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SIGMA Monitoring Reports

# Public administration in Kosovo\* 2024

Assessment against the Principles of Public Administration



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Assessment against the Principles of Public Administration

This report provides analysis on how Kosovo\* performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.



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This report was approved by the OECD Public Governance Committee via written procedure on 20 December 2024.

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**SIGMA Monitoring Reports** - ISSN: 3078-8420 (online) | <https://doi.org/10.1787/9c2f22f8-en>

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# Table of contents

List of abbreviations and acronyms	4
Introduction	7
Executive brief	9
Strategy	17
Summary and recommendations	18
Analysis	20
Policy development and co-ordination	23
Summary and recommendations	24
Analysis	27
Public service and human resource management	45
Summary and recommendations	46
Analysis	49
Organisation, accountability and oversight	67
Summary and recommendations	68
Analysis	71
Service delivery and digitalisation	89
Summary and recommendations	90
Analysis	93
Public financial management	107
Summary and recommendations	108
Analysis	112
Budget management	112
Internal control and audit	120
Public procurement	125
External audit	138
Financing of local governments	142

# List of abbreviations and acronyms

ABR	Administrative Burden Prevention and Reduction Programme 2022-2027
AG	Auditor General
AIS	Agency for Information Society
APC	Agency for Prevention of Corruption
APCI	Agency for Protection of Classified Information
BIA	Budgetary Impact Assessment
BM	Baseline Measurement
CCRK	Constitutional Court
CHU	Central Harmonisation Unit
COFOG	classification of the functions of government
CoG	centre of government
CSA	Cybersecurity Agency
CSL	Civil Service Law
CSO	civil society organisation
CTDTC	Chief Technology, Digital Transformation Co-ordinator
DMPO	Department for the Management of Public Officials (Ministry of Internal Affairs)
EC	European Commission
EI	European Integration
eID	electronic identification
ESA	European System of Accounts
EU	European Union
EUR	euro
FAQ	frequently asked questions
FMC	financial management and control
GDP	gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRK	Government Regulation of Kosovo*
GSG	General Secretariat of the Government
HR	human resources
HRM	human resource management
HRMU	human resource management unit
HRMIS	Human Resources Management Information System
IA	Internal audit
IMC	intermunicipal co-operation

IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IOBCS	Independent Oversight Board of the Civil Service of Kosovo*
IPA	Information and Privacy Agency
ISSAI	International Standards of Supreme Audit Institutions
ICT	information and communications technology
IPSAS	International Public Sector Accounting Standards
IT	information technology
KIESA	Kosovo* Investment and Enterprise Support Agency
KIPA	Kosovo* Institute of Public Administration
KJC	Kosovo* Judicial Council
KPFMIS	Kosovo* Financial Management Information System
LAC	Law on Administrative Conflicts
LAD	Law on Administrative Disputes
LAPD	Law on Access to Public Documents
LDS	Electronic System for the Drafting of Legislation
LGAP	Law on General Administrative Procedure
LOFSAIA	Law on the Organisation and Functioning of State Administration Bodies and Independent Agencies
LPO	Law on Public Officials
LSPS	Law on Salaries in the Public Sector
MCEI	Ministerial Council of European Integration
MEAT	most economically advantageous tender
METF	Medium-Term Expenditure Framework
MFLT	Ministry of Finance, Labour and Transfers
MIET	Administrative Instruction
MLGA	Ministry of Local Government Administration
MoE	Ministry of Economy
MoJ	Ministry of Justice
MP	Member of Parliament
MTBF	Medium-Term Budgetary Framework
MTBP	Medium-Term Budget Programme
NAO	National Audit Office
NDP	National Development Strategy and Plan
NDS	National Development Strategy
NGO	non-governmental organisation
NIF	National Interoperability Framework
NIS	EU Network and Information Security

NPEI	National Programme for European Integration
OECD	Organisation for Economic Co-operation and Development
OI	Ombudsperson Institution
OPM	Office of the Prime Minister
PAR	public administration reform
PARS	Public Administration Reform Strategy
PEM	public expenditure management
PIFC	public internal financial control
PFM	public financial management
PFMS	Public Financial Management
PPL	Public Procurement Law
PPP(s)	public-private partnership(s)
PPRC	Public Procurement Regulatory Commission
PRB	Procurement Review Body
RIA	regulatory impact assessment
RoP	Rules of Procedure
SAI	Supreme Audit Institution
SDP	State Debt Programme
SME(s)	small and medium-sized enterprise(s)
SPO	Strategic Planning Office
SOE	state-owned enterprise
ToC	Table of Concordance
TNA	Training Needs Analysis
TPM	Top Public Managers
UN	United Nations
UNDP	United Nations Development Programme
VAT	value added tax
WCEI	Working Committee for European Integration

# Introduction

## The Principles of Public Administration and the European integration path: Measuring the fundamentals

*The Principles of Public Administration*<sup>1</sup> sets out what good public governance entails in practice and outlines the main requirements to be followed by countries during the European Union (EU) integration process. Good public governance is key for achieving economic growth, competitiveness and better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administration. In its 2014 Enlargement Strategy, the European Commission (EC) highlighted public administration reform (PAR) as one of the “fundamentals” of the EU enlargement process. The 2023 EC communication on the EU Enlargement Policy reaffirms this conviction: “The functioning of democratic institutions and public administration reform continue to be among the three fundamentals for the EU accession process.”<sup>2</sup>

## Overall approach: Focus on implementation and results, analysing a variety of primary data sources against precise criteria and benchmarks for an objective and balanced assessment

The updated 2023 edition of *The Principles of Public Administration* reflects the most recent international standards, applicable EU *acquis* and citizen expectations for modern public administration in Europe. Endorsed by the OECD and the European Commission, it covers the same broad scope and thematic areas as the previous edition.

The *Assessment Methodology of the Principles of Public Administration*<sup>3</sup> contains a set of standard indicators that SIGMA applies consistently to measure the state of play against the Principles, including the preconditions and enablers for successful reforms (appropriate laws, policies, procedures, institutional structures and human resources); the public administration’s actual implementation practices; and subsequent results (how the administration performs in practice). In the new *Assessment Methodology*, more than half of all criteria focus on implementation practices and results.

While the overall approach recognises that no single measurement method can fully cover the complex issues related to all organisational and behavioural aspects of public administration, SIGMA relies on information from a comprehensive range of sources: administrative data from public registries; national statistics; legislation reviews and government reports; citizen, business, public servant and contracting authority surveys; case reviews of sample government documentation; and over 100 interviews with public servants and civil society. This information is cross-checked and triangulated to arrive at a balanced assessment.

<sup>1</sup> OECD (2023), *The Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Principles-of-Public-Administration-2023.pdf>.

<sup>2</sup> European Commission (2023), *2023 Communication on EU Enlargement Policy*, p. 2, [https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/COM\\_2023\\_690%20Communication%20on%20EU%20Enlargement%20Policy\\_and\\_Annex.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/COM_2023_690%20Communication%20on%20EU%20Enlargement%20Policy_and_Annex.pdf).

<sup>3</sup> OECD (2024), *Assessment Methodology of the Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Assessment-Methodology-Principles-Public-Administration.pdf>



## A regional series with long-term perspective

This monitoring report assesses the state of play in public administration and progress in improving its quality. Given the geostrategic importance of the Western Balkans to the European Union and the ongoing EU accession negotiations, SIGMA conducts regular monitoring of the region. While SIGMA's assessments in 2015, 2017 and 2021 covered the full scope of the Principles of Public Administration, this 2024 report also addresses all Principles and provides a comprehensive and detailed picture of the state of public administration in the region.

This report is based on the *Assessment Methodology* developed to accompany the updated Principles of Public Administration (2023). While the narrative sections clearly describe developments since the last assessment and enable comparisons with previous monitoring, the significant methodological differences between this report and previous ones make comparisons of indicator values inapplicable.

## Key insights and recommendations for decision makers, and detailed performance data for practitioners

Thirty-two Principles make up the framework for the six thematic areas, and each Principle has one or two indicators. There are 36 indicators in total, with 289 sub-indicators and 1 732 individual criteria. Indicator values for each Principle are presented at the top of every overview table, ranked on a scale of 0 (lowest) to 100 (highest) and based on the total number of points received for the sub-indicators.<sup>4</sup> The indicator values provide a comparative picture of the state of play as of 30 June 2024.

The structure of the report mirrors that of the Principles. Each Principle contains a dedicated overview of associated indicator(s) and a summary analysis of the main strengths and weaknesses. Analytical findings and the most relevant recommendations are provided to guide reform efforts and inform the policy dialogue and discussions within the government administration and between the European Commission and the Government.

SIGMA provides an executive brief and summaries for each of the six thematic areas to facilitate understanding at different levels of detail and insight. While the monitoring report shows overall indicator values only, the SIGMA data portal<sup>5</sup> offers a detailed criteria-level analysis.

SIGMA wishes to thank the Government for its collaboration in providing the necessary administrative data and documentation, as well as for its active engagement during the validation process to ensure the factual accuracy of all information used. We also thank the experts who contributed to this report. Finally, EC partnership and support has enabled SIGMA to prepare this comprehensive long-term focus on public administration reform.

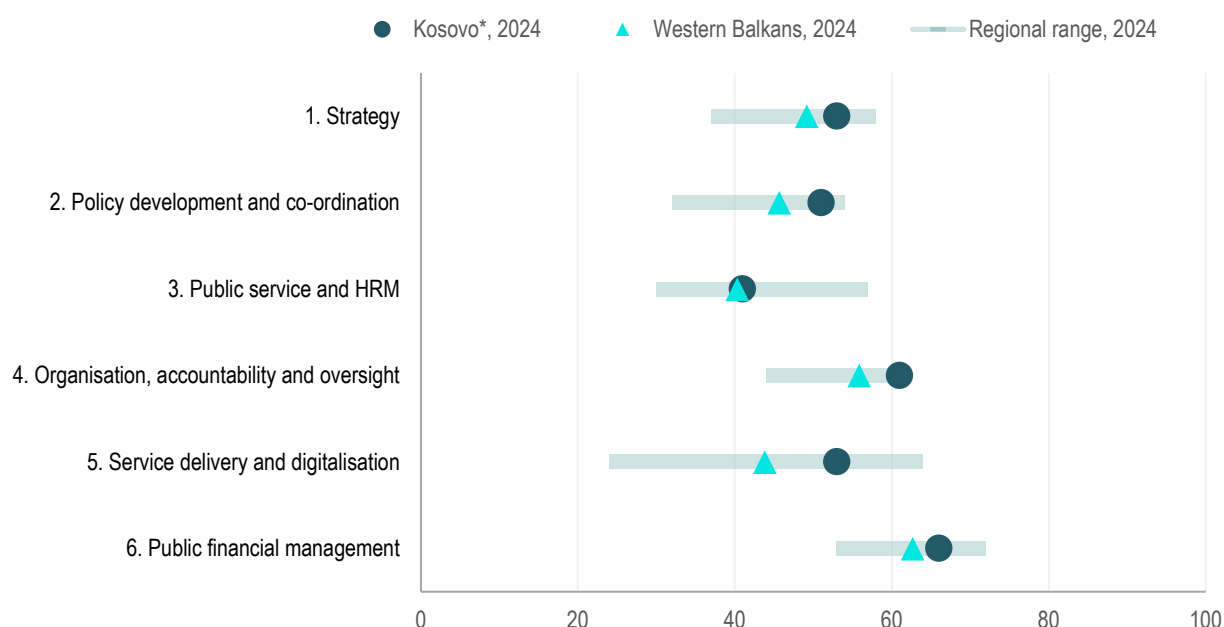
<sup>4</sup> Point conversion tables can be found in the *Assessment Methodology*.

<sup>5</sup> <https://par-portal.sigmaweb.org/>

## Executive brief

Overall, Kosovo\* has demonstrated mixed progress in the functioning of its public administration, although some remaining challenges persist in all areas of public administration reform (PAR). Compared to its neighbours in the Western Balkans, it has exceeded the regional average in the areas of policy development and co-ordination, organisation, accountability and oversight, service delivery, and public financial management (PFM). Nevertheless, even in these areas, further reform efforts are needed. Improvements could be made in the effectiveness of policy implementation, systematic application of organisational typology, enhancement of organisational performance management and rationalisation of the organisational landscape, including reducing the number of bodies subordinated to the Assembly. The effectiveness of the administrative justice system could also be enhanced. Some important reforms have been launched on reducing the administrative burden for citizens and businesses. However, establishing and monitoring service standards and the use of performance management to improve services require significant further effort. In public financial management, finalisation of the required regulatory developments in public procurement and public-private partnerships (PPP) and the inefficiency of the procurement review system call for further attention. Finally, comprehensive reform of public sector employment, which has already been initiated, should lead to strong central steering and data-driven strategic human resource management.

