions:



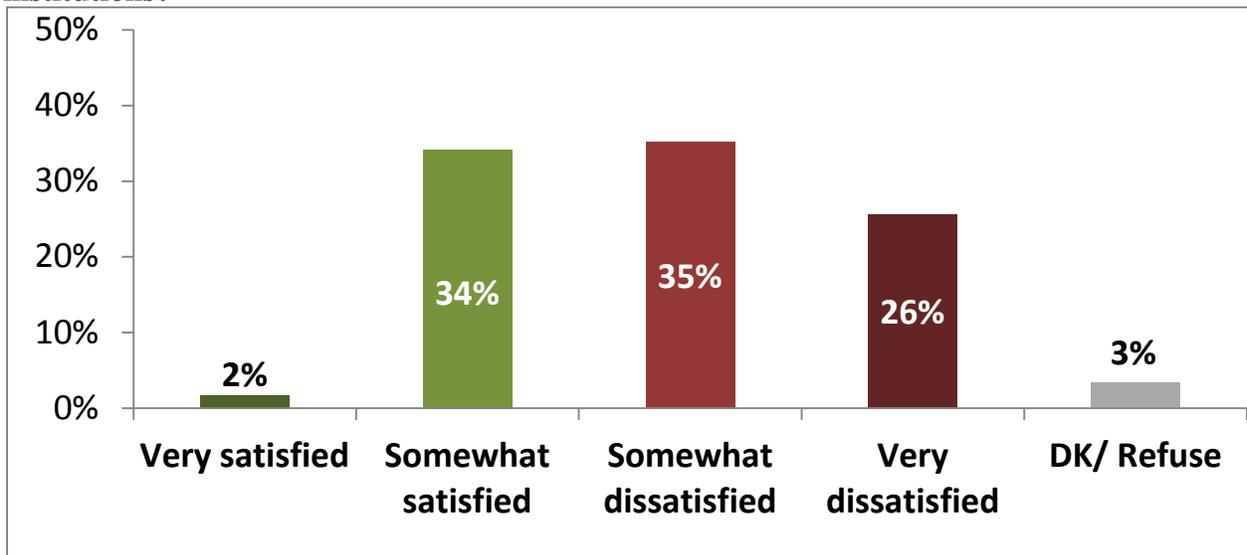
There is a general distrust in institutions, except police and municipality

Fig 3. Responds to question: Now let's talk about issues/problems. What issue facing the country is the most important for politicians to do something about?



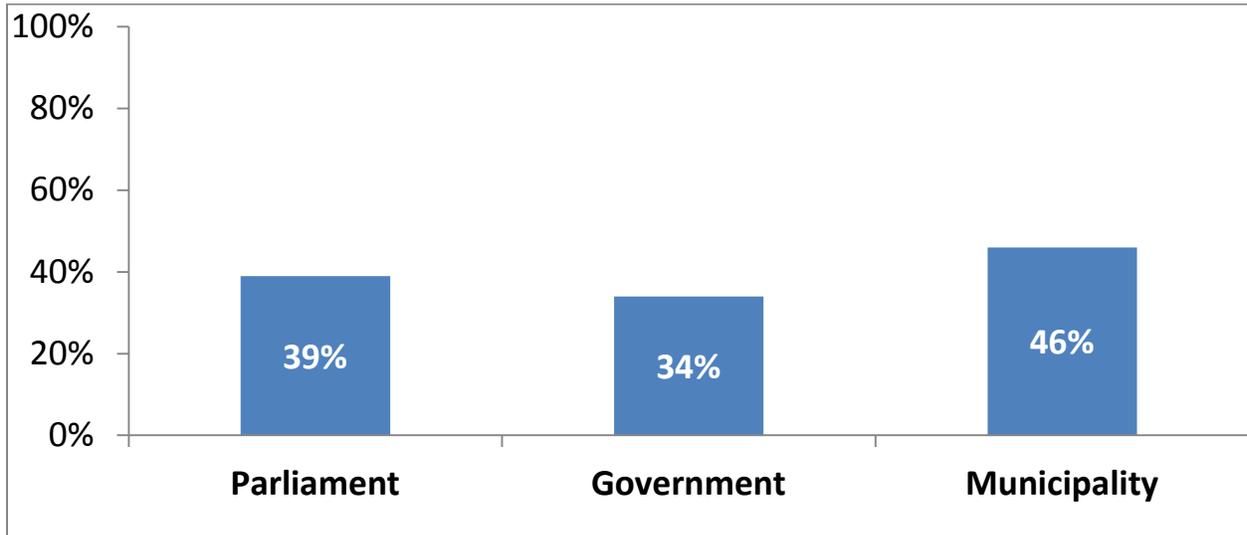
Unemployment is the most pressing issue

Fig 4. Responds to question: Now let's talk about transparency of government and municipal decisions related to planning and managing of public budgets. How satisfied are you with the level of transparency and information provided to you publicly by the public institutions?



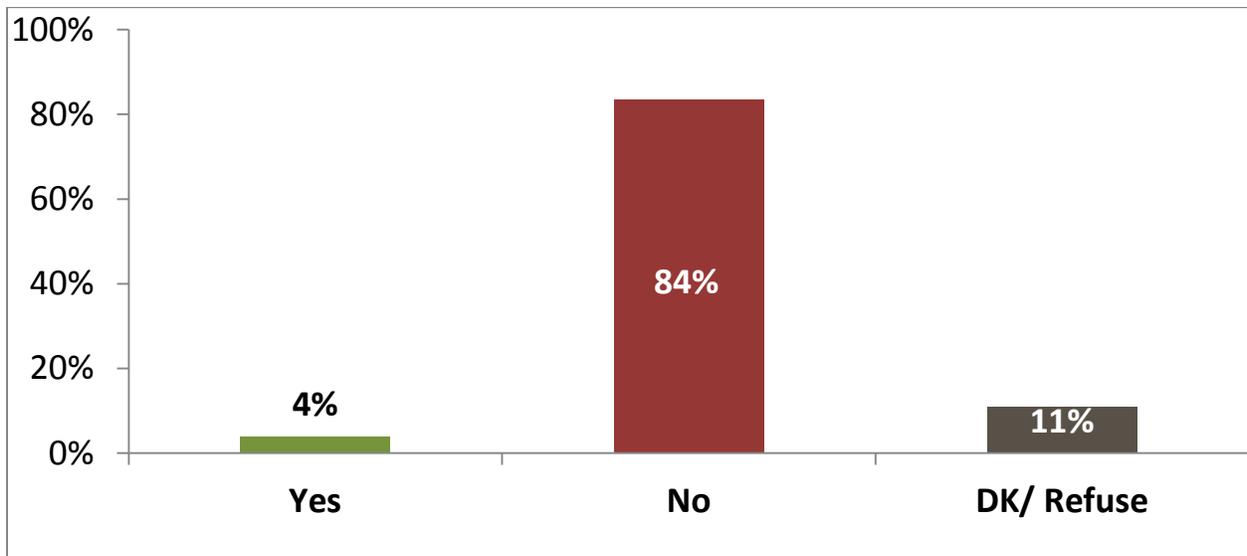
61% of respondents are dissatisfied with the level of transparency of public institutions

Fig 5. % of respondents saying that the following institutions are transparent



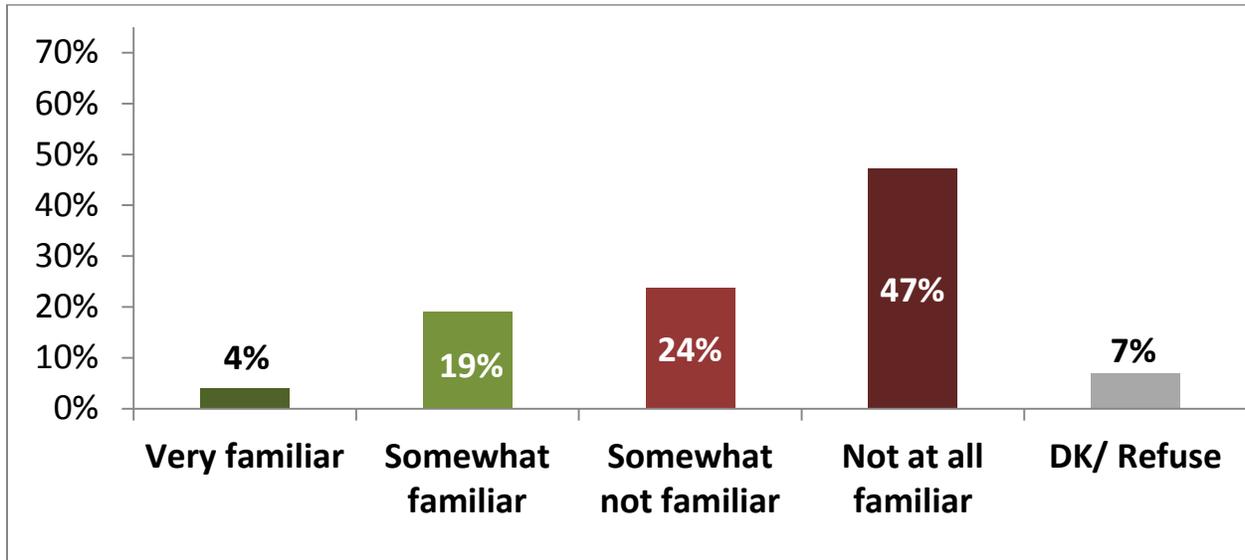
Overall, central level institutions are perceived less transparent

Fig 6. Are you aware of any initiative or movement that promoted transparency in the country?



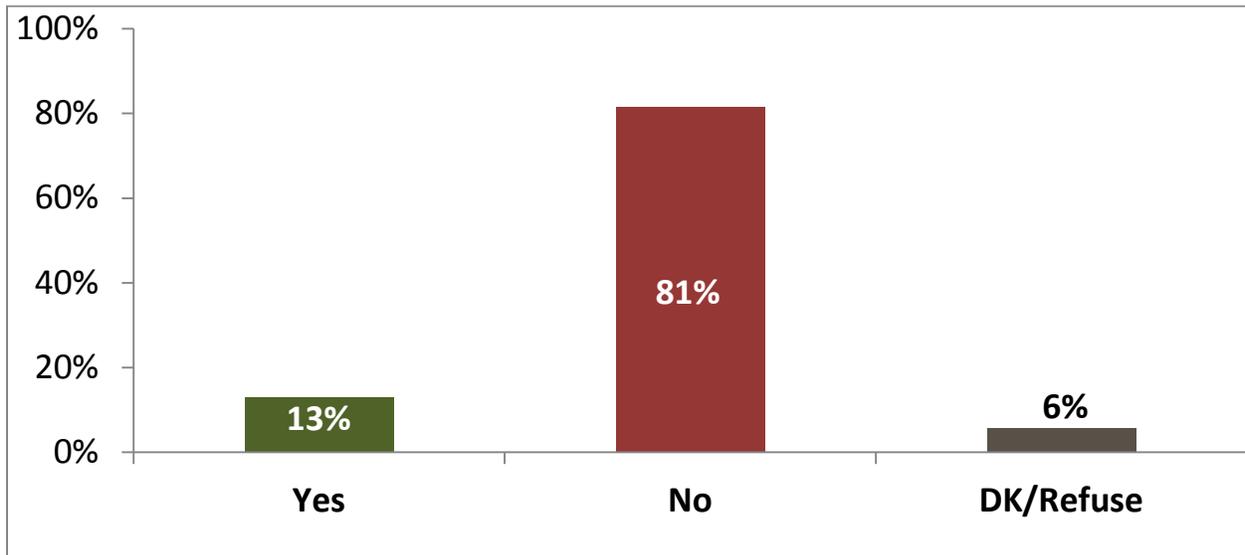
In general, low level of awareness/existence of transparency initiatives. Those aware usually cite “Levizja Fol”

Fig 7. Responds to question: How familiar are you with the Law on Accessing of Official Documents?