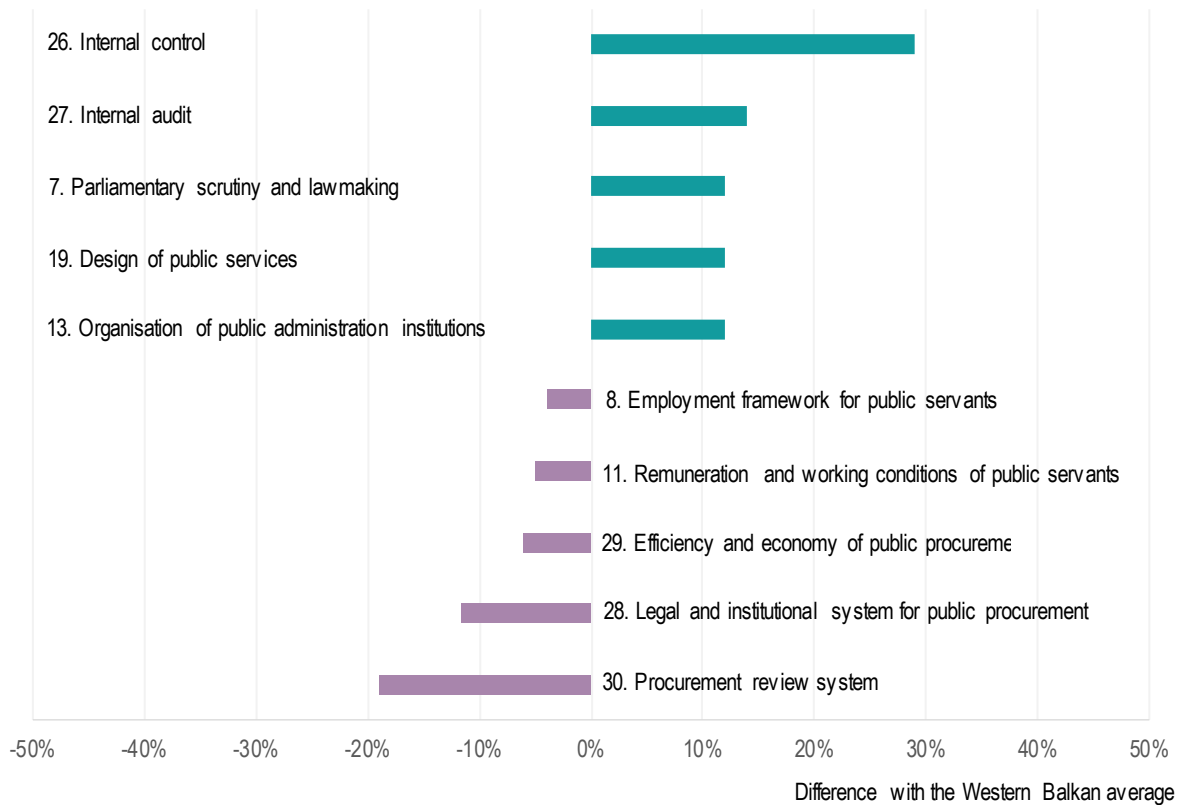
**Figure 1. Overall state of play in the functioning of public administration**



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

A comparison of the performance of the administration and the region as a whole at the level of the Principles of Public Administration shows similar results, as summarised above. Robust internal control and audit systems are amongst the key aspects differentiating Kosovo\* from other administrations of the Western Balkans. At the same time, challenges in some aspects of the procurement system persist.

**Figure 2. The highest and lowest performing Principles in Kosovo\***



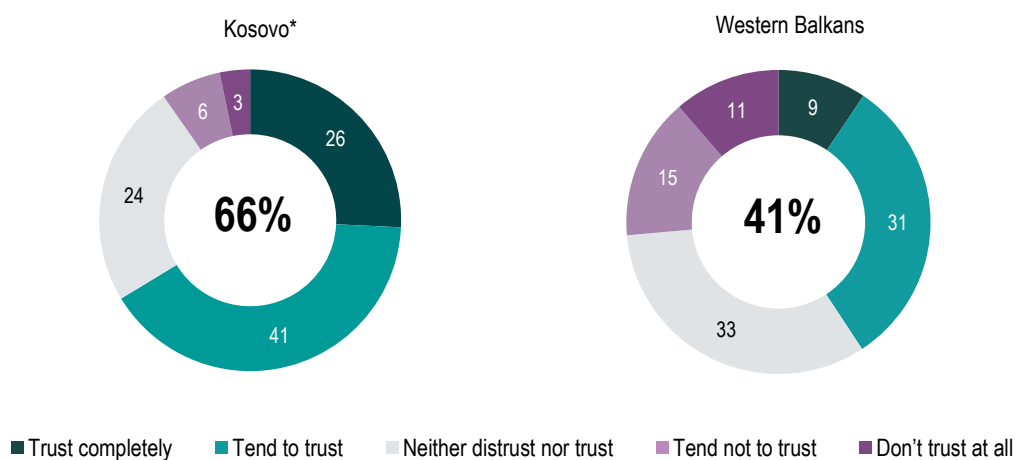
Notes: Green bars show the five highest indicator values. Purple bars show the five lowest indicator values.

Citizens and businesses appear to have a favourable perception of the developments in the functioning of the public administration. The results of the SIGMA Survey of Citizens on public administration 2024 show that in Kosovo\*, citizens’ trust in the civil service is 25% above the Western Balkan average.<sup>6</sup>

<sup>6</sup> Trust is an important indicator of how people view and evaluate their government institutions. The OECD has developed a comprehensive framework to understand what drives trust in public institutions and applies this framework in the biennial OECD Trust Survey (OECD, 2021), which up to now has been implemented in OECD member countries and Brazil. The OECD Trust Survey examines what affects trust by measuring people’s perceptions of government competence (reliability and responsiveness) and values (integrity, fairness, and openness), then connecting these factors to trust levels across various institutions. More information can be found here: [https://www.oecd.org/en/publications/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results\\_9a20554b-en.html](https://www.oecd.org/en/publications/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results_9a20554b-en.html).

Recognising trust as a valuable indicator of public governance performance, the SIGMA Survey of Citizens on public administration—while distinct from the OECD Trust Survey— includes specific questions about trust in public institutions to complement existing indicators from the Assessment Methodology.

**Figure 3. Citizen trust in civil servants**



Note: Percentage of valid responses to the question: “How much trust do you have in the following institutions?” “Civil servants (non-elected government employees at central or local levels of government)”. The percentage in the middle is the share of the respondents who answered “trust completely” or “tend to trust”.

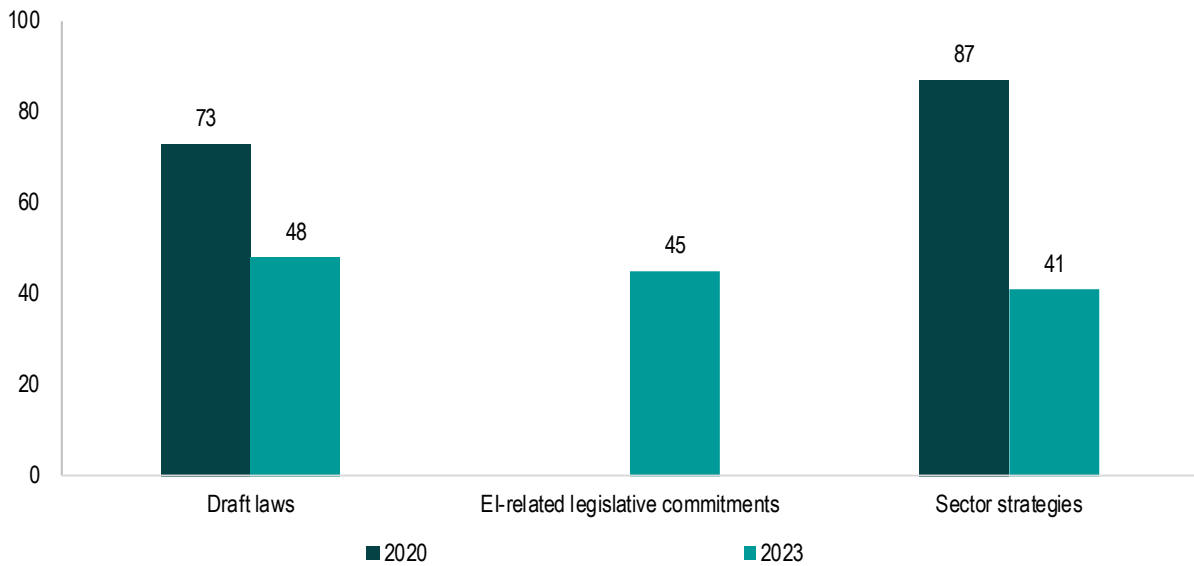
Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

### **A sound PAR strategic framework, despite challenges in implementation, monitoring and co-ordination**

A streamlined, good-quality strategic framework for PAR and public financial management (PFM) has been in place since the end of 2022, and PAR continues to be prioritised in key Government planning documents. Nevertheless, the overall implementation rate is low, with 46% of activities implemented and 26% of reform objectives achieved by the end of 2023. Given these figures, the less-than-regular timetables of the PAR management and co-ordination forums is particularly concerning. The Ministerial Council for PAR, the highest-level political co-ordination forum, continues to meet only rarely (once a year in 2021 and 2022 and not at all in 2023, although it had so far met twice in 2024) and administrative-level co-ordination structures also meet rarely (at most, twice a year). Annual monitoring of the PAR strategic framework is not conducted in a timely manner, and in 2024, the annual reports were adopted only in June. Non-governmental stakeholders continued to be excluded from co-ordination of the PAR agenda.

### **Policy co-ordination and planning improved, but policy analysis and implementation, as well as consultation practices remain weak. The role of the Parliament in scrutinising legislation is limited.**

The system for policy planning moved forward with the adoption of the National Development Strategy (NDS) 2023 and the new Government Rules of Procedure (RoP). However, strategic planning and government work planning has been overly ambitious. This is demonstrated by the 60% implementation rate for legislative initiatives and the 30% implementation rate of strategic activities. In addition, more than 40% of planned draft laws, European Integration (EI)-related legislative commitments and strategies have been carried forward from one year to the next.

**Figure 4. Draft laws, EI-related legislative commitments and sector strategies carried forward**

Note: Data for EI-related commitments carried forward to 2020 are not available.

Source: SIGMA calculation based on data collected for assessment.

Co-ordination and co-operation between centre-of-government (CoG) institutions around draft laws and strategies submitted by line ministries have improved but remain inconsistent. The new RoP prescribes further harmonisation of policy development processes and co-ordination between the key CoG bodies, but the results have yet to be seen. The quality assurance function of the CoG is limited, as can be seen in the fact that half of the draft laws were approved without the required impact assessments and that minimum requirements for public consultation were not respected in more than one-third of cases.

The Assembly has the authority to scrutinise the Government, and parliamentary legislative work is to some extent transparent, but MPs often operate without full access to the documents necessary for well-informed decision making. Meanwhile, the share of questions posed by MPs that the Government left unanswered has increased drastically, to 70%. The share of Government-sponsored laws adopted in extraordinary proceedings has dropped significantly since 2021, but it is still high, at more than 22%.

### **Significant reforms in public sector employment are under way, but some changes, as well as weak capacity for central co-ordination and strategic HR management, give cause for concern.**

The civil service system is undergoing significant transformation. After a series of legislative challenges, a new Law on Public Officials (LPO) and a new Law on Salaries in the Public Sector (LSPS) came into force. The LSPS introduces a uniform salary system for the entire public sector and improves its transparency and fairness, but its wider effects are not yet evident. The LPO introduced some concerning elements, including multiple exemptions from its horizontal scope as well as features that potentially reduce the appeal of managerial positions. As for top managerial positions, a considerable number of high-level officials serve on an acting basis. Unsuccessful competitions pose further problems and uncertainty.

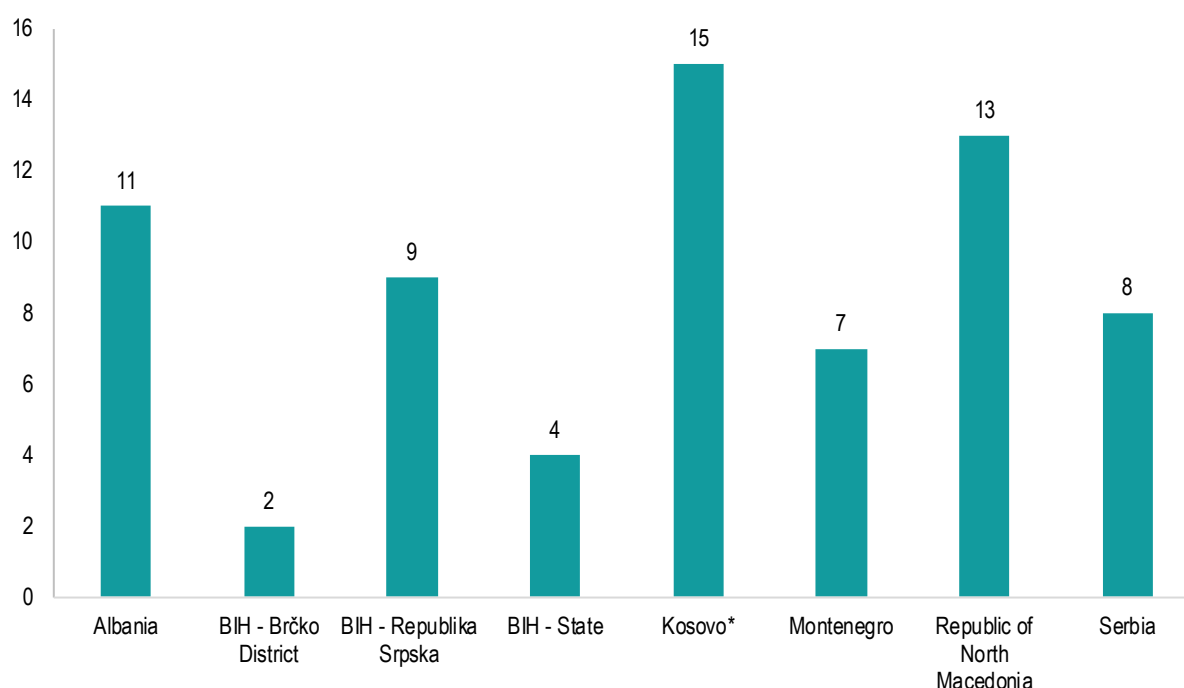
Implementation of the LPO is in transition, and the results of the new system are also not clear. Recruitments to the civil service reached 2019 levels, but the temporarily decentralised procedures are due to end in March 2025 and to be replaced by a centrally managed process. This calls for substantial increases in the capacity of the central co-ordinating body for the civil service, the Department for the Management of Public Officials of the Ministry of Internal Affairs (DMPO). It is worth noting that the mandate of the DMPO has been curtailed by the decision of the Constitutional Court. The Court deprived it both of the right to request and receive information relevant for the execution of its duties and of its function to supervise implementation of the legislation. Given the ongoing reforms, the need for central steering of modern human resources (HR) management practices, as well as the introduction of data-

driven strategic human resource management (HRM) supported by all necessary processes and tools, are of particular importance.