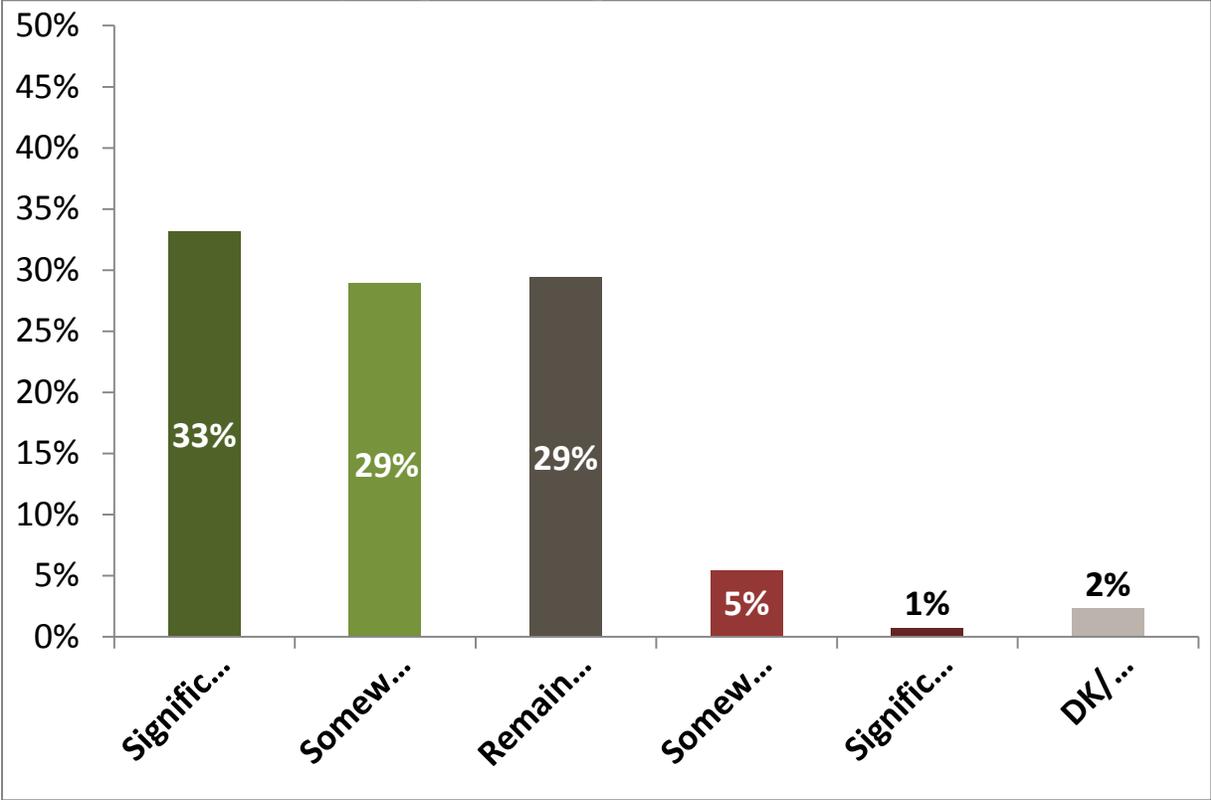
71% of respondents not familiar with their right to access official documents

Fig 8. Responds to question: Have you ever exercised your right to request information or access documents from public institutions?



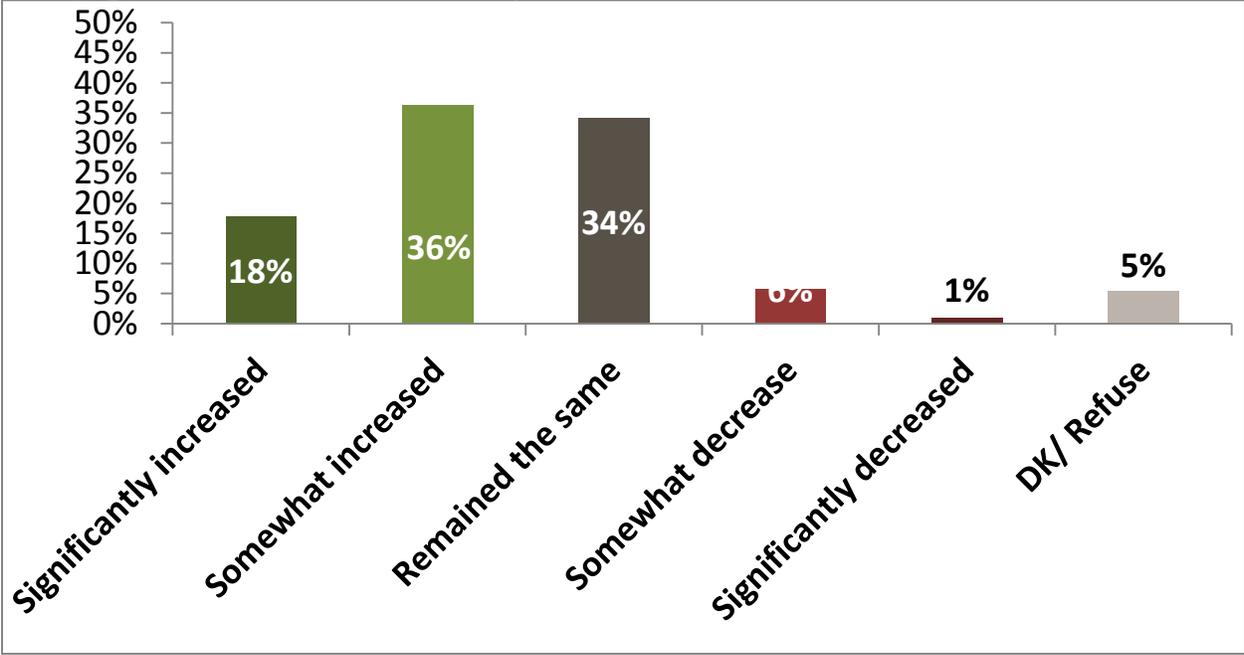
Majority of those who are familiar with the Law did not exercise their right to access documents

Fig 9. Responds to question: According to your opinion, has the level of corruption increase or decrease today compared to the past?



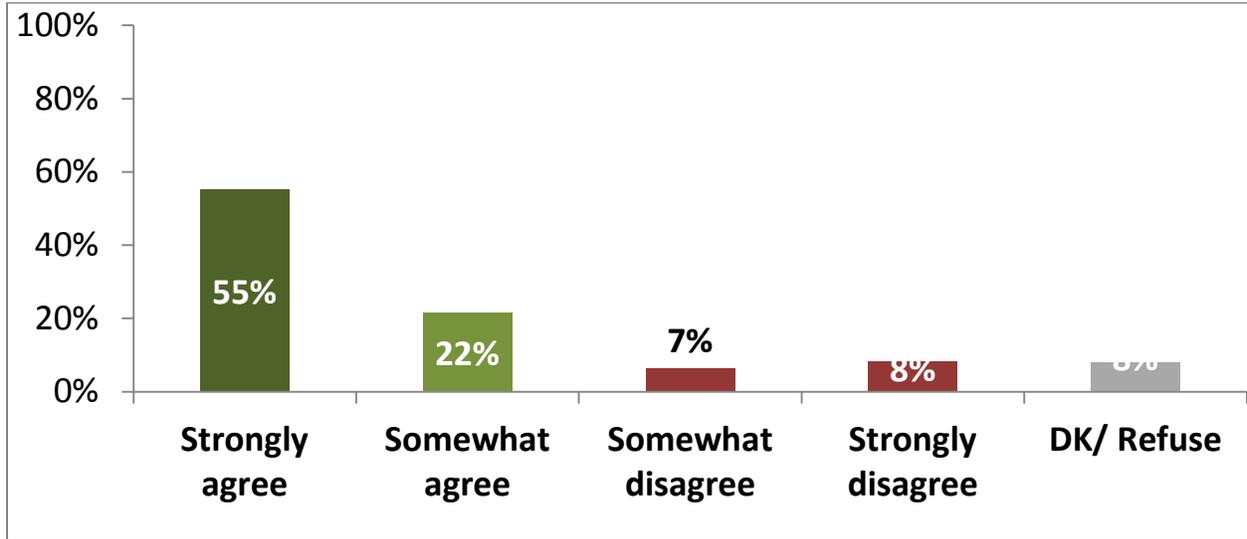
62% of respondents believe that the level of corruption has increased compared to past

Fig 10. Responds to question: According to your opinion, has the level of media coverage of corruption increase or decrease this year?



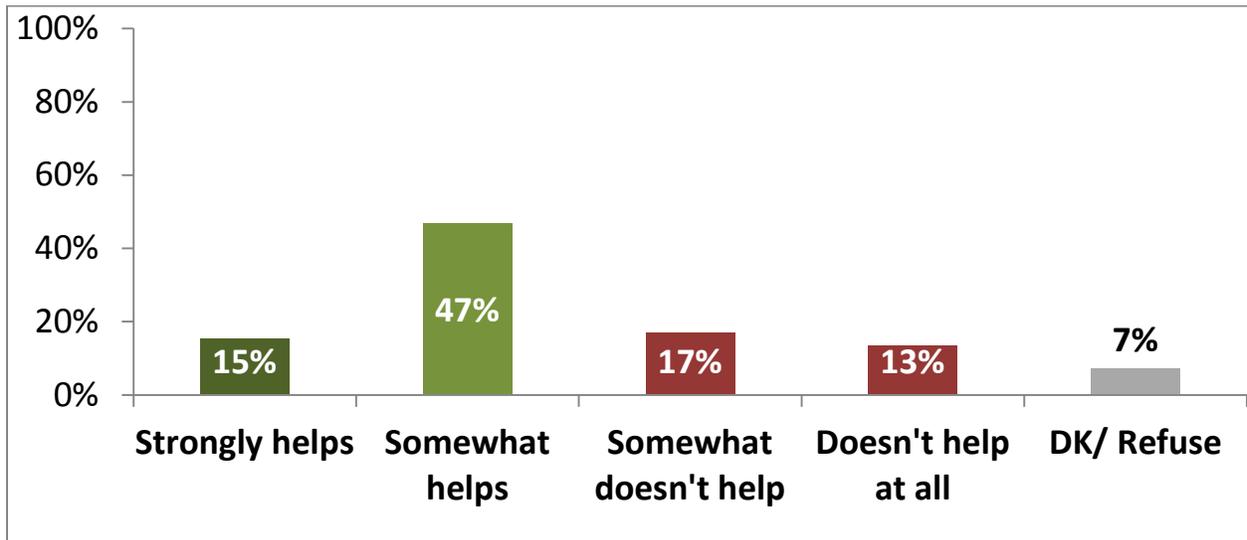
Majority of respondents believe that the level of media coverage of corruption has increased

Fig 11. Responds to question: Do you agree or disagree with the following statement: “Corruption has already become a regular practice in our country”?