### Slow implementation of organisational reforms, empowered but inefficient oversight institutions and mechanisms, and persistent efficiency challenges with access to administrative justice

Little progress has been made on implementing the governance and accountability scheme for public administration bodies under the Law on Organisation and Functioning of State Administration Bodies and Independent Agencies. Some steps have been made to enhance performance management of agencies subordinated to ministries, and internal delegation within ministries is in place. However, rationalising the organisational landscape has been slow, and the number of bodies subordinated to the Assembly is still the highest in the region. Central control over organisational developments remains weak. The legislative framework for multi-level governance meets the basic standards, but the level of municipal autonomy is the lowest among all Western Balkan administrations.

Figure 5. Number of bodies subordinated to the Parliament



Note: Data was not provided for the Federation of Bosnia and Herzegovina.

Source: SIGMA calculation based on data collected for assessment.

Policy ownership challenges undermine the establishment and functioning of a comprehensive transparency framework. In the absence of the planned *ex post* assessment of the Law on Access to Public Documents and lack of systemic data collection and analysis, identified regulatory and functional challenges have not been addressed. While a strong legal framework is in place for the National Audit Office (NAO) and the Ombudsperson Institution (OI), holding the Government accountable presents significant challenges. Implementation of the OI's recommendations is critically low, at a rate of only 17% in 2023. The Assembly does not provide adequate support to the oversight institutions, handling their reports late and focusing on their performance rather than ensuring that their findings are properly taken up by the Executive. The trust of citizens in both the OI and the NAO is lower than trust in other institutions like civil service, local governments or Parliament.

Kosovo\* has a sound legal framework for administrative procedures, but alignment of the specific legislation is not complete and data for analysing performance in administrative decision making is spotty.

As for access to administrative justice, the adoption of the new Law on Administrative Disputes is commendable, but the efficiency challenges of the administrative justice system are persistent. The anticipated reforms of the administrative judiciary will require careful planning to avoid further deterioration.

**Promising developments in simplification, service modernisation and digitalisation**

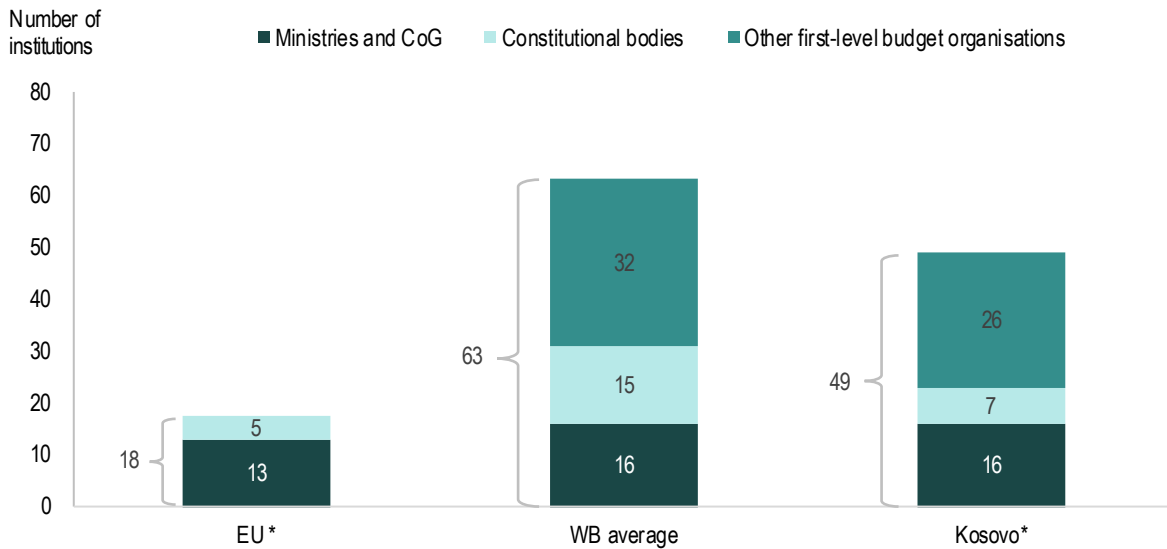
Since 2021, the Government has enhanced its agenda for service delivery and digitalisation, finalising a strategic framework (recently including the National Digital Agenda) and enacting essential legislation. Important steps were taken to simplify administrative services, and the launch of the eKosova Portal increased the number of services offered online to citizens and businesses. The national electronic identification (eID) system is expected to become operational in 2024. These positive developments have been welcomed, with both citizens and businesses reporting greater satisfaction with selected items and services than in the rest of the region.

More work on realising the potential of service modernisation is needed, including ensuring system interoperability, better citizen engagement in service design, expansion of life-event approaches in service modernisation, and design and promotion of service standards. This calls for upskilling officials in digital transformation and streamlining the competing structures for steering, co-ordinating and managing service modernisation.

**Overall solid PFM performance, with some operational shortcomings; persistent challenges in the procurement review system**

The budgetary framework is robust, but the high number of budget users complicates policy-based budget preparation, and the Assembly does not play a strong enough role in the budget cycle. Independent and transparent appraisal of the costs and benefits of large capital investment projects is also missing, and no monitoring of all fiscal risks is conducted, which can put additional strain on the budget. As for liquidity management, the overall state of public finances is good by comparison with the region. Cash flow management is performing to good standards, but the lack of effective commitment control has led to a significant level of arrears.

**Figure 6. Number of first-level budget organisations**



Notes: WB = Western Balkans. The EU\* data is the simple average of five Member States (Austria, Denmark, Finland, Germany and the Netherlands). The Western Balkans data is the simple average of Albania, Kosovo\*, Montenegro and Serbia. Source: Pot, F. and J. Šušteršič (2024), "Organisational structure of budget management: Directions for reform in the Western Balkans and the Republic of Moldova", *SIGMA Papers*, No. 72, OECD Publishing, Paris, <https://doi.org/10.1787/5fd31556-en>.

The internal control system is robust, and implementation of some elements of internal control has improved substantially, including risk management practices and clear protocols for management of irregularities. However, reporting is not a usual practice and better co-ordination mechanisms on irregularities and fraud have yet to be developed. Recommendations from the Central Harmonisation Unit's annual report for further improvements do not lead to Government decisions that result in action. In the case of internal audit (IA), all auditors are fully certified, and follow-up for IA recommendations is in place. The biggest challenges lie with limited capacity, because only 48% of IA units meet the minimum capacity requirements, and with increasing the level of implementing recommendations.

The NAO operates within a robust legal framework that ensures independence and alignment with international standards. While its mandate is comprehensive, the high number of mandatory financial and compliance audits limits the capacity of the institution for conducting performance audits. A system is in place for following up on recommendations, but the implementation of the NAO recommendations is still not at a satisfactory level.

The progress in public procurement is limited, for legislative, institutional and operational reasons. With important regulatory developments still pending – finalisation of the public procurement and PPP laws – implementation issues are addressed through subordinate legislation, which leads to conflicts between primary and secondary legislation. The progress in using the most economically advantageous tender criteria is commendable. Also, new monitoring methodology and data analysis were introduced. On the other hand, the functioning of the procurement review system suffers from the unduly lengthy process of filling all posts in the Procurement Review Body (PRB) Board and from concerns about how such positions are filled. These compromise the independence of the PRB and also affect the efficiency and timeliness of the reviews.

### The way forward

Considering the comparative weaknesses in the functioning of the public administration and the potential of the administration of Kosovo\* to implement reforms, the following directions merit highest-level attention and support:

- The Government should ensure full and effective functioning of all PAR co-ordination structures and utilise them to steer the PAR agenda, based on timely and comprehensive monitoring data and corresponding decision making.
- The Government should reduce to a minimum the number of “acting” managers, particularly in top positions, and ensure that open, competitive and transparent procedures are used for recruitment and selection for these positions. Any barriers that reduce the attractiveness of such posts should be identified and removed, to secure a robust pool of eligible candidates.
- The Government should enable and complete reorganisation and rationalisation of the public administration, including by reducing the number of bodies subordinated to the Assembly and through proper implementation of the performance management system.
- The Ombudsperson, the Parliament and the Government should jointly work on maximising the benefits of independent oversight, through increasing responsiveness to and implementation of the recommendations of the Ombudsperson institution.
- The Government should assign a key policy and promotion role in the service delivery area to a single body with the appropriate resources and staff with additional focus on better user engagement as well as setting and promoting service standards.
- The Government should enhance its budgetary framework by improving planning of large investment projects, by incorporating into the process independent assessments and cost-benefit analysis, as well as by increasing the effectiveness of reporting of irregularities and ensuring the necessary capacity for effective internal audit. The Government should finalise the lengthy regulatory processes in public procurement and PPP and ensure the efficient functioning of the PRB Board.





## Strategy

The government ensures a strategic **vision and leadership** for an agile, innovative and continuously improving public administration responsive to new challenges.

### The Principles of Public Administration

- Principle 1** A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

## Summary and recommendations

The strategic framework of public administration reform (PAR) has been revised since the last SIGMA monitoring assessment and has been complete as of December 2022. It includes two strategies. The Public Administration Reform Strategy 2022-2027 (PARS) covers policy development and co-ordination, organisation, accountability and oversight, public service and human resource management and service delivery and digitalisation. The Public Finance Management Strategy (PFMS) of the Republic of Kosovo\* 2022-2026 covers reforms in public financial management. The Government's central planning documents continue to recognise PAR as a priority, as does the new National Development Strategy 2030 of May 2023.

**The quality of the new PAR planning documents is relatively good**, because both the PARS and the PFMS contain a situation analysis and clear policy objectives with outcome-level indicators, and also define monitoring and evaluation requirements. Reliability of costing, however, remains a problem.

**Implementation of the planned reforms remains heavily dependent on donor support**, with 41% of the costs in 2023-2024 requiring donor funding. The level of domestic funding (59%) has increased since 2021, however, but funding gaps reported by the Ministry of Finance, Labour and Transfers (MFLT) could further hinder full implementation.

The implementation rate fell to 46% in 2023 from 65% in 2022. While this is still higher than the implementation rate during the previous SIGMA assessment (21%), **an implementation rate of below 50% suggests problems of planning and commitment to implementation of reform plans.**

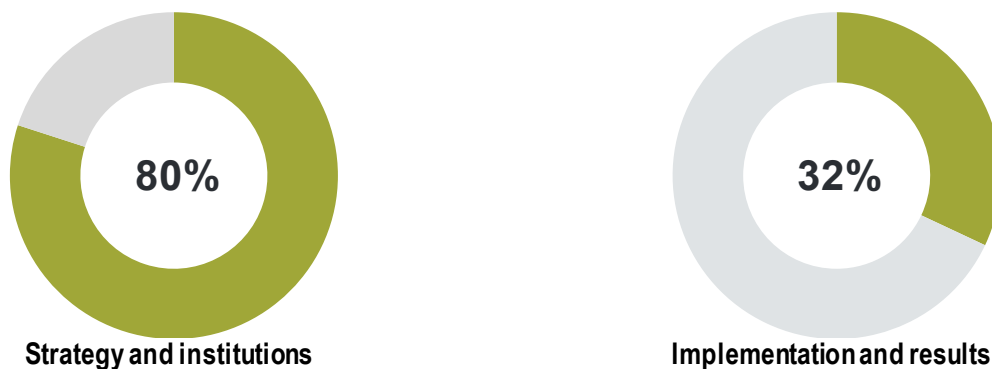
**Annual reports are still not timely enough.** A digital monitoring platform has been introduced, and this could improve reporting by ministries if it is used effectively.

**Co-ordination of PAR remains functional only at the political level through the Ministerial Council for Public Administration Reform, but not at the administrative level.** Only one of the three designated co-ordination groups met in 2023. Non-governmental stakeholders are still not involved in the established co-ordination structures.

**While there have been some limited efforts, innovation in the public sector is not emphasised by the Government enough in its planning documents**, and is not actively promoted across the public administration, apart from with respect to digitalisation.

Overall, the existing strategic plans, institutional set-up and related guidance for reform planning and implementation are largely in line with the Principles of Public Administration. However, day-to-day implementation and results in the area include considerable gaps and inconsistencies that limit the effectiveness and impact of the PAR agenda (Figure 7).

**Figure 7. State of play by type of criterion in the area of strategy and continuous improvement of public administration**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

## Recommendations

1. The Government should ensure that administrative-level PAR co-ordination bodies for monitoring and reporting function in practice, with senior-level representation from all key implementing ministries.
2. The Ministry of Internal Affairs should ensure that all PAR implementing institutions report continuously through the newly developed digital monitoring platform and make sure that annual reports are prepared on time.
3. The Government should include the representatives of non-governmental organisations in PAR co-ordination at both the political and administrative levels.
4. The Ministry of Internal Affairs should more actively encourage and promote innovation in the public sector through the organisation of events, competitions and awards.