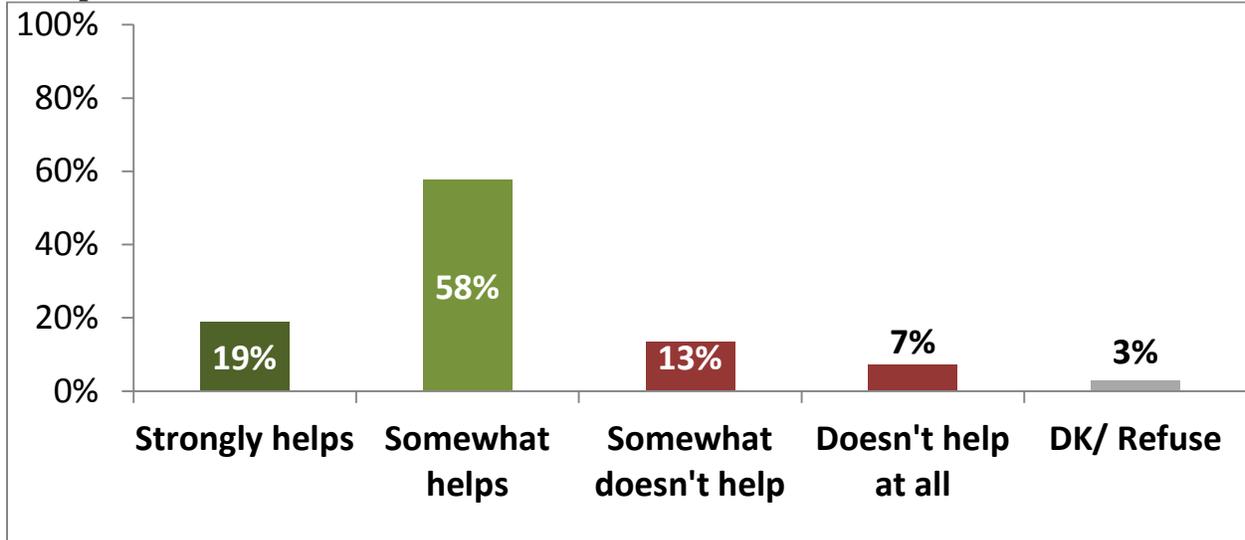
77% of respondents say that corruption has become a regular practice

Fig 12. Responds to question: To what extent does the civil society help in the fight against corruption?



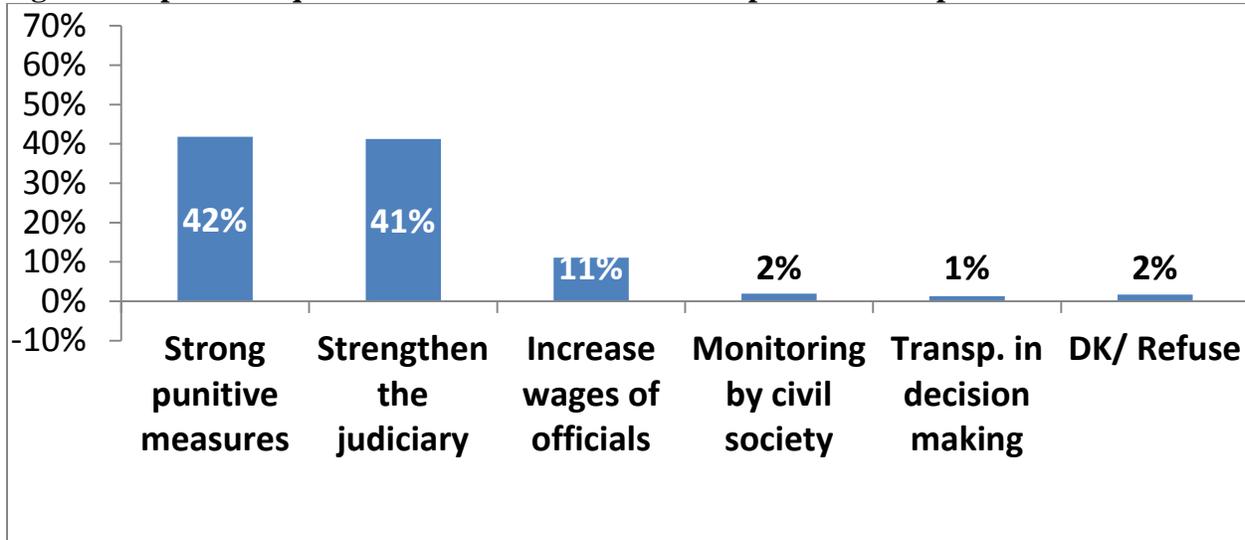
Civil Society expected to help in the fight against corruption

Fig 13. Responds to question: To what extent do the media help in the fight against corruption?



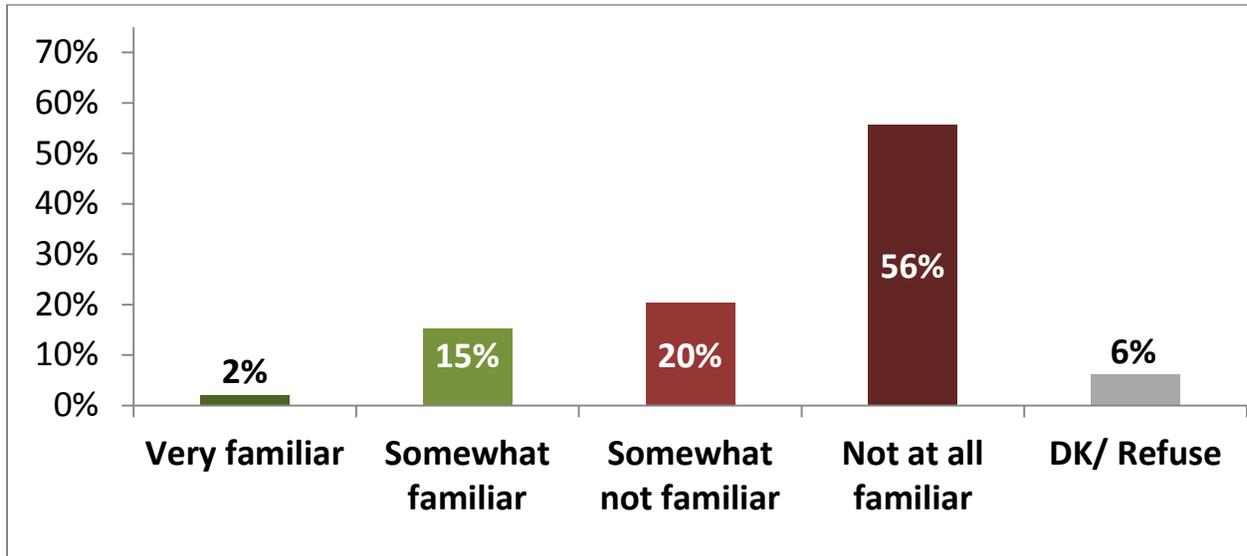
Media expected to help in the fight against corruption

Fig 14. Responds to question: What should be done to prevent corruption?



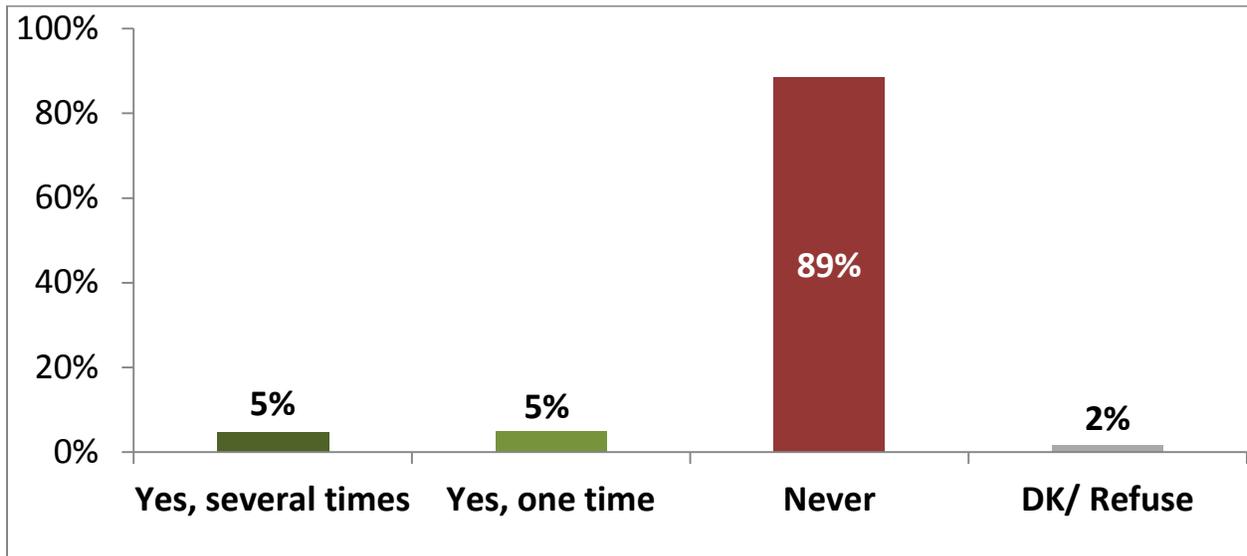
Majority recommend strong punitive measures & strengthening judiciary to prevent corruption

Fig 15. Responds to question: How familiar are you with issues of budget planning and management at municipal level?



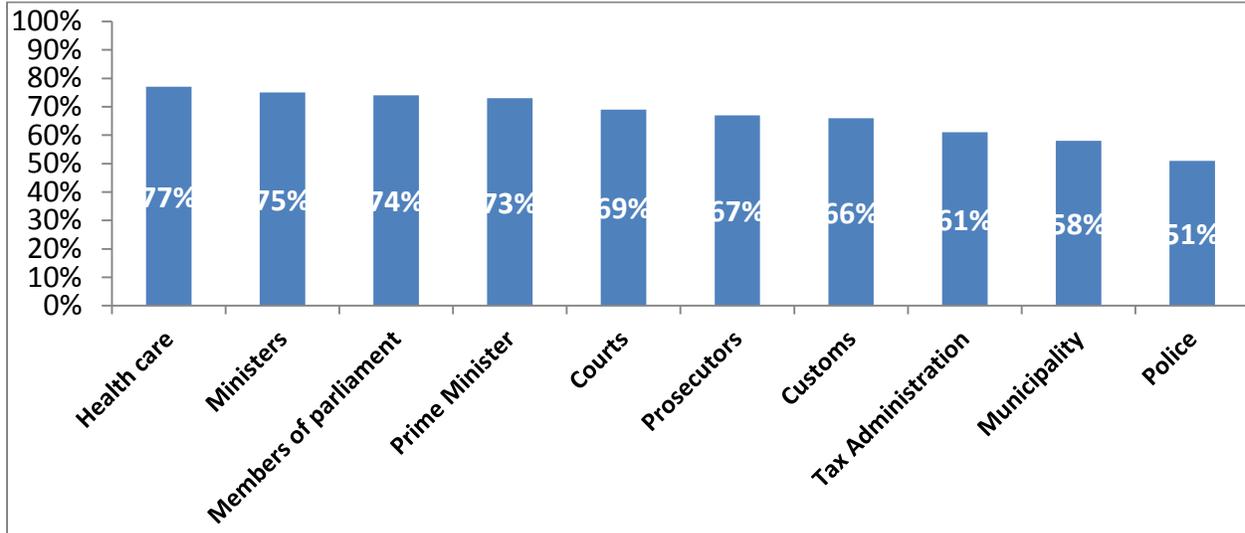
76% of respondents not familiar with municipal budget planning and management

Fig 16. Responds to question: Have you ever participated in public municipal hearings or consultations related to budget and public finances?