## Analysis

### Principle 1: A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

The strategic framework for PAR has improved since the last assessment, with streamlining of strategic documents. The quality of PAR planning documents is relatively good, but co-ordination of implementation is inadequate and implementation rates are low. Stakeholder involvement in PAR is limited.

Indicator 1. Quality of public administration reform (PAR) agenda		2024 indicator value	53/100
Sub-indicators		Points	
1.	Prioritisation of PAR in key horizontal planning documents	6.5/8	
2.	Scope and comprehensiveness of PAR agenda	20/23	
3.	Reported implementation rate of PAR agenda	5.1/30	
4.	Management and co-ordination of PAR agenda	8/12	
5.	Monitoring implementation of PAR agenda	7/10	
6.	Stakeholder involvement and communication	4.4/9	
7.	Promotion of innovative practices	1.9/8	

Public administration reform (PAR) continues to be prioritised in key state and Government policy documents.<sup>7</sup> It is also comprehensively recognised in the key development plan, the National Development Strategy 2030 (NDS), which was adopted in May 2023.<sup>8</sup> However, despite being widely covered in high-level political documents, PAR is still heavily dependent on foreign sources of funding. Although the share of domestic funding of PAR costs increased compared to 2021, a significant amount, EUR 9.9 million out of a total of EUR 24.4 million (41%) is still expected to be covered from donor funds. In its formal opinion on the PARS, the MFLT indicated a significant additional budgetary cost that was not planned in the budget.<sup>9</sup> As such, the overall financial sustainability of the reform plans is uncertain.

The PAR strategic framework has improved since the last SIGMA assessment and has been complete since 2022. The SIGMA recommendation to reduce the number of PAR strategic documents was taken into account. There are now two principal PAR strategies: the overall Public Administration Reform Strategy 2022-2027 (PARS) (supplemented by a special programme on administrative burden reduction) and the Public Finance Management Strategy of the Republic of Kosovo\* 2022-2026 (PFMS).<sup>10</sup> Together they cover all five key PAR thematic areas, i.e. reforms in policy development and co-ordination;

<sup>7</sup> Programme of the Government of Republic of Kosovo\* 2021-2025, pp. 17-23, <https://kryeministri.rks-gov.net/wp-content/uploads/2022/04/Programi-i-Qeverise-se-Kosoves-2021-2025.pdf>. Medium-Term Expenditure Framework (MTEF) 2024-2026, pp. 18-19, <https://kryeministri.rks-gov.net/wp-content/uploads/2022>.

<sup>8</sup> Good governance is positioned as one of its four main priorities. Digitalisation of public administration and services is further addressed as a specific horizontal agenda, and there is a specific programme on administrative burden reduction. <https://kryeministri.rks-gov.net/en/national-development-strategy-2030>.

<sup>9</sup> Opinion of the Budget Department of the MFLT on the Public Administration Reform Strategy (Ref: 289/2022; 1 December 2022).

<sup>10</sup> Both strategies were approved by the Government on 28 December 2022. PARS: see: <https://kryeministri.rks-gov.net/wp-content/uploads/2023/01/PUBLIC-ADMINISTRATION-REFORM-STRATEGY-2022-2027.pdf>; PFMS: <https://kryeministri.rks-gov.net/wp-content/uploads/2023/03/Public-Finance-Management-Strategy-of-Republic-of-Kosovo-2022-2026.pdf>.

organisation, accountability and oversight; public service and human resource management; service delivery and digitalisation and public financial management. In addition, there are also specific plans for Administrative Burden Reduction (2022-27)<sup>11</sup> and for e-Government (2023-27)<sup>12</sup> that recognise these two priority themes; however, the link between these plans and the NDS and PARS is unclear, which has somewhat undermined the effort since 2021 to streamline and consolidate the PAR agenda in terms of activities and management. The quality of the new PAR planning documents is mostly good. Both the PARS and the PFMS contain a situation analysis and clear policy objectives with outcome-level indicators, and also prescribe monitoring, reporting and evaluation requirements. Baseline and target values are set for both strategies and lead institutions and deadlines are identified. While activities in the PAR strategy are costed, including a breakdown between capital and recurrent costs by objective, some PFM strategy activities are not.

The PAR implementation rate remains very low. Of 204 activities planned for 2023 in both PAR strategic documents, only 93 (46%) were implemented (66 out of 142 in the PARS; 27 out of 62 in the PFMS) (Table 1). Compared to 2021, when it stood at 21%,<sup>13</sup> the implementation rate in 2023 has increased, but it also fell by almost one-third compared to 2022, when it was at 65%. The reported fulfilment of reform objectives is even lower, at 26%. Of 35 objectives set for 2023, only 9 were actually achieved.<sup>14</sup> Such consistently low implementation rates suggest significant gaps in planning and co-ordination of implementation, and also call into question government commitment to implement PAR reforms. In terms of specific strategic objectives, implementation of activities was poor across all four themes, with objectives 2 and 3 (administrative services and HR respectively) performing somewhat worse (below 50%).

**Table 1. Implementation across the different PARS strategic objectives**

	Number of activities	Implemented	Not implemented
Strategic Objective 1: Results-oriented policy planning and co-ordination	50	25	25
Strategic Objective 2: Advancing Public Administration-oriented services	27	10	17
Strategic Objective 3: Professional Public Service and Human Resources Management	38	17	21
Strategic Objective 4: Increase the level of accountability and transparency in public administration	27	14	13

Source: Report on the Implementation of the Public Administration Reform Strategy (PARS) 2022-2027 for 2023.

There are no significant changes in the governance and co-ordination of PAR compared to 2021. Overall institutional responsibility for PAR remains within the mandate of the Ministry of Internal Affairs (MIA),<sup>15</sup>

<sup>11</sup> Administrative Burden Prevention and Reduction Programme 2022-2027: <https://kryeministri.rks-gov.net/en/blog/administrative-burden-prevention-and-reduction-programme-2022-2027/>

<sup>12</sup> E-government Strategy 2023-2027: <https://mpb.rks-gov.net/Uploads/Documents/Pdf/EN/2700/e-Government%20Strategy%20Kosovo%202023-2027.pdf>.

<sup>13</sup> OECD (2021), *SIGMA Monitoring Report: Kosovo\**, OECD, Paris, p. 18, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>14</sup> For PARS it was reported that in 2023 only 2 out of 18 expected outcomes were achieved, and for PFMS only 7 out of 17.

<sup>15</sup> Regulation No. 14/2023 on the Areas of Administrative Responsibility of the Office of the Prime Minister and Ministries (of 9 August 2023), Annex 1: Areas of Administrative Responsibility of Ministers, Article 5

while the overall PAR co-ordination responsibility at the managerial level is assigned to the MIA's Department for Public Administration Reform.<sup>16</sup> Responsibility for the PFM strategy is assigned to the MFLT.

The Ministerial Council for Public Administration Reform remains the highest political-level co-ordination forum for PAR, chaired by the Minister of Internal Affairs. The Council met only once each in 2021 and 2022 and not at all in 2023; however, it has already met twice in 2024 (21 June 2024 and 4 October 2024). The administrative-level co-ordination of PAR is nominally ensured with three co-ordination bodies: the Co-ordinating Group for Policy Planning and Co-ordination and Service Delivery, the Co-ordinating Group for Public Service and Human Resource Management and Accountability and Transparency and Co-ordination Group for Public Finance Management.<sup>17</sup> According to the information provided, the Co-ordinating Group for Public Service and Human Resource Management met twice in 2023 and twice in 2024, while the Accountability and Transparency in Public Administration has also met twice in 2024.

As for monitoring and reporting on PAR, since the last SIGMA assessment, a digital monitoring platform has been introduced that enables real-time reporting and data aggregation, but its use is only in the starting phase, and not all the competent bodies are yet reporting in real time on the implementation. The reports are still not timely: both the PARS report and the PFMS report for 2023 were approved only in June 2024. They both provide information on progress with activities and outcomes, although the PARS report is of lower quality. With unsuccessful results, it indicates only that they have not been achieved but does not explain whether and what kind of progress was made. Since most of the planned reform objectives for 2023 were not realised, it is not possible to know how much progress has been made on the strategy.

Co-operation with non-state stakeholders has not improved since 2021. While both planning documents were subject to written public consultation before they were adopted, non-state actors were not included in working groups for their drafting and are not actively involved in monitoring the strategies.

PAR public communication is in need of improvement. The official PAR website<sup>18</sup> contains both valid planning documents and contact information, but no up-to-date reports or information is forthcoming about the PAR meetings. Overall, the webpage is seldom updated, and the latest news is from September 2023. In April 2024, 40.5% of respondents from Kosovo\* replied that in the last six months, they had seen little government information on improvements in the work of the public administration in Kosovo\*.<sup>19</sup>

Promotion of public sector innovation is inadequate. Innovation is not among the priorities and is addressed only in general terms in key government work planning and PAR planning documents, except in the E-government Strategy which includes creation of an "innovation cell" and awards for innovation in the area of digitalisation. The Government does not organise regular events, competitions or awards that share good practices in public sector innovation, though it was a topic at the KOSOVAPAR2023 conference in November 2023.<sup>20</sup>

<sup>16</sup> Decision No. 04/09 on Organisation and Functioning of the Council of Ministers for Public Administration Reform and Responsible Structures for Co-ordination, Monitoring and Implementation of Strategic Documents for Public Administration Reform of 6 April 2021, Article 4.

<sup>17</sup> Public Administration Reform Strategy 2022-2027 (PARS), p. 58, and Public Finance Management Strategy of the Republic of Kosovo 2022-2026 (PFMS), pp. 35-36.

<sup>18</sup> <https://rap.rks-gov.net/>

<sup>19</sup> SIGMA Survey on Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

<sup>20</sup> Annual conference "KOSOVAPAR2023", November 22-24, 2023.



## Policy development and co-ordination

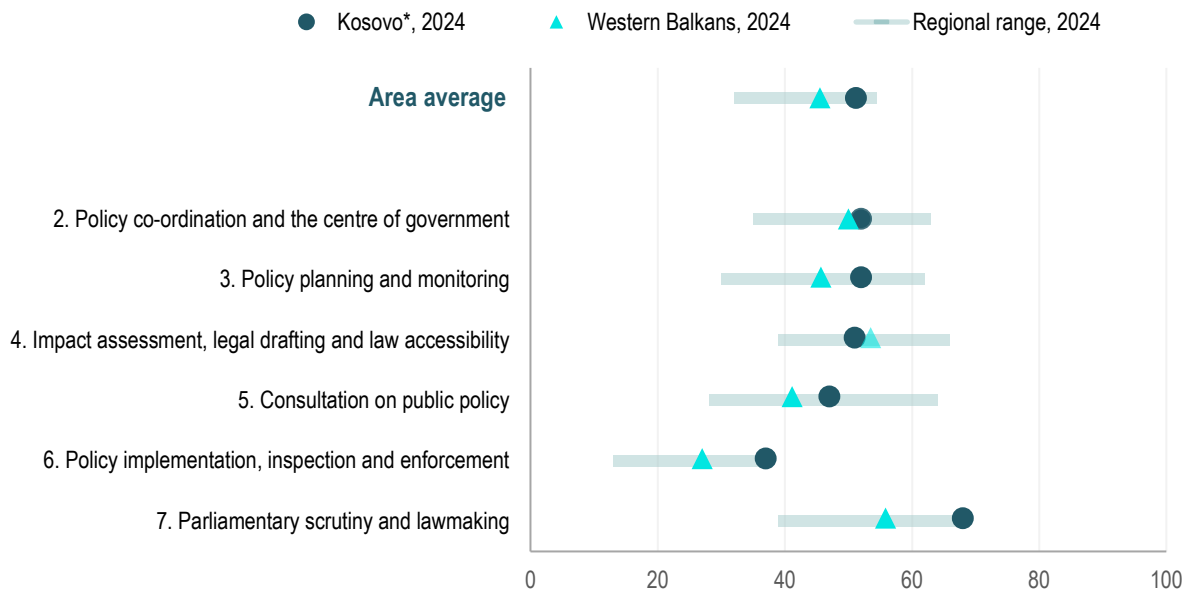
The government ensures that **policies and budgets are harmonised**, effectively planned, co-ordinated across the whole-of-government, implemented, monitored and evaluated against clearly defined policy objectives. Ministries develop coherent public policies through an open and participatory process, informed by sound evidence and analysis.

### The Principles of Public Administration

- Principle 2** Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.
- Principle 3** The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.
- Principle 4** Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.
- Principle 5** All key external and internal stakeholders and the general public are actively consulted during policy development.
- Principle 6** Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.
- Principle 7** The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

## Summary and recommendations

Figure 8. The overall indicator values in the policy development and co-ordination area



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

All critical centre-of-government functions for effective policymaking are established, except for co-ordination of government transition after elections. **Co-operation and co-ordination between the centre-of-government (CoG) institutions around draft laws and strategies submitted by line ministries remains inconsistent** and the CoG units are still not fully effective in performing their oversight function. New Rules of Procedure (RoP) adopted in June 2024, which harmonise several existing regulations into one, clarify and reinforce different aspects of policy development, including policy co-ordination by the CoG, but the different instruction and guidance manuals still need to be developed or revised.

Co-ordination of the European Integration (EI) process remains weak in the sense that, while it is formally established, the administrative-level co-ordination structures for EI do not meet regularly. The negotiation process has formally not yet begun, so the screening of the chapters has not started, nor have accession negotiations been opened for any chapter as a result. Despite the fact that the requirements and the responsibilities regarding the *acquis* alignment process are stipulated in detail, in 2023, as many as 65% of EI-related drafts approved did not have the required Table of Concordance (ToC).