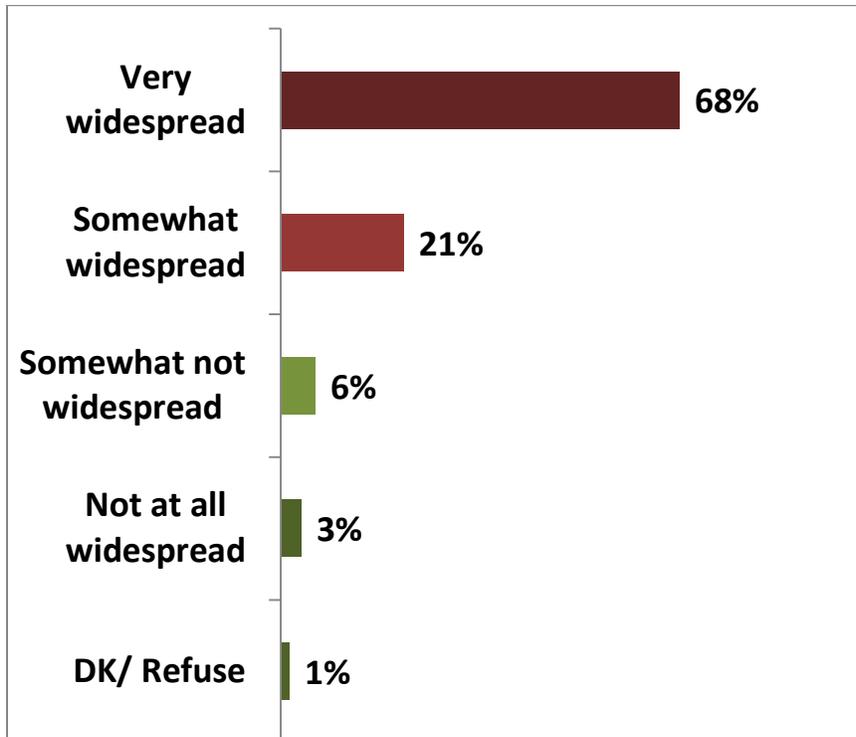
Majority of respondents never participated in municipal public hearings related to finances

Fig 17. % of respondents saying that the level of corruption is high in the following institutions:



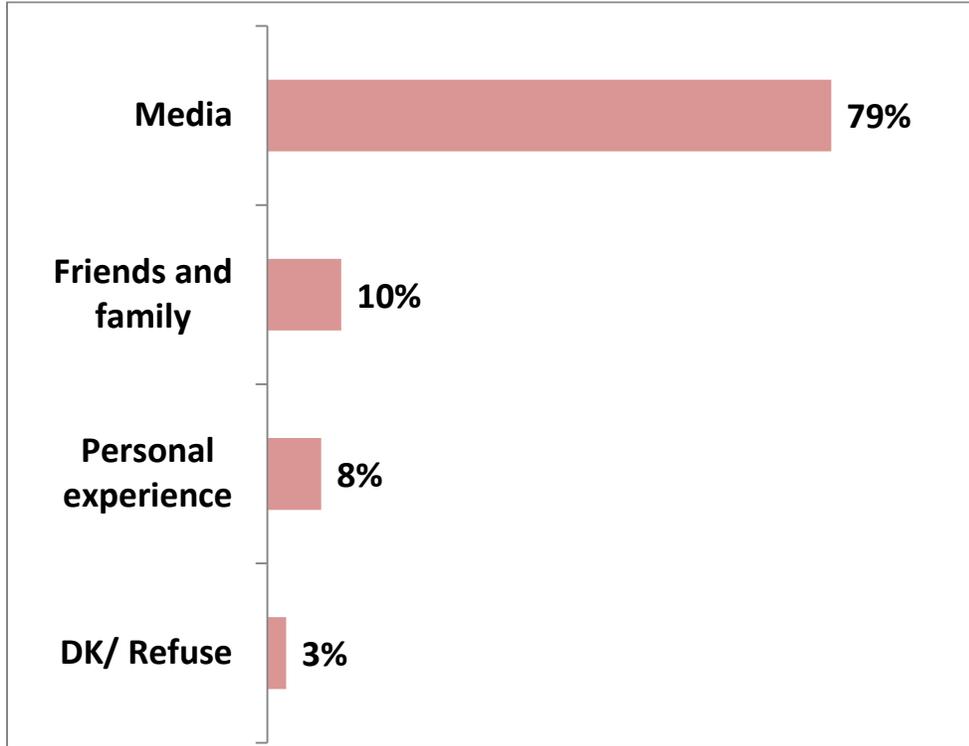
Overall high perception of widespread corruption in most institutions

Fig 18. Responds to question: In general, how widespread do you think is corruption in Kosovo?



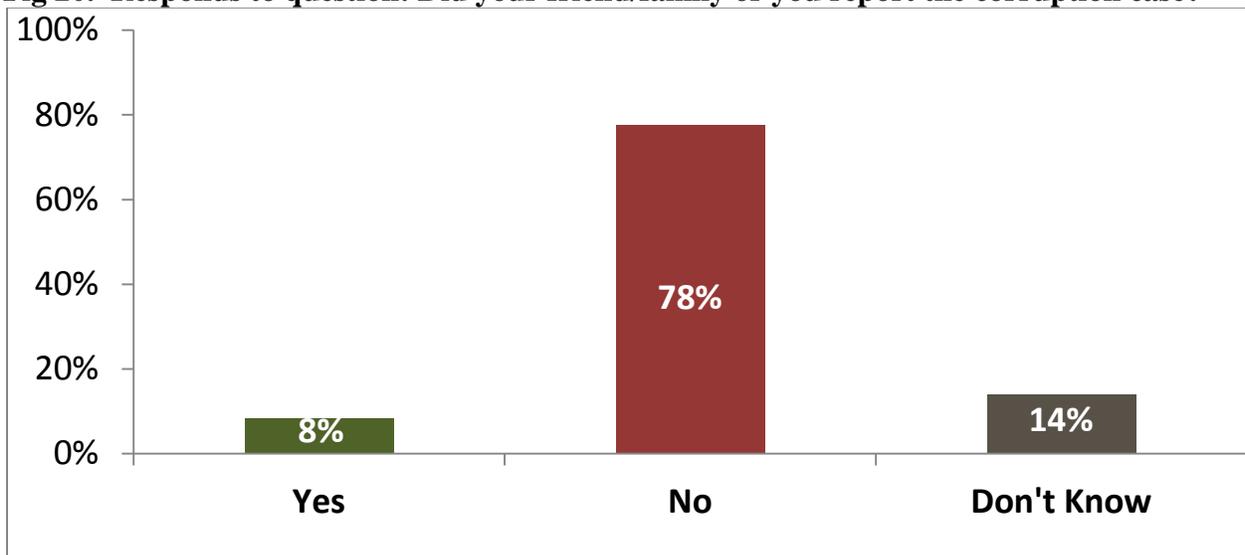
Majority believe corruption is a widespread

Fig 19. Responds to question: How are you informed about the high level of corruption in Kosovo?



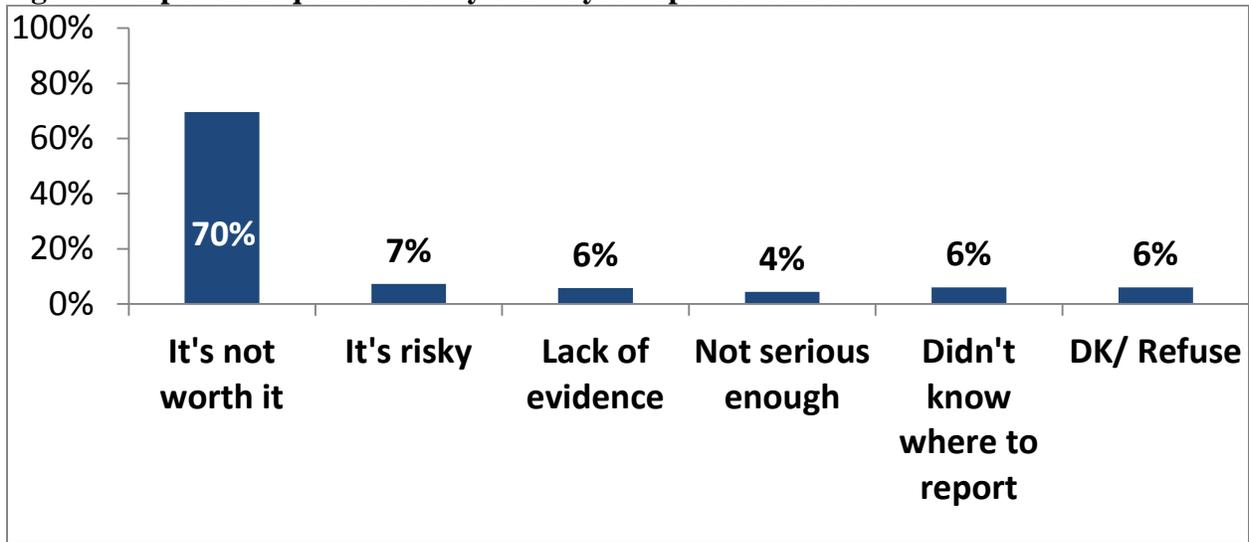
The results in this graph are correlated with the previous of question: “In general, how widespread do you think is corruption in Kosovo?,” and the follow up questions about high level of corruption indicates the perceived corruption by the respondent, which is that majority believe corruption is widespread, yet, most are informed through media.

Fig 20. Responds to question: Did your friend/family or you report the corruption case?



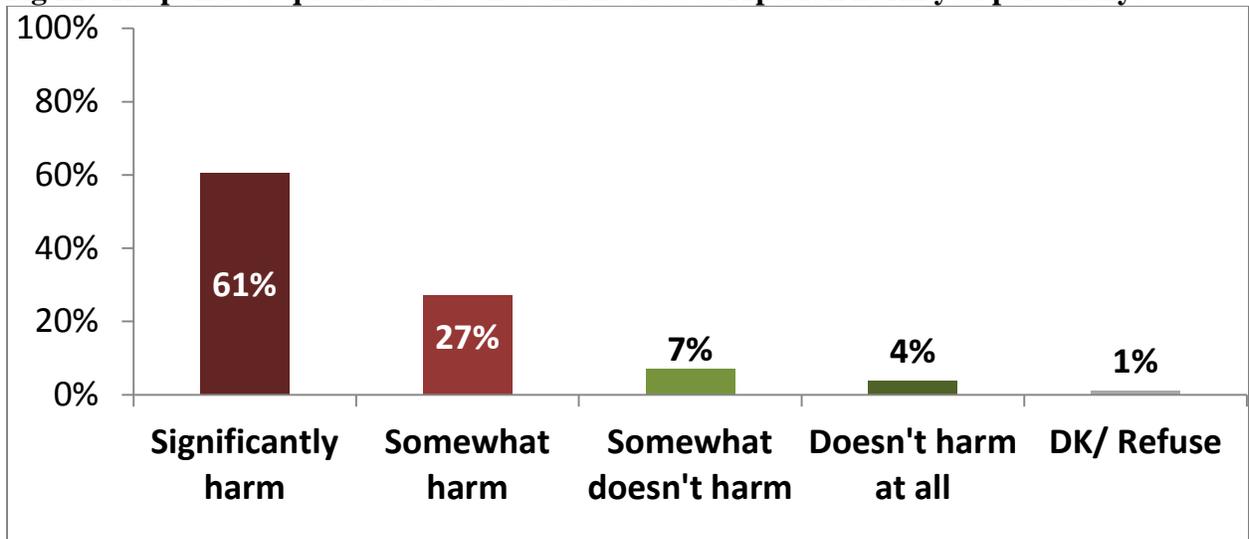
Majority of those that experienced corruption did not report it to authorities

Fig 21. Responds to question: Why didn't you report the case?



Majority of those that experienced corruption say it wasn't worth reporting it. Those that experienced corruption usually did in health care and the municipality, more so in the form of petty corruption.

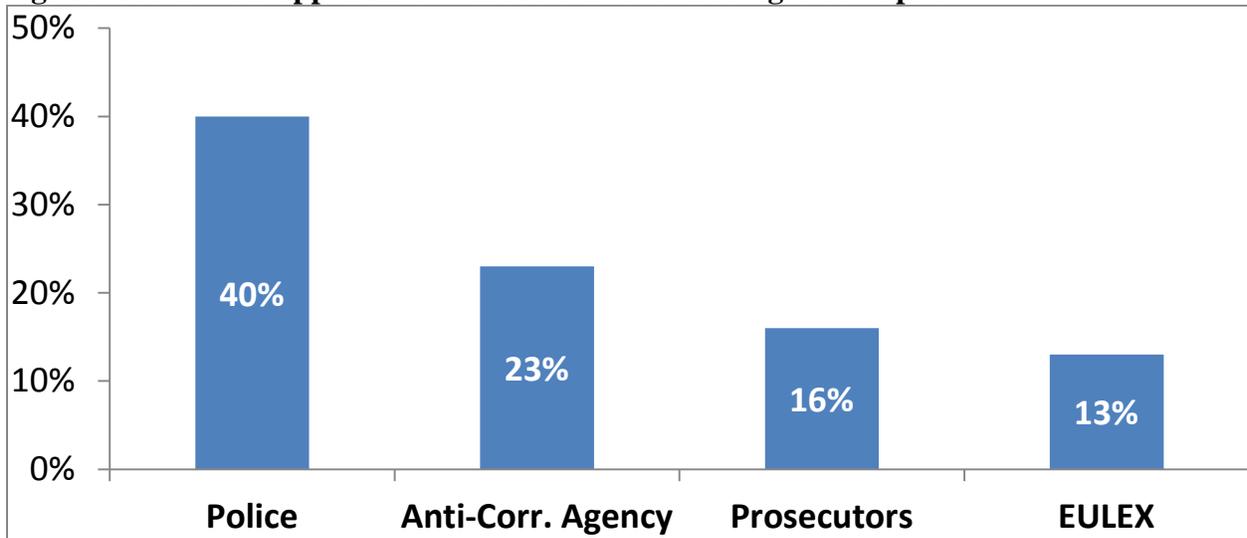
Fig 22. Responds to question: To what extent does corruption harm you personally?



88% of respondents believe corruption harms them personally

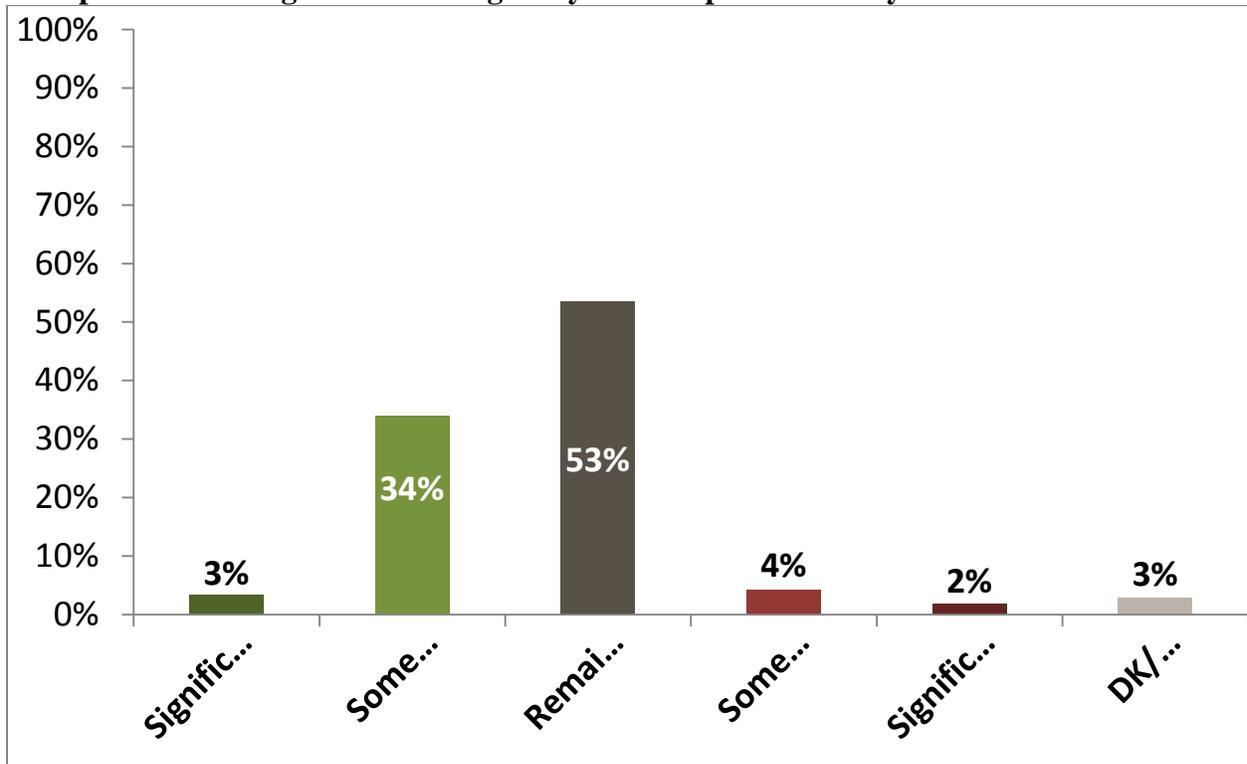
Annex 3

Fig 23. Overall low appraisal of institutions' efforts to fight corruption



% of respondents saying that the following institutions have performed an excellent and good job in the fight against corruption:

Fig 24. Responds to question: Thinking in the future, how would you expect the situation related to transparency in decision-making for public funds and the fight against corruption will change in the coming two years compared to today?



Overall low appraisal of institutions' efforts to fight corruption

I. Focus group Compilation of Data

The tables below indicate the findings in detail from the eight focus groups held in the municipalities of Kosovo:

- A focus group with Youth - held in Prishtina
- A focus group with Business Representatives – held in Prishtina
- A focus group with CSO organizations - held in Prishtina
- A focus group with Central Government officials - held in Prishtina
- A focus group with Local Government officials – held in Prizren
- A focus group with Women – held in Gjakovan
- A focus group with Minorities – held in Gracanica
- A focus group with Media - held in Prishtina

Focus Group Questions	1. Youth
The concept of transparency in relation to management of public funds	It is the possibility to have access to information that has to do with budget and offering of continuous reporting that is interconnected with good governance.
Definition of transparency (how do participants understand <i>transparency</i> as applied to their life's)	It goes beyond being transparent while managing of public funds. Transparency should indicate citizen inclusion in decision making with spending of public funds.
Perceptions about transparency (how do participants perceive transparency)	Many citizens do not know their rights in regards to transparency. Participants quoted a poll opinion made by NGO "FOL," which they believed was relevant and accountable and according to it a high percentage of people do know of their right to have access to public procurement or other information. There has been no case of lack of transparency being punished thus far, but the problems that hide behind the lack of transparency are those that ought to be identified and punished.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	The sole lack of transparency should not be punishable. The social contract with the government is unwritten. However, the higher the transparency, the lower the corruption.
Where is lack of transparency higher?	The Central Government institutions are less transparent, especially the Ministry of Agriculture, Forestry and Rural Development and the Ministry of Health
What is the role of the media in dealing with lack of transparency?	Media should provide "bad news," as well as "good news," because providing of information is mandatory. The Government has a major influence on some major media outlets, such as the publicly owned ones - hence the reporting of providing of information is not done in a transparent manner. On the other hand, "bad news," may ruin the transparency as citizens are at times not interested in reading more "bad news," taking into account they do not trust media either - as media in Kosovo generally lack transparency.
What is the role of the civil society in dealing with lack of transparency?	Participants believe that Civil Society should ask themselves the question "What can I do for my country, and not what my country should do for me," thereafter implying that there is lack of citizen involvement towards the democratization of institutions in general.

	The participants furthermore added that citizens themselves employ corruptive practices.
What is the role of the law enforcing institutions in dealing with lack of transparency?	There are few cases when an individual has used law enforcing institutions in order to gain access to non-transparent processes or information. It is possible by law, but it is fairly implemented.
What is the role of audit institutions in dealing with lack of transparency?	There is no transparency even in the Government Institutions whose responsibility it is to adjudicate the transparency level.
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	Raising of awareness is needed in order to change the mindset of acceptance of cases of transparent corruption. One of the focus group members gives an example of corruption within a charity activity organized by high school youth leaders of which he was a member himself.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	The perception is that people belonging to Party A apply for tenders and are awarded those tenders when Party A is a leading role in central or local government institutions.
Reporting / discussing transparency in relation to public competitions for jobs	The perception is that people belonging to Party A apply for jobs and are awarded these jobs when Party A is in a leading role in central or local government institutions. Also, there was a comment by a member that old generation experts with a great range of experience are pulled away from their jobs in order to be given to youngsters who have studied abroad, who do not necessarily have the experience.
Legal reform and transparency	The system should be changed to a more American like one, comprising of checks and balances
The most involved media in transparency efforts	"Koha Ditore"
The most involved NGO in transparency efforts	NGOs are not transparent either. No name of NGO was mentioned.
The most transparent municipality government	Prishtina Municipality
The most transparent ministry / central government institution	Neither one

Outlook for transparency in the next two years	Transparency level will not increase. Everything will remain the same. Citizens might attempt to start asking for transparency, but not much will change in a 2 year period time
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	Education of citizens in regards to transparency is what will eventually lead to an increase in transparency, as citizens will start demanding for transparency.
Other	The group does not believe that their generation has a greater awareness about the need for transparency, and are more transparent either

Focus Group Questions	2. Businesses
The concept of transparency in relation to management of public funds	From 2012 there were lots of initiatives in order to ensure transparency, however not much impact was noted, or even activities in that manner.
Definition of transparency (how do participants understand <i>transparency</i> as applied to their life's)	Easy access to information, and participation in processes, because you eliminate gaps of irregularities.
Perceptions about transparency (how do participants perceive transparency)	The participants seems to face a problem where every collaboration with government institutions is categorized as a favor, where sharing information and being transparent is not considered to be an obligation, but rather a voluntary and favor making state.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	Businesses tend to believe that if they are ensured that their voice has an impact then they will contribute to demanding it, but if not then why bother. Irregularities at local level - Municipality of Partesh example is mentioned, although identified are not punished as there is a lack of the rule of judicial institutions in Kosovo.
Where is lack of transparency higher?	The Procurement, developing of specification phases, is the phase that lacks the most transparency according to businesses.
What is the role of the media in dealing with lack of transparency?	The group agreed that media can have a strong impact on public perception. Media constantly attacks the PRB, and on PRBs webpage there are more responds to media attacks, rather than information on body's activities. The most popular media according to the group is online media.