The strategic planning framework was partially renewed in 2023 with the adoption of the NDS 2030, and the new RoP clarify the hierarchy of planning documents. Government planning remains overly ambitious and unrealistic. Of 78 laws that the Government approved and submitted to the Assembly in 2023, only 48 (60%) originated in the National Development Plan (NDP) for 2023. The share of draft laws and strategies carried forward to the next year still exceeds 40%, though this is an improvement on 2021.

The policymaking process is, in theory, evidence-based, but in practice, an important block of policy development still takes place without impact assessment. In 2023, the required impact assessments were not carried out for half of the draft laws approved. Fiscal analysis is also not consistent: most secondary legislation is adopted without assessment of the budgetary effects of the new regulation. The quality of regulatory impact assessment (RIA) reports, i.e. concept documents, continues to be poor, and quality assurance is inconsistent. Furthermore, the current RIA system does not ensure key policy-making decisions are informed by the updated and most relevant evidence, including those obtained during public consultation. Implementation of the new RoP is expected to strengthen and expand the use of RIA across the whole policy development cycle.



Regulations and procedures for conducting public and interministerial consultations are often not respected. The consultations are still organised late in the process, and key stakeholders are not informed that a consultation process is planned. Public consultations are not held for some laws and by-laws, and the minimum requirements for public consultation were not respected in more than one-third of cases. More than half of the citizens are dissatisfied with how the Government consults with the public when developing new policies. The same applies to internal government consultations. It is rare that all affected ministries are consulted, and the Government is generally not fully informed of the results of such consultations. The new RoP can strengthen the framework for consultation, with the proviso that the necessary guidance is also adopted rapidly.

The Government's implementation capacity on sectoral strategies is weak. It is estimated that in 2023, only 30% of activities planned in sectoral strategies were successfully implemented. Some strategies did not even reach a 20% annual implementation rate. The process of *ex post* evaluation has been underdeveloped but the new RoP and the adoption in June 2023 of a new Manual on Ex-Post Evaluation should help boost the use of policy evaluation. On the other hand, the Parliament has a good practice of conducting ex-post evaluation of laws.

In 2022, the Government adopted a special five-year programme to combat administrative burdens and encourage administrative simplification. As a result, several public services and procedures were digitalised, and the Government also succeeded in reducing the number of reporting obligations and administrative procedures by extending the validity period of several permits and merging various interrelated licences and permits.

Parliament's ability to monitor, scrutinise and direct the work of the Government is formally ensured, but in practice it is often limited. The share of questions from members of parliament (MPs) that remain unanswered by the Government is high, and in 2023, rose drastically to 70%, from 49% in 2020-2021. On the other hand, the proportion of Government-sponsored bills approved through extraordinary procedures has fallen. In 2023, 22% of draft laws submitted by the Government were adopted in extraordinary proceedings, compared to 41% in 2020 and 50% in 2021.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are to a large extent in line with the Principles of Public Administration, while implementation practice and results include weaknesses, gaps and inconsistencies that limit effectiveness of the government policymaking system.

**Figure 9. State of play in policy development and co-ordination by type of criterion**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

## Recommendations

1. The Government should address the issue of over-ambitious central and sectoral plans, in order to reduce carry-over.
2. The Government should strengthen the co-ordination of the EI process and ensure that the administrative-level co-ordination structure meets regularly.
3. The Government should strengthen its procedures to ensure that required impact assessments are conducted and that the findings are used to inform decision making at all key stages of policy development. The Office of the Prime Minister (OPM) should enhance the consistency of central quality control and ensure that the analysis effectively supports the legislative process.
4. The OPM should strengthen central oversight to ensure consistent implementation of the existing rules on public and interministerial consultation.
5. The Government should ensure that the legislative consolidation process actually takes place.
6. The Government should actively continue the process of simplification and digitalisation of administrative services and procedures. The OPM should ensure that ministries take stock and comprehensively consider potential new administrative burdens when drafting new secondary legislation and actively look for possibilities for administrative relief.
7. The Government should improve the timeliness of its responses to the questions of MPs.

## Analysis

### Principle 2: Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.

CoG functions are in place but are not consistently implemented, as evidenced by the draft laws and strategies approved without opinions from CoG bodies. The Government is transparent as far as the decision-making process is concerned. Co-ordination of government communications by the CoG could be strengthened. The EI co-ordination structure is in place but does not meet regularly; in practice it does not function. The new RoP clarifies the role of the CoG in numerous aspects of policy co-ordination, but the appropriate administrative instructions and guidance manuals need to be adopted before the RoP can have a positive impact on policy co-ordination, which remains a challenge for the administration.

Indicator 2. Effectiveness of the centre of government (CoG), policy co-ordination and government decision-making		2024 indicator value	52/100
Sub-indicators		Points	
1.	Assignment of critical functions to CoG institutions by legislation	8/9	
2.	Internal co-ordination between CoG institutions	3/6	
3.	Preparation of government sessions and openness of decision making	18/28	
4.	Central quality check on procedural compliance	10/30	
5.	Co-ordination of government communications	0/6	
6.	Co-ordination of risk and crisis management	2/5	
7.	Assignment of EI-functions to CoG institutions by legislation	3.5/4	
8.	Availability of guidelines on EI processes	3/4	
9.	Effectiveness of EI co-ordination in practice	4/8	

All key centre-of-government functions but one required for effective policymaking are in place. There have been no changes in this respect since 2021.<sup>21</sup>

<sup>21</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, and Regulation No. 01/2020 on Internal Organisation and Systematisation of Jobs in the Office of the Prime Minister; except for the co-ordination of risk management and crisis management mechanisms that is assigned by the Law No. 04/L-027 on Protection against Natural and Other Disasters, Article 94, to the Emergency Management Agency.

**Table 2. Assignment of critical CoG functions**

Government sessions	Government Supporting Secretariat of the OPM
Legal conformity review	Legal Office of the OPM
Government planning	Strategic Planning Office of the OPM
Proposal content review	Strategic Planning Office of the OPM
Fiscal review	Ministry of Finance, Labour and Transfers
Monitoring performance	Strategic Planning Office of the OPM
Inter-government relations	Government Supporting Secretariat
Government communications	Division for Communication and Information of the OPM
Government transition	<i>not assigned</i>
Risk and crisis management	Emergency Management Agency
EI planning and monitoring	Office for Co-ordination of the Stabilisation and Association Process of the OPM
European Union (EU) law conformity	Legal Office of the OPM
EU accession negotiation	<i>n/a</i>

Source: SIGMA assessment based on data collected for assessment.

The legislation provides for co-ordination in the preparation of the NDP, the Government's three-year rolling work plan,<sup>22</sup> and the evidence submitted to SIGMA confirmed that it does take place. However, co-ordination between CoG bodies on policy proposals from line ministries is inconsistent.<sup>23</sup> No improvements have been made in checking whether materials submitted for Government decision are complete and of sufficient quality. In 2023, the Legislative Office of the OPM did not check all draft laws for their legal quality,<sup>24</sup> and the Strategic Planning Office of the OPM did not verify their compliance with government priorities and plans.<sup>25</sup> Several draft laws were also not checked for the completeness of their dossiers.<sup>26</sup> According to the SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, only 60% of public servants agreed that the CoG institutions co-ordinate decision making adequately.<sup>27</sup> The new RoP provides an opportunity to strengthen the role of the OPM and clarify procedures, which could achieve much-needed improvements in policy co-ordination.<sup>28</sup>

Government decision making itself is sufficiently transparent. Government decisions are consistently published online after the sessions in an open format and are regularly accompanied by a government

<sup>22</sup> Reviewed against Rules of Procedure of the Government, Regulation September 2011, Article 48; replaced by Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024; <https://kryeministri.rks-gov.net/en/blog/regulation-grk-no-17-2024-on-rules-of-procedure-of-the-government-of-the-republic-of-kosovo/>

<sup>23</sup> Only one example of such co-ordination was provided for SIGMA review. It concerned the Draft Law on Energy Performance in Buildings.

<sup>24</sup> The administration reported that legal scrutiny was not carried out for a number of draft laws, e.g. Draft Law on the Promotion of the Use of Renewable Energy Sources, Draft Law on Social and Family Services, Draft Law on the Sovereign Fund of the Republic of Kosovo\*, Draft Law on Defence Intelligence and Security Agency.

<sup>25</sup> The administration reported that all draft laws from 2023 underwent such checks, but the review of five sample draft laws could not confirm this. There was no evidence found that such checks were carried out in any sample.

<sup>26</sup> The administration reported that several draft laws did not undergo the respective checks, e.g. the Draft Law on the Promotion of the Use of Renewable Energy Sources, Draft Law on Social and Family Services, Draft Law on the Sovereign Fund of the Republic of Kosovo\*, Draft Law on Defence Intelligence and Security Agency, etc.

<sup>27</sup> SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans.

<sup>28</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024.

press release explaining the key decisions.<sup>29</sup> However, the Government is not consistent in publishing meeting agendas in advance. Of the three meetings reviewed, the agenda for two could not be found online.<sup>30</sup> The new RoP, however, emphasises communications and publicising the work of the government, including opening government meetings to the public, televising them, etc.<sup>31</sup>

Co-ordination of public communication across the Government and ministries is weak. For example, no central communication calendar is available that Government institutions can use to co-ordinate events and announcements. No central Government communication strategy and no central co-ordination of digital communication are in place, nor is there any training or guidance for digital communication. Also, nobody regularly evaluates the impact and thus the effectiveness of the Government's communication efforts.<sup>32</sup> However, the issue of communications is highlighted in the new RoP, which identifies the need for a manual for the government communication service.<sup>33</sup>

The risk management system is established in terms of assignment of responsibilities, but risk assessments are not regularly updated. The National Emergency Management Plan envisages that “during actual or potential incidents of a national character, co-ordination of all governmental activities in support of incident management is done through the Ministry of Internal Affairs”<sup>34</sup> and that the operational Centre of the Emergency Management Agency “provides overall co-ordination of the central response for incidents of national character and implementation of the emergency management programme” and also “monitors possible or developing incidents of a national character and supports the efforts of regional and field components”.<sup>35</sup> In practice, however, not all systemic risk-management functions are carried out thoroughly. It has been eight years since the last natural and other disasters risk assessment<sup>36</sup> was prepared, despite the pandemic and major recent global and regional security issues.

All key EI functions (overall daily co-ordination of EI planning, monitoring and reporting on implementation of EI policy and co-ordination of legislative alignment) are assigned to the OPM/EU integration offices (Office for Co-ordination of the Stabilisation and Association Process, Office for Political Criteria, Office for Economic Criteria and Internal Market, Office for Sectorial Policies, and Development Cooperation Office) and the Legal Office (for legal approximation).<sup>37</sup> Support for line ministries involved in EI-related policy development is sufficient, although guidance on how to provide input for planning and monitoring of EU-related assistance is still missing.

Overall, EI co-ordination is still not functioning effectively.<sup>38</sup> The political-level Ministerial Council for European Integration (MCEI) held only one meeting in 2022 and one in 2023, while there were no

<sup>29</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Articles 79 and 85.

<sup>30</sup> The 204th, 205th and the 206th Government sessions were checked. Agendas for the 204th and 205th session were not found online.

<sup>31</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, Articles 85 and 86.

<sup>32</sup> The new RoP replaces Regulation (GRK) No. 27/2018 on the Government Public Communication Service and includes descriptions of the communications role of the CoG but does not significantly expand the scope of the work.

<sup>33</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, Article 104.

<sup>34</sup> National Emergency Management Plan, approved by the Government in November 2023, p. 16.

<sup>35</sup> *Idem*, p. 19.

<sup>36</sup> The last report is from July 2016.

<sup>37</sup> These functions are assigned by the Regulation No. 01/2020 on Internal Organisation and Systematisation of Jobs in the Office of the Prime Minister, Articles 8, 12, 27 and 28.

<sup>38</sup> At the top political level is the Ministerial Council for European Integration (MCEI), which includes the Prime Minister, the Deputy Prime Minister (in charge of EI) and five ministers. The Working Committee for European Integration (WCEI) is the highest administrative-level co-ordination forum at the level of general secretaries of ministries and directors of the OPM departments. The WCEI is assisted by seven Sector Working Groups for European Integration.

meetings reported for 2024. The administrative-level Working Committee for European Integration (WCEI) held no meetings in 2022, 2023 or 2024, even though, as an operational co-ordination body, it is required to meet more often than the political co-ordination forum. Annual EI plans and reports are often seriously delayed. For example, the EI plan for 2024 was approved by the Government on 2 April 2024.

Finally, the system for legislative alignment with the EU *acquis* is not effective. In 2023, 35 (65%) of all EI-related drafts were approved by the Government even though the mandatory Table of Concordance (ToC) had not been prepared.<sup>39</sup> The system should, however, be improved following the adoption of the new RoP, which include clear provisions on this matter for ministries and for OPM (Articles 19 and 32), as long as the respective administrative instructions/guidance manuals are adopted rapidly. In addition, the RoP proposes a multi-sectoral approach to alignment with the EU *acquis* through thematic working groups, although it is not clear how these would work in practice.<sup>40</sup>

### Principle 3: The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.

The strategic planning framework is more clearly defined than it was at the time of the last SIGMA assessment in 2021, thanks to the adoption of the new RoP in June 2024. The planning documents are well co-ordinated among themselves, but, overall, government planning remains ineffective in terms of outcomes: the implementation rate of its two key planning documents, the National Development Strategy and Plan (NDP) and the EI plan, continues to be low, though with some improvement. The government regularly reports on the realisation of its main planning documents, but focuses on detailed reporting about activities instead of on the changes and results achieved.