<p>What is the role of the civil society in dealing with lack of transparency?</p>	<p>NGO's are not transparent, but they don't have to be if their mandate is not community enhancement</p>
<p>What is the role of the law enforcing institutions in dealing with lack of transparency?</p>	<p>According to participants, the Law on Public Procurement because the law does not allow, and beyond it punishes communication between parties, in this case government institutions with private institutions because it can be considered as influencing the decision making process in tendering of projects.</p>
<p>What is the role of audit institutions in dealing with lack of transparency?</p>	<p>Auditor General produces audit reports every year for all Kosovo municipalities, and it identifies irregularities and makes recommendations, and while it is interesting to note that most problems are public, but the problem remains that there is no system of punishment and lack of rule of law.</p>
<p>Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.</p>	<p>Employing best practices such as division of technical and financial offer, whereas in the case of the applicant not fulfilling the technical offer, then the financial offer ought to not be considered.</p>
<p>Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.</p>	<p>Procurement Review Body (PRB) has the role of a body that judges tender irregularities, however according to businesses this is the most criminal organ in the entire cycle of public procurement. That is because, when one company, as an interest party, is guaranteed by law to be able to check the awarding companies' full documentation, in cases, when irregularities are noted, PRB is inadequate to explain or justify tendering procedures.</p>
<p>Reporting / discussing transparency in relation to public competitions for jobs</p>	<p>People working in the procurement offices, when it comes to the IT industry are not up to speed with any of the technology updates, due to them being in those positions without merit. In those cases, the procurement officers tend to ask for help from IT professionals to work with them in the making of the Terms of References, mostly due to their lack of knowledge and inability to develop project specifications. As per one participant from the IT industry: "To be very open there is no tender that was published officially, that his company hadn't</p>

	seen prior to the publishing." Beyond that, whoever works with the public sector "chances of them being awarded a contract, if they have not influenced the process in any way or have not already implemented a contract of those sorts, are very limited?"
Legal reform and transparency	According to participants, the Law on Public Procurement because the law does not allow, and beyond it punishes communication between parties, in this case government institutions with private institutions because it can be considered as influencing the decision making process in tendering of projects.
The most involved media in transparency efforts	Klan Kosovo is mentioned by a few participants.
The most involved NGO in transparency efforts	Levizja Fol
The most transparent municipality government	N/A
The most transparent ministry / central government institution	None
Outlook for transparency in the next two years	The use of relationships and personal contacts in public institutions for speeding up business related procedures will remain to be acceptable. Therefore, the use of public resources for private benefit or to perform public functions while having an interest in private companies will not change in a two years time and for those who do not have access to those contacts the processes will remain not transparent.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	The main recommendation would be to start implementing e-procurement, as there are many cases that even when all specifications and information is transparent the submission of tenders is done in a hard copy manners which allows for a lot of irregularities to be hidden behind the lack of transparency.
Other	Businesses believe that lack of transparency is a major impediment in the private sector development, due to the limited amount of information.

Focus Group Questions	3. Central Government
The concept of transparency in relation to management of public funds	Participants considered that too much negative publicity on government actions makes Kosovo vulnerable and thus deters FDIs

<p>Definition of transparency (how do participants understand transparency as applied to their lifes)</p>	<p>A lot of bad light is set up on procurement officers, which is another reason why very few "capable" people tend to accept that job, while it is not considered most of irregularities in the procurement process in fact offer in the first and last phase, and not in the tendering process itself - which consists of the most open and transparent procedures than the other two mentioned processes.</p>
<p>Perceptions about transparency (how do participants perceive transparency)</p>	<p>Transparency and the right to access document is regulated by law, and it is noted to be 7 days, and 15 extra days within which period of time authorities need to respond to questions made by interested parties. A procurement officer gave an example when authorities do not respond to questions made up until the very last day of the defined period, with the pretext of compiling all questions and responding to all at once. In this case the interested parties receives answers on the last day, and are not able to ask for follow up questions and are as such not given all the information as required by law when participating in a tendering process.</p>
<p>How to deal with lack of transparency? Is it ever punished - should it be punishable?</p>	<p>No cases of lack of transparency being punished. But, it should be punished as specified by law. There is a lack of the rule of judicial institutions in Kosovo, which implies there is a lack on enforcements of decisions on corruption cases.</p>
<p>Where is lack of transparency higher?</p>	<p>The Procurement, developing of specification phases, as well as the evaluation of implementation of project phases, are the two phases that lack the most transparency.</p>
<p>What is the role of the media in dealing with lack of transparency?</p>	<p>Media, does not only not help with transparency, but it has a negative effect on it due its lack of professionalism or due to its lack of knowledge. The latter results in them not being considered as partners, but as not trustworthy mediums in the transparency process.</p>
<p>What is the role of the civil society in dealing with lack of transparency?</p>	<p>Most of procurement officers received requests by CSOs to have access to the procurement processes. Some of them are granted the access - based on personal will of the procurement officers, although according to Public Procurement Regulatory Commission of Kosova (KRPP), business confidential information should be protected, but is not demanded. Example was given by the Shtime procurement officer.</p>

What is the role of the law enforcing institutions in dealing with lack of transparency?	The internal Audit has the power to halt processes they find or investigate to have been preceded irregularly. However audit generally is highly influenced by the leading authorities at the local or central governments.
What is the role of audit institutions in dealing with lack of transparency?	Audit reports are only a base for further investigations. No punishment of actors can be drawn from audit reports. Audit authorities are privileged as they have access to all information at any time.
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	It is true, some businesses that are not from Decan, especially in the Dukagjini Area, do not get awarded contracts in that area, and it is a commonly known fact. That may be changed with education of general public, and education and training of media, and putting in practice e-procurement.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	Auditing in regards to procurement processes plays more of a procedural role, rather than a role to investigate irregularities. The major faults in the system occur in the first phase of: Specifications - where only 2 -3 officials have access, and the last phase of Contract implementation that is undertaken very vaguely and not enough spotlight is put on it.
Reporting / discussing transparency in relation to public competitions for jobs	Nepotism has a great presence, settling down in the highest and crucial public institutions. Meantime, the lack of willingness of our institutions to eliminate this practice has caused anti-corruption laws and mechanisms to fail.
The most involved media in transparency efforts	"Jeta ne Kosove," "Koha Ditore," and although two of the participants from the Audit General had never throughout a year received questions from Media outlet Express, that media outlet turned out to be the outlet that wrote about them the most (with limited information).
The most involved NGO in transparency efforts	NGOs are not trusted
The most transparent municipality government	Shtime Municipality - it was also awarded most transparent municipality by a project from USAID, according to a focus group participant
The most transparent ministry / central government institution	Ministry of Justice
Outlook for transparency in the next two years	Without rising awarded of general public, including media, business owners and other stakeholders not much will change any time soon.
If in the position of a <i>transparency czar</i> state the policy action of	The e procurement ought to introduced, bureaucracy ought to be minimized, and central procurement ought to

choice to increase transparency	be encouraged.
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Focus Group Questions	4. Local Government
The concept of transparency in relation to management of public funds	The group agreed that transparency and accountability are the keys to all manner of good governance, from participatory budgeting and to municipality management.
Definition of transparency (how do participants understand transparency as applied to their life's)	Lack of transparency slows economic growth primarily by reducing investment, but also by reducing the effectiveness of international aide and it is always associated with weak rule of law.
Perceptions about transparency (how do participants perceive transparency)	The group agreed that transparency is needed and that it promotes cooperation with all stakeholders within the institutions itself or beyond.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	No cases of lack of transparency being punished. But, it should be punished as specified by law. Participants were not aware of any case where any official was punished
Where is lack of transparency higher?	The Procurement, developing of specification phases, as well as the evaluation of implementation of project phases are the two phases that lack the most transparency.
What is the role of the media in dealing with lack of transparency?	Media may play a great role in increasing of transparency, but unfortunately it has a counter-affect as it is not considered to be trust worthy by the public. Three examples were given.
What is the role of the civil society in dealing with lack of transparency?	Civil-society organizations may invest heavily in encouraging transparency watchdogs and central and local institutions to do their job, however they rarely have sufficient institutional clout to be able to act on their findings, whether by proposing mandatory sanctions, policy changes, protection from violations, or compensation for past abuses. Hence, their role is limited.
What is the role of the law enforcing institutions in dealing with lack of transparency?	The role of these institutions is to monitor transparency justly and not allow loopholes
What is the role of audit institutions in dealing with lack of transparency?	Some budgeting organizations do not know completely the importance of controlling and auditing in their role regarding their instruments, function, attitude and benefits. The role of internal controlling and auditing in public institution has direct influence on improving the efficiency of fiscal management of every organizations and entrepreneurs, whereas every one of them has the need

	for a better performance and better managing efficiency of its own.
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	Citizens themselves demand corruption and find a way to corrupt certain processes.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	Local Governments are generally open to CSOs and other anti-corruption stakeholders to be part of their processes, however there are some limitations local governments face by the law and by Procurement Review Body (PRB) when deciding on opening certain processes for general public. For instance, they ought to take into account the privacy of businesses participating in the tendering processes when sharing information with the general public. However, there are certain cases, when small municipalities (example of Municipality of Mamushe) have mayors who do not appreciate their staff's openness to other stakeholders. They demand that information is checked with them first, and then shared further.
Reporting / discussing transparency in relation to public competitions for jobs	Public oversight institutions that seek to bolster checks and balances emphasize the production of transparency. The latter may be achieved through inspections, reports, audits and investigations, legislative hearings, ombudsmen, truth commissions, complaint offices, to so identify irregularities and abuses.
Legal reform and transparency	In spite of this progress, the implementation and enforcement of the current rules remain overall a serious problem, and there is a low track record of punishment of high-level senior officials involved in corruption.
The most involved media in transparency efforts	None
The most involved NGO in transparency efforts	NGOs all together do not play a role they should in a society. The participants believed that NGO's should play the role of a devil's advocate towards public institutions and their lack of transparency, and not only focus on their personal benefits: following Donor's agendas and receiving grants, either to provide for the sustainability of their organization,

	or even to gain bigger salaries.
The most transparent municipality government	N/A
The most transparent ministry / central government institution	None
Outlook for transparency in the next two years	Citizens will start to demand transparency, which will lead to change and increase in the presence of transparency. The latter will be done with the increase of the awareness level.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	Government's approach to fight corruption should start from within. Further steps need to be undertaken for necessary reforms to strengthen every independent state institution; particularly, the institutions for the rule of law and order.

Focus Group Questions	5. NGOs
The concept of transparency in relation to management of public funds	Budgetary organizations do not publish the detailed expenditure reports in their websites. Out of 19 ministries in the Government of Kosovo, only the Ministry of Justice regularly publishes data on budget expenditure by this institution.
Definition of transparency (how do participants understand <i>transparency</i> as applied to their life's)	Transparency is perceived to mobilize the power of shame, considering that truth often fails to lead to justice.
Perceptions about transparency (how do participants perceive transparency)	NGOs criticize their local government's web-sites, and from those that have used them to check programs in their city/town or to submit documents and download forms for the local administration, but they do agree that the usage of local government websites to send complaints or comments to municipal staff or for downloading local government decrees or resolutions is really low.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	According to CSOs Transparency at the local and central level is based on free will. As such, if institutions are transparent, they do not consider it to be obligatory. It is more so their act of free will.
Where is lack of transparency higher?	Local Governance
What is the role of the media in dealing with lack of transparency?	Role of media in dealing with transparency is fairly limited, although the group strongly agreed that media should play an "extra" strong role in transparency awareness in order to

	make up for the already missing transparency in all institutions.
What is the role of the civil society in dealing with lack of transparency?	The level of active citizens is really low in Kosovo, at both central and especially local level.
What is the role of the law enforcing institutions in dealing with lack of transparency?	The agency whose role is to fight corruption plays a role of only reporting what it is given, rather than investigating any irregularity in further dimensions.
What is the role of audit institutions in dealing with lack of transparency?	Audit institutions ought to play a major role in dealing with the lack of transparency, but they unfortunately don't..
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	The public and the leading institutions ought to understand the benefits of being transparent, and of demanding transparency.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	Ministry of Finance in coordination with budget organizations, should avoid unclear budget appropriations, such as labeling them: "co financing with donors", "improving infrastructure", "investments in villages", "co-financing with Municipal Assemblies", etc. as in this way, the Members of Kosovo Assembly and consequently the citizens will not understand for what projects was the budget allocated. To avoid these unclear categorizations, better budget planning is needed.
Reporting / discussing transparency in relation to public competitions for jobs	Although, Kosovo has laws on preventing conflicts of interest that cover all elected politicians and officials in high ranking positions, there are some loopholes that hamper its implementation. For instance in many cases senior officials fail to self declare their interests on a case-by-case basis as required by the law. Lastly, the perception is that most employed lack capacities to be in the positions they hold in central and local governments.
Legal reform and transparency	The practice so far has proved that the political class in power, in various forms is influencing other powers and independent institutions.
The most involved media in transparency efforts	"Jeta ne Kosove," "Koha Ditore," and Radio Dukagjini.

The most involved NGO in transparency efforts	According to CSOs Transparency of NGOs themselves is also based on free will, and not much information is given out to the general public - as such it is very easy to hide irregularities in budgets awarded to them by donors or other institutions. Their role in transparency, especially at the local level can be very important, ad they can raise the awareness of local level authorities about NGO inclusion in budget preparation and procurement processes. An example was given for the municipality of Lipjan and Shtime
The most transparent municipality government	Prishtina Municipality, Gjakova Municipality
The most transparent ministry / central government institution	None
Outlook for transparency in the next two years	Municipality mayors have a very difficult job of imposing transparency and eliminating irregularities, as they have political favors to pay for. Moreover, it is the public mentality that demands for their favoritism. As such, there is little hope that much will be achieved when it comes to transparency within the two years to come.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	According to CSOs Ministry of Finance should publish in an accessible format (“Excel format”) appropriations and expenditures to enable organizations and individuals to analyze the budget more easily.

Focus Group Questions	6. Minorities
The concept of transparency in relation to management of public funds	Transparency is important to the group, as they hope that when transparency is high it empowers efforts to change the behavior of powerful institutions by holding them accountable.
Definition of transparency (how do participants understand <i>transparency</i> as applied to their life’s)	Transparency ought to generate accountability.
Perceptions about transparency (how do participants perceive transparency)	The implication is that monitoring and reporting measures (sometimes by interested parties) is the problem solver and in fact transparency itself.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	Transparency level is not as important to most participants, as is the level of corruption. Most declare that if there is no corruption they do not need their local government institutions to be transparent. Also, they do not know of any case where lack of transparency has been punished so far.
Where is lack of transparency	Local Government Institutions, Kosovo Serbian Municipality

higher?	leaders, employ the highest lack of transparency according to the participants.
What is the role of the media in dealing with lack of transparency?	Kosovo needs to do more to fight political corruption, ensuring that laws and regulations are decided based on the public interest and are not captured by specific interest groups, and that the personal interests of officials do not collide with their functions, allowing them to extract benefits from the case.
What is the role of the civil society in dealing with lack of transparency?	Civil Society organizations do not play any role in Serb municipality local governance. As per two examples throughout the focus groups, the mayor of Gracanica municipality did not agree to meet with CSOs, and suggested they create a group and meet with him - which when done, did not result in a meeting.
What is the role of the law enforcing institutions in dealing with lack of transparency?	According to participants, for instance the municipalities of Gracanica, Partesh and Shterpce always manage to justify their irregularities before law. As such, according to the participants the role of law enforcing institutions seems limited.
What is the role of audit institutions in dealing with lack of transparency?	Audit Institutions ought to function and enhance local governance. In practice the latter doesn't happen. According to participants, for instance the municipality of Gracanica always manages to justify its irregularities before Audit General, as well as European Commission and other monitoring bodies.
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	According to participants it is imposed for local businesses in Gracanica to operate and generate profit when they have no access to being awarded Gracanica municipality projects be it in infrastructure, or service providing.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	Most projects, tenders and spending by municipalities is made by awarding contracts to companies from Belgrade, or North of Mitrovica, or in some cases other bigger companies operating in Kosovo.
Reporting / discussing transparency in relation to public competitions for jobs	Nepotism is extremely high in Serbian municipalities in Kosovo, specifically Gracanica, Partesh and Shterpce where it is impossible to get a job even if qualified if not affiliated with leading parties. Moreover, the presence of Belgrade remains to be very strong - controlling even employment and firing of employees through interrogation processes and

	more. Moreover, focus group members complain that Serbs coming from Serbia come and take over jobs of local Serbs at all instances.
Legal reform and transparency	Citizens are not informed of their rights vis-a-vis local government institutions, and neither are laws implemented. There are many cases of threats coming from Belgrade and its investigative bodies when certain declarations are made by media. Officers are then interrogated [in Belgrade] and their job position is taken. Examples were given.
The most involved media in transparency efforts	RTK 1, KIM Radio play a more of an informative role, rather than have a major impact on affecting transparency
The most involved NGO in transparency efforts	Some NGOs are formed by Local Governments themselves [as such "fictive" NGOs], and even worst are many cases when the Local authorities share " fictive NGOs" which then get awarded with fund for projects they haven't written. Two examples were shared in the Municipality of Lipjan and Municipality of Gracanica.
The most transparent municipality government	None – But North of Mitrovica tends to offer them better public service, such as medical
The most transparent ministry / central government institution	None
Outlook for transparency in the next two years	Knowing that corruption in Kosovo is more present in high level state positions, the poor functioning of responsible institutions in fighting corruption, it is impossible to hope that the later will sanction the corrupted senior officials.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	Things will only start changing when people get together and decide that as taxpayers and voters they have to educate and organize ourselves and start monitoring what the city is doing with their money
Other	The group believes that there is a strong influence of Belgrade in their local governments, and that that is a major reason why they do not have the power to hold their governments accountable when irregularities happen.

Focus Group Questions	7. Women
The concept of transparency in relation to management of	Media is considered to hold public institutions accountable

public funds	
Definition of transparency (how do participants understand transparency as applied to their life's)	A lack of transparency results in distrust and a deep sense of insecurity
Perceptions about transparency (how do participants perceive transparency)	Officers at the municipal level tend to not be as transparent as officers at the central level, as they lack knowledge on access to public information. Therefore, not necessarily do they not want to be transparent, but they do not know how.
How to deal with lack of transparency? Is it ever punished - should it be punishable?	They do not know of any case where lack of transparency has been punished so far.
Where is lack of transparency higher?	Central Government
What is the role of the media in dealing with lack of transparency?	Media is not trusted, especially the online portals. Although they are the most read.
What is the role of the civil society in dealing with lack of transparency?	Very limited. Civil Society also does not have the best reputation in the general opinion.
What is the role of the law enforcing institutions in dealing with lack of transparency?	People are not familiar with laws or if they ought to be used for their benefits. People, and especially women, do not understand that they do have the right to hold government officials accountable.
What is the role of audit institutions in dealing with lack of transparency?	Audit Institutions should undertake deeper analysis of irregularities occurring with Public Funds
Transparency and corruption: what to do in cases where corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	Corruption has not become transparent in all regions of Kosovo is not widely accepted yet.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	There is a lack of the rule of judicial institutions in Kosovo, and that is the major problem.
Reporting / discussing transparency in relation to	People in certain job positions at the local governments even more that at the central government do not possess

public competitions for jobs	capacities to deliver at their jobs.
The most involved media in transparency efforts	“Jeta ne Kosove”
The most involved NGO in transparency efforts	Women NGOs tend to be more transparent when they are dealing with women problems in general
The most transparent municipality government	Gjakova Municipality – There is a big difference in the way the municipality is managed currently in comparison to the previous mayor’s management.
The most transparent ministry / central government institution	None
Outlook for transparency in the next two years	The focus group participants expect little if no change in increase of transparency.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	Education and rising of awareness is the only way to lead to a more transparent government at both central and local level.

Focus Group Questions	8. Media
The concept of transparency in relation to management of public funds	Public institutions are very closed and not as transparent as we would like them to be.
Definition of transparency (how do participants understand <i>transparency</i> as applied to their life’s)	The problem is that the process of managing with Public Funds, all ends with the procurement process. The concept has never evolved beyond procurement and corruption and everything the media covers is about those two concepts. The two have reached a counterproductive affect and the trust people had in media has been lost.
Perceptions about transparency (how do participants perceive transparency)	Despite the existence of the law that establishes access to information and public documents, it is fairly difficult for media to access public information and let alone to contact the representatives of institutions directly. The access to information is fairly simple and easy for topics that do not cover sensitive information: such as to request from the PM how his day went, however it is highly difficult to gather information on a service providing tender given out by the PM. Local institutions on the other hand, or even more closed.

<p>How to deal with lack of transparency? Is it ever punished - should it be punishable?</p>	<p>There is a lack of monitoring mechanisms for the law of access to information. The latter law is sponsored by the office of the Prime Minister, while the same is also in charge of monitoring of the implementation of the law. Therefore, it is a paradox to request access to information from an institution that is also itself in charge of monitoring the implementation of this law. The media association has requested for the Monitoring office for the implementation of the law to be taken out of the PMs office and moved together with the agency of protection of person data in a separate independent body.</p>
<p>Where is lack of transparency higher?</p>	<p>Central and Local Governments</p>
<p>What is the role of the media in dealing with lack of transparency?</p>	<p>Media has lost the trust of the general public more and more with every passing year. The reporting often ends with procedural aspects, rather than the analyzing and assessing of news. More reporters write more news and the public is over informed, but misinformed. This has occurred as a result of lack of finance in the media market. At the moment there are 5 newspapers, 22 television stations (including 3 national ones) and 133 radio, with 3 million euro revenue in marketing for the entire media market, which is very limited financing [the number of online portals is unknown].</p> <p>Considering that many media outlets ought to close as a result, and there is a very limited number of investigative journalism, and a limited number of educated journalists, the emerging media outlets have allowed for a decentralization of media outlets and hence no government institutions have complete power over media outlets.</p>
<p>What is the role of the civil society in dealing with lack of transparency?</p>	<p>Civil Society organizations financially depend completely on donors, and local CSOs also depend on fund to be received by the local government through tendering and procurement, and as such cannot play a major role in raising of transparency. CSOs are not perceived as credible.</p>
<p>What is the role of the law enforcing institutions in dealing with lack of transparency?</p>	<p>The law on access to public information is perceived and used by media, but it is a law that is applicable to CSOs and all citizens, but there is a lack of information on how one can make use of that law and implement it.</p>
<p>What is the role of audit institutions in dealing with lack of transparency?</p>	<p>Audit institutions have an independency and access to information and as such play a great role in providing information to public and especially media outlets.</p>
<p>Transparency and corruption: what to do in cases where</p>	<p>It is not accepted by the general public that the contracts should be awarded based on political affiliation of</p>

corruption has become transparent and widely accepted particularly in cases involving political forces and bidding processes.	applicants.
Reporting / discussing transparency in relation to participation to public tenders and publication of tender results.	The Government is the institution with the highest spending power in Kosovo, and as such private sector, CSOs, media and most stakeholders are highly interested in being awarded some part of government spending, be that in form of contracts and procurement processes. It is in almost no one's interest for the processes to become transparent.
Reporting / discussing transparency in relation to public competitions for jobs	At local level, the professionalism and background of municipal officials tends to be very low, and as such their transparency suffers. Most of officials hired are hired as a favor or to fulfill the duties of the electorate of every leading party at the municipality level.
Legal reform and transparency	According to the law on access to information every municipal officer is allowed to answer a question silently, therefore even if the answer is not given after your complaint the officer is not obliged to answer your question. There is many loopholes to find in the law.
The most involved media in transparency efforts	"Koha Ditore" is still the most trusted one, and so is "Jeta ne Kosove"
The most involved NGO in transparency efforts	Birn - Balkan Investigative Regional Network
The most transparent municipality government	Prishtina Municipality and Gjakova Municipality, even though not all members of the focus group agree.
The most transparent ministry / central government institution	Audit General
Outlook for transparency in the next two years	The focus group participants don't expect any change in increase of transparency. If not they expect negative change for the worst. The credibility on almost all Kosovo institutions, be it CSOs and media and more, has deteriorated throughout the years and trust has been lost.
If in the position of a <i>transparency czar</i> state the policy action of choice to increase transparency	Kosovo's education level and investment in education is the lowest (about 4 % of its GDP), and that is the first step towards change. The rule of law ought to become functional to speed up the process of solving judicial cases.
Other	The group believes that there is a conflict of interest with the Law of Access to Public Documents