Indicator 3. Quality of policy planning and reporting		2024 indicator value	52/100
Sub-indicators		Points	
1.	Adequacy of the legislative and institutional framework for policy planning and reporting	6/7	
2.	Availability of guidance to line ministries during the policy planning and reporting process	6.5/7	
3.	Alignment between central policy planning documents	4.7/10	
4.	Quality and transparency of policy planning documents	14/21	
5.	Financial sustainability of policy planning documents	2/7	
6.	Implementation of government commitments	2.4/15	
7.	Quality and transparency of policy reporting and monitoring	8/17	
8.	Quality and transparency of European integration (EI) policy planning	5/6	
9.	Implementation of European integration (EI) commitments	0.5/6	
10.	Quality and transparency of EI monitoring and reporting	2.5/4	

<sup>39</sup> Otherwise, review of five EI-related samples confirmed that the Legal Office of the OPM reviewed and quality-checked all five on their alignment with the EU *acquis*. The sample included: the Draft law on Consumer Protection; Draft law on Social and Family Services, Draft law on Strategic Environmental Assessment, Draft law on Wines.

<sup>40</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 19 and 32. The guidance manuals are expected to be adopted within six months of the adoption of the RoP, Article 118.

The new RoP of the Government defines the planning system and more clearly regulates the hierarchy of planning documents.<sup>41</sup> It consists of the National Development Strategy as the main long-term strategic document, medium-term sector strategies and their action plans, short-term sectoral programmes, the National Programme for European Integration (NPEI) covering EI-related reforms, the Medium-Term Expenditure Framework (MTEF), the Budget and the three-year rolling NDP. The Strategic Planning Office and the Legal Office of the OPM and the MFLT remain in charge of co-ordinating government-level policy planning.<sup>42</sup> The former also continues to lead, in co-operation with the Ministry of Economy (MoE) and MFLT, the preparation of the annual government (political) statement of priorities, which serves as the policy framework for the MTEF, the Budget and the NDP. In addition, the frequency of the government's legislative programme (Programme of Draft Laws) has now been extended to every three years rather than every year, although it is also specified that it can be modified as required.<sup>43</sup>

The quality of government planning documents is uneven. Both the NDP and the MTEF for 2024 include policy objectives, but only the NDP clearly identifies measurable outcomes. The MTEF, on the other hand, was adopted without any priority outcome indicators. The NPEI remains a good-quality planning document. It has deadlines set for all its activities, and all but one of its 201 activities are costed. Still, its preparation continues to be delayed: the 2024 EI plan was only approved by the Government in mid-April 2024, and in July 2024, was still awaiting adoption in Parliament.

The quality of the sectoral strategies is, judging by the analysed sample,<sup>44</sup> relatively good. As a rule, sector strategies include an appropriate analysis that justifies the intervention and sets clear objectives and expected results. For example, all the strategies reviewed included outcome level indicators for all their policy objectives and all but one had target values set for all their indicators (in total, 91% of indicators had specific targets set). They perform less well in terms of financial information. Two out of the five sample strategies were not properly costed, including the Strategy of Multimodal Transport, which was missing the costs of some of its major road-building activities.<sup>45</sup>

The three key government planning documents are well aligned. All 11 key priorities of the NDP correspond to the priorities of the MTEF, and 29 out of 34 laws (85%) envisaged in the NPEI for 2024 are included in the NDP for 2024. The alignment between sectoral strategies and the government work plan is weaker, although it had improved from 2017 and 2021, when it was close to 0%.<sup>46</sup> However, of 78 laws that the Government approved and submitted to the Assembly in 2023, only 48 (60%) originated from the NDP for 2023. Meanwhile, 40% were developed and approved outside any plan, seriously undermining any effort for alignment and coherence in government planning. While external events and other unforeseen factors mean that some adjustment is inevitable, the frequent changes to the legislative plan undercut their value as planning documents.<sup>47</sup>

Government planning remains unrealistic, as the activities planned continue to exceed the Government's capacity to implement them. In 2023, only 46% of the laws anticipated were approved by the Government, and 48% of the NDP 2023 legislative commitments (48 out of 100 in total) were carried forward to the 2024

<sup>41</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 12.

<sup>42</sup> The Strategic Planning Office is responsible for the preparation of the NDP (government work plan). The Legal Office co-ordinates the preparation of the annual legislative plan. The MFLT leads the preparation of the MTEF and the annual budget.

<sup>43</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, Article 26.

<sup>44</sup> The following sample strategies were reviewed: Strategy of Multimodal Transport 2023-2030, Strategy for Industry Development and Business Support, State Strategy for Preventing and Countering Terrorism, Strategy for Youth and Strategy for the Protection and Promotion of the Rights of Communities and their Members 2023-27.

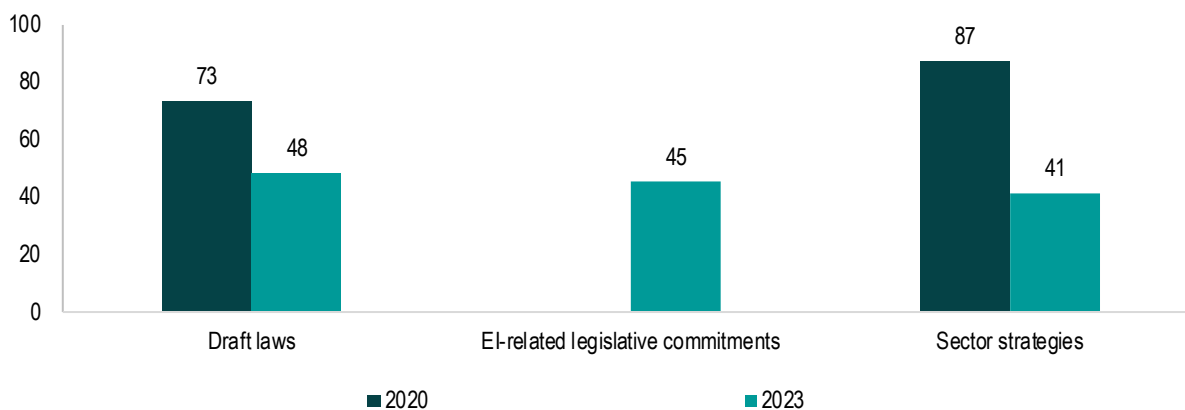
<sup>45</sup> Strategy of Multimodal Transport 2023-2030, [https://www.mit-ks.net/repository/docs/2024\\_05\\_13\\_195223\\_MTS\\_ANG.pdf](https://www.mit-ks.net/repository/docs/2024_05_13_195223_MTS_ANG.pdf).

<sup>46</sup> OECD (2021), SIGMA Monitoring Report: Kosovo\*, OECD, Paris, p. 36, <https://www.sigmaxweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>47</sup> The NPEI for 2024-28 was approved by the Kosovo Assembly on 30 October 2024.

plan (compared to 73% carried forward from the 2020 plan and 45% from the 2016 plan<sup>48</sup>). Although the share of sectoral strategies carried forward was slightly less than in 2021, it nevertheless remains very high: the NDP for 2023 included 27 strategies, and 11 (41%) were also included in the NDP for 2024 (compared to 87% carried forward from the 2020 plan<sup>49</sup>). The NPEI implementation rate is also worryingly low, although slightly better than in 2021. Only 38% (11/29) of the EI-related draft laws from the 2023 NPEI were adopted by the Government in time (21% in 2020<sup>50</sup>), and 13 (45%) of the remaining 18 draft laws have been carried forward to the 2024 plan (Figure 10 and Figure 11).

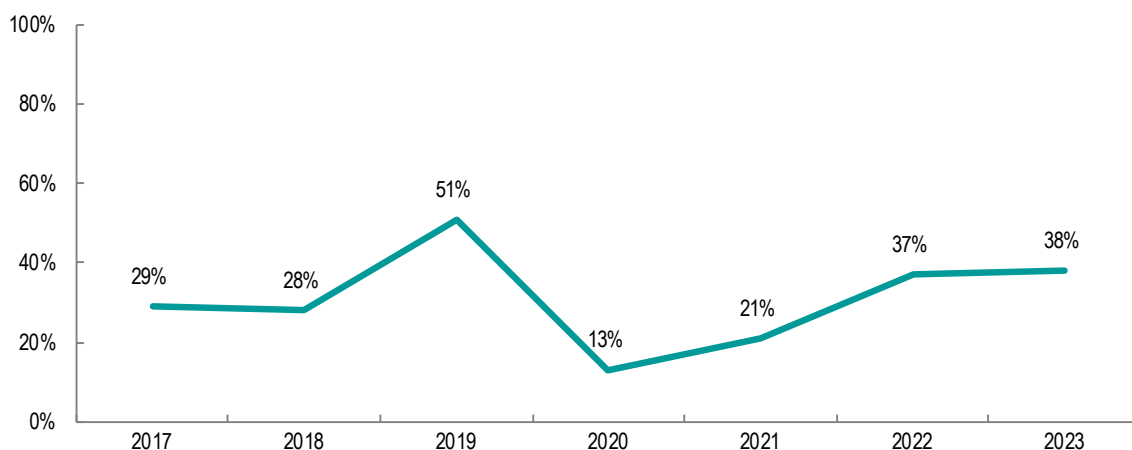
**Figure 10. Draft laws, EI-related legislative commitments and sector strategies carried forward**



Note: Data for EI-related commitments carried forward to 2020 are not available.

Source: SIGMA calculation based on data collected for assessment.

**Figure 11. Implementation rate of the Government's plans for EI-related legislative commitments**



Source: SIGMA calculations based on data collected for the assessment.

<sup>48</sup> OECD (2021), *SIGMA Monitoring Report: Kosovo\**, OECD, Paris, p. 35, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>49</sup> *Ibid.*

<sup>50</sup> OECD (2021), *SIGMA Monitoring Report: Kosovo\**, OECD, Paris, p. 38., <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.



The transparency of government planning documents is good. The government's work plan is consistently published,<sup>51</sup> and 15 of the 18 sector strategies adopted in 2023 are also published online. The majority of reporting documents are also published (95% of the sector strategy reports from 2023 can be found online, as can the annual state budget report<sup>52</sup> and the EI plan implementation report<sup>53</sup> for 2023), but not the annual report on implementation of the NDP. In terms of quality, the NDP and NPEI reports still lack information on the progress achieved, since their focus are on detailed reporting about activities. They also do not contain any recommendations and/or remedial actions, which appear to be called for given the poor level of implementation of both plans.

#### Principle 4: Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.

Clear and consistent rules for evidence-based policymaking are in place, but are not routinely followed. The required analysis of impacts of new policies, which should make it possible to select the most effective solutions, is carried out in less than half of the cases. Even in those cases, the analysis is generally of low quality. The new RoP includes details on procedures but does not appear to enhance the impact assessment system significantly. A newly adopted manual on ex-post evaluation could boost the use of policy evaluation as part of the policy cycle. Legislation is all published and easily accessible, but not in consolidated form. The familiarity of citizens and businesses with the applicable rules is low.

Indicator 4. Use of evidence and impact assessment during policy making, and quality and accessibility of laws		2024 indicator value	51/100
Sub-indicators		Points	
1.	Strength of the national policy framework for better regulation	3/3	
2.	Effectiveness of internal co-ordination and procedures for evidence-based policymaking in ministries	4.4/5	
3.	Comprehensiveness of the regulatory impact assessment (RIA) system, and consistency and quality of implementation	7.5/33	
4.	Effectiveness of regulatory oversight, central guidance and support for RIA	6.6/9	
5.	Predictability, coherence and consistency of legislation	13.5/17	
6.	Accessibility and availability of laws	8.6/17	
7.	Effectiveness of the regulatory framework and special procedures and tools for evidence-based EU law transposition	7/16	

Under the RoP, ministries are responsible for submission of draft legislation to the Government for approval. This is consistently followed in practice.<sup>54</sup> The in-house rules for the development of legislation in ministries are set out in the new RoP, which replaced the previous Regulation on Government Legal

<sup>51</sup> The 2024 plan, the NDP 2024-2026, is available at <https://kryeministri.rks-gov.net/wp-content/uploads/2024/01/PKZH-2024-2026.pdf>.

<sup>52</sup> <https://mfpt.rks-gov.net/desk/content/media/0400ac90-43f6-48c6-84b0-13cde5ce273b.pdf>.

<sup>53</sup> <https://integrimievropian.rks-gov.net/wp-content/uploads/2024/03/Report-on-Implementation-of-NPEI-during-2023.pdf>.

<sup>54</sup> Reviewed against Rules of Procedure of the Government, Articles 9, 10 and 38; replaced by Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024. All draft laws of 2023 have been tabled either by ministers or by the OPM (on behalf of the Prime Minister).

Service, with administrative guidance currently in preparation.<sup>55</sup> For strategies, the previous regulation, the Administrative Instruction on Planning and Drafting Strategic documents, was also replaced by the new RoP, and new guidance is in preparation.

The impact assessment system is composed of two main elements: the rationale for the proposed draft (the concept document) and a budgetary impact assessment (BIA). The concept document is prepared before the drafting of the act itself and is adopted by the Government as part of the legislative planning process. The concept document is then included in the explanatory memorandum that goes forward for adoption by the Government and the Assembly. This is not a typical RIA system, as the impact assessment is done early in the policy-development process and, in practice, ends early, before the actual preparation, drafting and consultation of the draft law. The Manual for Developing Concept Documents<sup>56</sup> recommends that if the draft regulation significantly differs from what was envisaged in the concept document, the concept document must also be updated and resubmitted to the Government, but in practice this is seldom done. The new RoP clarifies the procedure for including the concept document in the package of legislation for consultation and decision, though the speedy preparation of the new/revised manual will be crucial in ensuring that the new RoP helps to strengthen the impact assessment system.