Annex 4

I. Legislation in the field of prevention of Corruption

With regard to legislation in the field of prevention of corruption, conflict of interest and related criminal offences, Kosovo Legislation in recent years is improving and harmonized with international standards. Kosovo Criminal Code was amended in 2013 to include provisions which further criminalize the conflict of interest and false declaration of assets. In this regard we can conclude that most of legislation and institutional framework on implementing this legislation in the area of conflict of interest and declaration of assets is already in place. However, as the Assessment Report of Project against Economic Crime in Kosovo³⁷ implemented by Council of Europe in 2014 states it maintains that numerous legal acts and procedures for handling the conflict of interest, including frequent amendments to key laws on a yearly basis should be better harmonized between each other for the purpose of more efficient prevention and sanctioning. The following legislation represents the main primary legal framework related to the prevention and fight against corruption.

1. Law no. 03/L-159 on Anti-Corruption Agency;
2. Law no. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials;
3. Law no. 04/L-228 on Amending and Supplementing Law no. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials, (entered into force in 2014);
4. Law no. 04/L-051 on prevention of Conflict of Interest in Discharge of Public Functions
5. Criminal Code of the Republic of Kosovo No. 04/I-082;
6. Law no. 04/I-129 on Amending and Supplementing the Criminal code of the Republic of Kosovo No. 04/I-082;
7. Criminal Procedure Code No. 04/L-123;
8. Law on Access to Public Documents No. 03/L-215
 - 8.1 Regulation no. 04-2012 for official track-keeping of requests for access to public documents;
 - 8.2 Administrative Instruction no. 03/2011 for websites of public institutions;
 - 8.3 Regulation no. 02/2012/MF on tariffs for access to public documents.
9. Public Procurement Law No. 04/L-042 (PPL, 2011)

Legislation related to courts, state prosecution, as well as related to public finances, public administration and civil service regulates specific issues of prevention of corruption and conflict of interest.

³⁷ Kosovo: Follow-up Report on compliance with international standards in the area of anti-corruption (AC), Project against Economic Crime in Kosovo1 (PECK), Implemented by Council of Europe and European Union Office in Kosovo, April 2014, p. 7

I. International Good Practice

The section below summarizes some best practice approaches reported internationally by the United Nations Office on Drugs and Crime³⁸.

The use of electronic government procurement to fight corruption—a case example from Georgia

The country Georgia is one of the first countries in the world in which paper-based tender procedures in the area of public procurement have been eliminated. Since this reform, all tender procedures have been carried out electronically through the Georgian Electronic Government Procurement system (Ge-GP). The reform making electronic tender procedures the exclusive means aimed to promote:

- Transparency: ensure transparency for citizens regarding the expenditure of state resources and make documents relating to tender procedures and contracts awarded easily available to the public.
- Non-discrimination: introduce tender procedures in which all interested bidders, including foreign bidders, have equal opportunities.
- Fair selection: guarantee fair qualification/disqualification of bidders based on objective criteria according to a transparent evaluation system.
- Simplified procedures: simplify tender procedures and remove administrative barriers, as paper-based tenders involved complicated procedures and were deemed to be a waste of both time and material resources, making many companies reluctant to participate in public tenders.
- Getting rid of paper: ensure that documents submitted to the procuring entity are a reliable source of information, to be handled efficiently by the procuring entity. It was important to make documents relating to tender procedures easily available to the public.

The main benefits of the Ge-GP are its simplicity and transparency. Registration to participate in the system is very straightforward. Any information related to State procurement is accessible in the Ge-GP system for any interested person. This information includes: annual procurement plans; tender notices; estimated procurement values; tender documentation including amendments and corrections; bids of suppliers, bidding documents and bid prices; minutes of tender commission meetings and correspondence exchanged with the suppliers; contracts

³⁸ Guideline on anti corruption practices in public procurement and public finance, September 2013

awarded; decisions of the tender evaluation commission; information about payments made; and all other relevant correspondence.

Procurement procedures became more transparent due to the Ge-GP, providing equal opportunities for bidders across the country/region. Approximately 200 foreign bidders have been awarded more than 50 contracts.

Any person may file electronic complaints, which are reviewed by the Dispute Resolution Board, which includes members of the Competition and State Procurement Agency and NGO representatives. This procedure greatly simplifies the appeal process, makes dispute resolution more transparent, and increases public engagement in the state procurement processes.

The transparent town of martin—a case example from Slovakia

Martin, a district town located in northern Slovakia chose to carry out a pioneer anti-corruption project in 2008. The project, called the “transparent town”, maximizes the level of transparency in municipal administration and minimizes the room for corrupt behavior at the same time.

Before implementing the project, the town Martin, according to an audit carried out by TI Slovakia, showed unsatisfactory levels of transparency in almost all of its policy areas, including public procurement. The public had had only very limited options to control its elected representatives or town hall employees, particularly in the area of awarding public contracts. Contracts had previously only been awarded to a small group of contractors and were heavily overpriced. Furthermore, the mayor himself had been approached by a number of bidders who tried to pressure and corrupt him in order to win public tenders.

Under the project, the town of Martin voluntarily initiated standards in the area of public procurement, which go far beyond the mandatory legislative framework. One of the key measures was the implementation of an e-procurement platform that provides for the possibility of electronic auctions into the process of procurement. To make procurement fully transparent, all information regarding public tenders is available on the Internet. After the launch of electronic auctions to award public contracts, the prices of the winning bidders have gone down rapidly; with the cost savings amounting to approximately 25 per cent in the first year of operation.

The electronic platform lists public tenders, and also all concluded contracts, including the name of the winning company and the offered price, as well as invoices and amounts paid by the town of Martin.

The electronic platform can be openly accessed and, therefore, provides an efficient tool for the public to monitor the activities of the town of Martin when awarding public contracts.

In 2011, the United Nations recognized the project the “transparent town” as one of the best tools in “preventing and combating corruption in public service” worldwide.

An independent monitor as a tool to fight corruption —a case example from Austria

Austria is about to renovate the Austrian Parliament building, a landmark building in Vienna from the 19th century. The estimated costs for this project are EUR 500 million. The project environment is considered to be technically and logistically highly complex. Furthermore, it comes on the heels of very negative experiences due to significant delays and cost-over-runs in connection with recent large-scale building projects in Austria. Over the last couple of years, Austria has also been facing a variety of corruption scandals in the area of public procurement and there are negative perceptions among the public with regard to corruption in Austria.

For all these reasons, the Austrian Parliament decided to conduct this renovation project with the highest degree of transparency possible. To this end, it was decided to make communication and information open during the entire project, including through press releases, information on a website, conferences and one-to-one communication with interested parties.

Of significance, the Austrian Parliament decided to cooperate with the Austrian Chapter of TI to prevent any corruption in the project. It was agreed that an instrument similar to the TI Integrity Pact be adopted and applied. The Integrity Pact is a formal agreement between a government entity and those companies submitting a tender for a specific project who agree to conduct a public tender in accordance with the highest ethical standards possible.

To ensure accountability, TI Austria nominated an external, independent lawyer who is specialized in compliance and anti-corruption and appointed by the Austrian Parliament as an independent monitor to oversee selected tender procedures relating to the renovation project. The independent monitor has extensive powers, including the following:

- Right to review all published and non-published documents in connection with the public tenders;
- Right to participate in all meetings of the various committees in the tender process (e.g., evaluation meetings);
- Right of access to all documentation and electronic data.

The independent monitor reports to the project management and, directly to the President of the Austrian Parliament, if necessary. In case of the breach of a law such as the anti-corruption law,

the independent monitor has not only the right, but the obligation to inform the respective Austrian judicial authorities.

E-procurement in Albania

Usage of e-procurement system brought great improvements, such as transparency's increasing, efficacy, and reduction of corruption. Prior to the application of e-procurement, the Albanian procurement system had some major problems, which affected directly the quality and effectiveness of procurement. One of the biggest problems was the very limited access of private business/community on tender documents and procedures performed by Contracting Authorities. This was closely related to the lack of transparency in the procurement process (World Bank Study Strengthening Country Procurement Systems: Results and Opportunities. Capacity development- Country Case: Albania).

- Number of bidders from paper-based procedures to electronic procedures has increased from 2.3 to 7.7 bidders. This is one of the strongest impacts of using e-procurement system in Albania. Again, a comparative view, especially between number of bidders in 2008 and 2009, which is the first year of application of EPS, makes clear the difference. To analyze the average number of offers in a procedure, we have to consider first the number of procedures in a year.
- Using e-procurement system does help all interested parties and stakeholders to generate data and statistics for the procurement system in general. This is very helpful for the policy-makers to assess the system and to work for further improvements when and where needed.
- The impacts of performing public procurement procedures through the use of information technology, has been really good and positive even in the perspective of the Contracting Authorities, as compared to the paper-based procurement procedures.
- Using EPS facilitates the work of procurement officers of the contracting authorities that submit electronically the tender dossier. When performing the procurement procedures through e-procurement system, procurement officers, do not need to take written evidences on the workflow of the process. The system itself, does keep this records (article 52/6 of PPL 9643/2006). On the other hand, through the on-line publication of these procedures, all economic operators have the opportunity to get informed on procedures of their interest. They may download the complete documentation of the tender and participate in a tender by submitting an offer electronically through their accounts. According to the Am.Cham. Survey, 91% of Tirana-based businesses and 77% of those outside Tirana use their company's office to interact with EPS. Interestingly, 11% of the interviewed businesses outside Tirana rely on third parties who provide service to complete a procurement procedure. Also, 8% of non-Tirana based businesses vs. 4% of Tirana businesses use internet cafes to access EPS.

Using e-procurement system reduces the possibility of corruptive deviations. Possibility of individual contacts among economic operators interested to bid in a tender is avoided, which logically reduces the possibility of collusions. On the other hand performing procedures through the system, eventually avoids individual contacts of contracting authorities officials and bidders, reducing the possibility of corruptive actions. There are no more delays and the procedures are

completed in a short time. Compared to paper-based procurement procedures, communication between CAs and EOs is flowing much faster. Fair competition in procurement procedures is now guaranteed to the maximum. Potential bidders are not known ahead of time because participation in a given procedure is anonymous until the bid opening day.