Of the 50 government-approved draft laws in 2023, only 25 have been preceded by concept documents, i.e. full RIA analysis.<sup>57</sup> The required fiscal impact assessments are also still not prepared consistently. Although fiscal assessments were attached to all five sample draft laws reviewed,<sup>58</sup> the administration reported that fiscal assessments were not carried out for all regulations adopted in 2023. A review of sample assessments confirmed that the quality of concept documents remains as low as in 2021.<sup>59</sup>

Inconsistent quality control may partly contribute to the poor quality of impact assessments. Quality assurance is assigned to the OPM, but it was reported to SIGMA that it is not consistently carried out. In 2023, units of the OPM reviewed the quality of 22 out of 25 prepared concept documents, but the fact that as many as 50% of draft laws from 2023 were not preceded by a concept document and were nevertheless approved severely undermines this quality-control function. The new RoP provides a clear outline of the process and should help to ensure that more legal drafts are accompanied by concept documents and that the OPM is able to take on a more serious quality-control role.

Requirements for legal drafting are in place,<sup>60</sup> but their application is not checked consistently. Of draft laws approved by the Government in 2023, 12% were not reviewed by the Legislative Office of the OPM. The main recent innovation is the introduction of the Electronic System for the Drafting of Legislation (LDS) which is identified in the new RoP as the overall platform for the entire legislative process, including planning and workflow at the level of ministries and the CoG.<sup>61</sup>

<sup>55</sup> In support of the new RoP, the Government is currently preparing administrative guidance on the drafting standards of legal acts, including manuals on drafting and on alignment with EU *acquis*. Until these are adopted, the previous guidance remains in force.

<sup>56</sup> Manual for Developing Concept Documents, p. 212.

<sup>57</sup> Draft laws on budget and draft laws ratifying international agreements were excluded from the calculation, according to the SIGMA methodology.

<sup>58</sup> The sample included: Draft Law on Consumer Protection, Draft Law on Social and Family Services, Draft Law on Strategic Environmental Assessment, Draft Law on Wines and Draft Law on Arts and Culture.

<sup>59</sup> Of the five samples reviewed, only three contained sufficiently comprehensive analysis of the policy problem, objectives and justification for government intervention, and only one clearly identified the main affected groups. Their assessment of impacts was overall also of low quality. Only two samples succeeded in providing an adequate qualitative assessment of relevant impacts, and only one was able to quantify and monetise the impacts.

<sup>60</sup> Administrative Instruction No. 03/2013 on Standards for the Drafting of Normative Acts includes practical examples and is available online at: <https://gzk.rks-gov.net/actdocumentdetail.aspx?actid=8696>.

<sup>61</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 28.

Publication procedures for legislation are regulated, and all legislation must be published.<sup>62</sup> The rules were only insufficient with respect to the publication of consolidated versions, because consolidation was not directly required, but this has been rectified in the new RoP.<sup>63</sup> A manual on consolidation has now been adopted and the process of publishing consolidated versions has commenced.<sup>64</sup> All legislation is available to the public online free of charge on the Official Gazette webpage.<sup>65</sup> The searchability of laws could, however, be improved as it is currently not possible to search by sector, nor is there a way to find laws and regulations that are about to enter into force. Overall, 82.3% of businesses agree that the legislation is easily accessible.<sup>66</sup>

As regards the specific case of EI-related legal acts, the EU Law Division of the Legal Office of the OPM is still in charge of planning, co-ordinating and monitoring the *acquis* alignment process.<sup>67</sup> The use of Tables of Concordance (ToC) is obligatory, but the practice is far from consistent: it was reported that for 35 out of 54 EI-related drafts approved in 2023, a ToC was not prepared. The new RoP, however, includes clear instructions about the procedure for preparing ToC in the context of legal drafts and the need to include them as supporting documents in a package for approval by the Government and Assembly.<sup>68</sup> EU impact assessment reports are also not routinely used when transposing EU Directives (none of the four EI-related sample concept documents referred to the EU impact assessments).<sup>69</sup>

<sup>62</sup> Law No. 03/L-190 on the Official Gazette of the Republic of Kosovo\*, Articles 4-12, and the Decree No. 02/28 on the Publication of Bylaws of the Government and Ministries in the Official Gazette of the Republic of Kosovo\* from 28 August 2020.

<sup>63</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 92.

<sup>64</sup> Manual for the Consolidation of Legal Acts approved by Government Decision No. 04/2018 dated 28 August 2024 and published on the web portal of the Official Gazette.

<sup>65</sup> <https://gzk.rks-gov.net/default.aspx?index=1>.

<sup>66</sup> SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

<sup>67</sup> Regulation No. 01/2020 on Internal Organisation and Systematisation of Jobs in the Office of the Prime Minister, Article 8.

<sup>68</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, Articles 19 and 32.

<sup>69</sup> The four sample EI-related concept documents reviewed were about Draft Law on Consumer Protection, Draft Law on Social and Family Services, Draft Law on Strategic Environmental Assessment and Draft Law on Wines.

### Principle 5: All key external and internal stakeholders and the general public are actively consulted during policy development.

Existing legislation provides for active consultations with internal and external stakeholders and the public. In practice, the rules are often not respected: more than 20% of draft laws are not consulted with the general public. The same applies to consultations between ministries. All affected ministries are consulted only in a minority of cases. The new RoP should help to ensure that procedures are respected and that consultation reports are available for decision makers.

Indicator 5. Functioning of consultations during policy development		2024 indicator value	47/100
Sub-indicators		Points	
1.	Effectiveness of procedures for public consultation and stakeholder engagement during policy development	27.4/35	
2.	Quality and effectiveness of public consultation practices in selected cases	6.7/25	
3.	Procedures for an effective interministerial consultation process	13/15	
4.	Quality and effectiveness of interministerial consultation practices in selected cases	0/25	

The relevant legislation<sup>70</sup> requires public consultation for concept documents, draft laws, strategies and secondary legislation adopted by the Government. The minimum duration for written consultation is set at 15 days, and up to 30 days for more complex laws,<sup>71</sup> and the sponsoring ministry must report on the outcome of public consultation to the Government and to the public in written form.

The quality of consultations in practice remains uneven. Advance notice of consultations is not routinely given, consultations are usually carried out only online (only two strategies<sup>72</sup> out of a total of ten cases reviewed used other methods as well), the minimum deadline is generally respected,<sup>73</sup> the rule on the preparation and publication of the report somewhat less respected (it was prepared and published only in seven cases), and in none of the ten cases was the supporting documentation that would contain a reasonable substantiation and analysis published with the draft document. The new RoP indicates that such supporting documents (concept document, ToC, BIA...) should be made available along with the draft text, though it states, "when available".<sup>74</sup>

The SIGMA Survey of Citizens reported that around 49% of respondents believe that the Government consults enough with the public when developing new policies, which is above the Western Balkan average (Figure 12).<sup>75</sup>

<sup>70</sup> Procedures for public consultation are set by the RoP of the Government (Article 37 and Chapter VII). This supersedes Regulation No. 05/2016 on Minimum Standards for Public Consultation Process, which was repealed by the new RoP.

<sup>71</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 51.

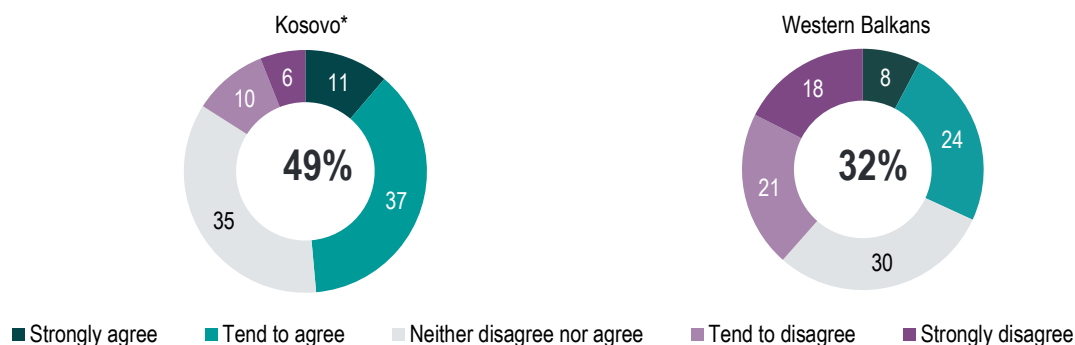
<sup>72</sup> These two strategies were: State Strategy for Preventing and Countering Terrorism and Strategy for Youth.

<sup>73</sup> The minimum 15-day deadline was respected in nine cases. For the Strategy for the Protection and Promotion of the Rights of Communities and their Members there was no evidence found that consultation was carried out.

<sup>74</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 51.

<sup>75</sup> The SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Figure 12. Citizen perception of public consultation practices



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents". The percentage in the middle is the share of the respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The legislation in force continues to require consultation with all affected government bodies for both acts adopted by the Government and ministers, gives the ministries and other consulted bodies 15 working days to comment and stipulates that comments and suggestions received must be included in the documentation submitted to the Government with the draft proposal, with an indication of whether such comments were incorporated in the proposal and if not, why not.<sup>76</sup> In case of conflicting opinions, the Prime Minister may call for a discussion among the ministers to resolve the issue, but in practice the weekly meetings of the Council of General Secretaries serve as primary conflict-resolution forums.<sup>77</sup> The practice of interministerial consultation could not be comprehensively assessed, as in a majority of the sample cases, evidence of consulting with other line ministries was not provided for review.

<sup>76</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 36.

<sup>77</sup> *Idem*, Article 60.

## Principle 6: Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.

Sector strategies are poorly implemented. Their annual implementation rate is at a modest 30%. Mandatory by-laws are constantly delayed, which seriously hampers effective implementation of new legislation. *Ex post* evaluations have not been widely used in the past, but the adoption of the new RoP and a new manual could provide a welcome boost to their use in policymaking. Administrative simplifications are slowly yielding results.

Indicator 6. Effectiveness of policy implementation, evaluation and simplification		2024 indicator value	37/100
Sub-indicators		Points	
1.	Effectiveness of policy implementation	1.2/30 <sup>i</sup>	
2.	Timeliness of adoption of mandatory by-laws	0/10	
3.	Monitoring and evaluation of policy implementation	7/20	
4.	Application of administrative simplification measures	20/20	
5.	Preconditions for conducting inspections in a proportional manner	3/5	
6.	Perceived availability of tools promoting regulatory compliance by businesses	4.7/5	
7.	Application of international regulatory co-operation	0.9/10	

Note: <sup>i</sup> = data not available or not provided.

As in 2021, implementation remains the key obstacle to better policy outcomes in Kosovo\*. Based on the review of sample sector strategies, only 30% of planned commitments are implemented<sup>78</sup> and the achievement of objectives and outcome level targets is not monitored at all.<sup>79</sup> The adoption of by-laws necessary for the implementation of laws is constantly delayed. Given that the law already provides for a delay, as the deadline for the adoption of necessary by-laws is usually set at one year after the law enters into force, current practice seriously limits the possibility of effective implementation of the new legislation. Of the 19 sample mandatory by-laws, only one was adopted on time, i.e. before the law that provided for the adoption of the by-law had taken full effect.<sup>80</sup>

<sup>78</sup> Five sector strategy reports were initially sampled. However, annual 2022 reports for the Strategy for Multimodal Transport and the Strategy for the Advancement of the Rights of the Roma and Ashkali Communities in the Republic of Kosovo\* 2022-2026 and Action Plan 2022-2024 do not contain comprehensive and detailed information on implementation of individual activities and objectives, so they could not be included in the calculation. The other three reports, used for calculation, were about the National Strategy for Protection Against Domestic Abuse and Abuse Against Women 2022-2026, the Strategy of Migration reports and the Strategy for Agriculture and Rural Development.

<sup>79</sup> SIGMA was not able to assess the implementation success with envisaged objectives and results, because the respective sector strategy reports are not of sufficient quality to contain data on progress towards the objectives/targets set.

<sup>80</sup> The laws reviewed were: the Law on Salaries of Public Servants, Law on Environmental Impact Assessment, Law on the Parliamentary Commissioner of Kosovo\* Security Force, Law on Public Officials, Law on the Execution of Criminal Sanctions, Law No. 08/I-131 on Kosovo\* Correctional Service, Law No. 08/L-129 on Kosovo\* Probation Service, Law No. 08/I-120 on Food, Law No. 08/I-108 on Declaration, Origin and Control of Assets and Gifts, and Law No. 08/I-033 on the Bar Examination. Of these, the only bylaw adopted on time was for the Law on Salaries: Regulation (GRK) No. 05/2023 on basic wage and work experience for public sector employees (Decision No. 05/125, 3 February 2023).

The use of *ex post* evaluation by the Government is underdeveloped and very few evaluations are actually carried out. The new RoP still leaves significant discretion regarding the obligation to conduct evaluations.<sup>81</sup> However, a new handbook on *ex post* evaluation of legislation<sup>82</sup> that sets criteria on which laws need to undergo evaluation should help to boost its use.

The administrative simplification agenda is among the Government's priorities. In 2022, the Government adopted a special programme for the prevention and elimination of administrative obstacles and administrative simplification until 2027.<sup>83</sup> According to the existing methodology for concept documents, administrative burdens need to be analysed by the ministries when drafting new legislation.<sup>84</sup> However, since concept documents are rarely carried out for secondary legislation, this requirement may not be effective, since most administrative burdens are established through secondary legislation and not directly by laws.

As for administrative simplification practice, Kosovo\* has since 2022 digitised several public services and procedures, including the selection of a personal doctor, obtaining a certificate of good conduct and inspecting electricity bills. It also extended the validity period of several permits, thereby reducing the reporting obligation. For example, the validity of the permit for retail trade of diesel, petrol and gas oil, the permit for importing and storing diesel, petrol and biofuels, and the permit to import and sell oil products was extended from two to six years. The Ministry of Internal Affairs also removed the requirement for applicants to bring a photocopy of ID when applying for a birth certificate, an extract from the central register of birth or marriage certificate from the Civil Registry Office, while the Ministry for Environment, Spatial Planning and Infrastructure merged various interrelated licences and permits. For example, the permit for the collection of protected wild plants and the permit for the collection of mushrooms and their parts were merged into one joint permit for the collection of protected wild plants, mushrooms and their parts; and the permit of waste management has been merged with the environment permit.

Inspection authorities are required to co-ordinate their activities in order to minimise administrative burdens on businesses,<sup>85</sup> but the application of the risk-based approach is not yet fully implemented. For example, in the annual work plan for 2024 of the Environment Inspectorate, the particularly risky areas or particularly risky groups are not identified nor addressed at all.<sup>86</sup> There is no statutory limit on the number of inspections or inspection days per year for businesses.

The SIGMA Survey of Businesses revealed that a large majority of businesses (84.9%) believe that information and guidance on the application of regulatory requirements affecting their company are easy to obtain from the authorities.<sup>87</sup>

<sup>81</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* on 21 June 2024, Article 43.

<sup>82</sup> Manual on Ex-Post Evaluation of Legal Acts, approved by the Government on 7 June 2023. In light of the adoption of the new RoP, this manual will need to be revised and re-adopted.

<sup>83</sup> Administrative Burden Prevention and Reduction Programme 2022-27 with Action Plan 2022-24, adopted on 14 September 2022. Three institutions are tasked with co-ordination of its implementation: the Strategic Planning Office is responsible for planning, measuring and quantifying the administrative burden, the Legal Office is responsible to check all legal acts before they are approved by the Government or the relevant ministers from the point of view of administrative burden reduction, and the Agency for Information Society is in charge of the process of digitalisation of administrative services and their placement on the E-Kosova platform.

<sup>84</sup> Guideline and manual for developing concept documents (2018), pp. 99-100.

<sup>85</sup> Law No. 08/L-067 on Inspections, Article 5.

<sup>86</sup> An interview with the General Inspectorate confirmed that a risk-based approach has not yet been fully introduced. It is planned that it will become operational with the forthcoming electronic platform for planning and monitoring the work of inspectorates. However, the development of such a platform has only just begun.

<sup>87</sup> SIGMA Survey of Businesses on public administration in the Western Balkans 2024, conducted in April 2024.

### Principle 7: The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

The Constitution and legislation allow the Parliament to oversee government policymaking. Timeliness of parliamentary processing of government-initiated draft laws has improved from 13% to 87%. The share of government-initiated laws adopted in shortened procedure has decreased but still remains high. The rate of response to MPs' questions by the government has dropped significantly. Parliamentary procedures and practice ensure ex-post evaluation of key laws, albeit with support of external partners.

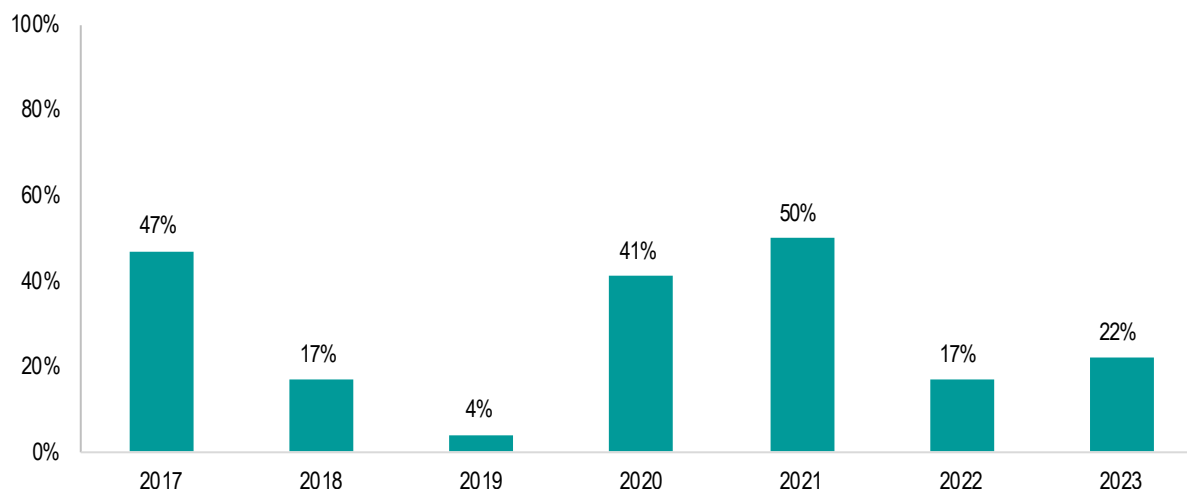
Indicator 7. Effectiveness of parliamentary scrutiny of policymaking	2024 indicator value	68/100
Sub-indicators		Points
1. Regulatory framework for parliamentary scrutiny of policymaking		10/10
2. Government participation in parliamentary discussions		8/8
3. Openness and transparency of the legislative work of the parliament		9.3/14
4. Planning and co-ordination of legislative activities between government and parliament		9.3/12
5. Timeliness of parliamentary processing of draft laws submitted by the government		5.7/10
6. Completeness of supporting documentation for draft laws submitted to the parliament		4/10
7. Use of extraordinary or shortened proceedings for the adoption of government-sponsored draft laws		3.8/12
8. Quality of law making by members of parliament (MPs)		10/16
9. Parliamentary review and evaluation of the implementation of policies		8/8

The right of the Assembly and its committees to debate, scrutinise amend and supervise the implementation of government policies and programmes remains ensured by the Constitution and the RoP of the Assembly.<sup>88</sup> However, in practice this right is hampered by the relatively high share of Government-sponsored draft laws processed in extraordinary proceedings. Although this share is lower than in the last assessment (in 2020, it was 41% and in 2021 as high as 50%), it was still at 22% in 2023. Of 63 adopted laws initiated by the Government, 14 were adopted in a non-standard procedure.

<sup>88</sup> RoP of the Assembly, Article 21 (Rights of Members of Parliament), Articles 56-59 (reading and review of draft laws), Chapter XIV, Articles 62-72 (Assembly Committees).



**Figure 13. Use of extraordinary/shortened proceedings for the adoption of draft laws (% of total)**



Source: Based on data collected for the SIGMA assessment.

The Government's annual legislative plan is required to be sent to the Assembly: for 2024, it was sent on January 26. The reliability of the Government plan, however, is quite limited: of 63 government-initiated draft laws that the Assembly approved in 2023, only 40 were announced by the Government in its legislative plans for 2022 and 2023. This 58% share represents a drop from 2020, when 83% of the Government-initiated draft laws originated from the initial legislative plan. On the other hand, in 2022, the Assembly managed to process 59 out of 68 (87%) government-initiated draft laws within one year, which is a significant improvement on 2020, when the share was only 13% (2/15).

The Assembly does not always have enough information on which to base its work. The RoP of the Assembly requires that draft laws be accompanied by a memorandum, explaining the objectives to be attained by the law and its harmonisation with applicable legislation, a budgetary implication statement for the first year and two subsequent years, a statement of approximation and harmonisation with EU legislation, with an accompanying Table of Concordance, and a Linguistic Proofreading and Harmonisation Statement.<sup>89</sup> The Assembly reports that the Government consistently submits the required supporting documentation. However, on the other hand, it is less consistent in submitting information on public consultations. SIGMA learned that the report on public consultation was submitted to the Assembly only in 11 out of 46 cases where consultations should have been carried out. The Assembly also does not receive concept documents that contain the analysis of impacts of proposed laws. Furthermore, the Government does not respond promptly to questions from the Assembly. The share of MPs' questions to the Government that go unanswered remains high, and in 2023, rose drastically to 70%, compared to 49% in 2020-2021. The new RoP aims to ensure greater compliance with regard to the completeness of legislative packages, which should help to increase the amount of background information at the disposal of the Assembly.

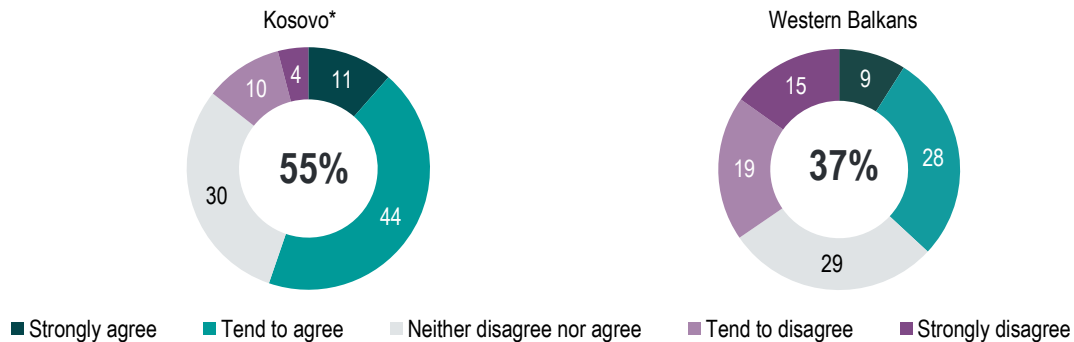
The work of the Assembly is only partially transparent. Its website publishes and regularly updates the calendar of legislative activities. Information on the status of all individual draft laws is also available from it and is regularly updated.<sup>90</sup> It also contains the latest versions of all registered draft laws and amendments to those laws, as well as relevant committee reports, opinions and other supporting materials related to the registered draft law. However, the voting results of individual MPs are not published, despite their great interest to the public in demonstrating how reliably MPs adhere to the positions and promises they committed to during their candidacy. There is also no practice of publishing annual reports on the legislative

<sup>89</sup> RoP of the Assembly, Article 71.

<sup>90</sup> An example is available at <https://www.kuvendikosoves.org/eng/projektligjet-dhe-ligjet/draftlawopen/?draftlaw=548>

activity of the Parliament. Public perception of the transparency of the Parliament is not high, though it is above the regional average (Figure 14).<sup>91</sup>

**Figure 14. Citizen perception of openness and transparency of parliamentary lawmaking**



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement?” “The legislative process, how laws are made in Parliament is open and transparent for the public”. The percentage in the middle is the share of the respondents who answered: “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The same rules apply for both MP- and Government-initiated draft laws. Both need to explain the impacts and benefits of the proposal, but there is no requirement for MPs to consult (formally or informally) with key affected groups and stakeholders when they prepare their draft laws. The review of three MP-initiated draft laws<sup>92</sup> of 2023 revealed that not all were adequately reasoned (only two contained sufficient explanations<sup>93</sup>), and that MPs often consult stakeholders, even though this is not required.<sup>94</sup> The Government is obliged to comment on MP-initiated laws<sup>95</sup> and, in practice, in 2023, all three such proposals received comments. Expert assistance in drafting laws is available and provided to the MPs by the Directorate-General for Legal and Procedural Issues. The representatives of the Assembly also reported that from 2023 onwards, every MP can hire an assistant who is paid from the budget of the Assembly, to help in their work.

The RoP of the Assembly anticipates that parliamentary committees must oversee the implementation of laws and states that “the Committee shall submit a written report on every law it oversees and recommends

<sup>91</sup> SIGMA Survey of Citizens on public administration 2024 reported that 43.8% of respondents answered “Tend to agree” and 11.4% “Strongly agree” to the question: “The legislative process, how laws are made in (Parliament/Congress) is open and transparent for the public”.

<sup>92</sup> The following three MP-initiated draft laws were checked: Law No. 08/L-185 on Prevention and Protection from Domestic Violence, Violence against Women and Gender-Based Violence, Law No. 08/L-228 on General Elections in the Republic of Kosovo\* and Law on the Amendment and Supplement of the Law No. 03/L-163 on Mines and Minerals amended and supplemented by Law No. 04/L-158.

<sup>93</sup> Law No. 08/L-185 on Prevention and Protection from Domestic Violence, Violence against Women and Gender-Based Violence and Law No. 08/L-228 on General Elections in the Republic of Kosovo\*.

<sup>94</sup> The Law on Prevention and Protection from Domestic Violence, Violence against Women and Gender-Based Violence and the Law on General Elections in the Republic of Kosovo\* contained information on consultation, while there was no such evidence found in the documentation about the Law on the Amendment to the Law on Mines and Minerals.

<sup>95</sup> Regulation 17/2024, Rules and Procedures of the Government of Kosovo\* of 21 June 2024, Article 108.

to the Assembly for review in a plenary session.”<sup>96</sup> Several such reports from 2022 and 2023 were reported to SIGMA.<sup>97</sup> The practice of the Assembly of Kosovo\* in ex-post evaluation is the strongest in the region, as confirmed also by the SIGMA Paper 68 on Parliaments and Evidence Based Lawmaking in the Western Balkans.<sup>98</sup>

<sup>96</sup> RoP of Assembly, Article 99/5.

<sup>97</sup> Reports from 2023 include the Report on the Supervision of the implementation of the Law on Tobacco Control and the Report on the Supervision of the implementation of the Law on Electronic Communications.

<sup>98</sup> Tunyan, B. and K. Goetz (2024), "Parliaments and evidence-based lawmaking in the Western Balkans: A comparative analysis of parliamentary rules, procedures and practice", *SIGMA Papers*, No. 68, OECD Publishing, Paris, <https://doi.org/10.1787/e95bebb9-en>.



## Public service and human resource management

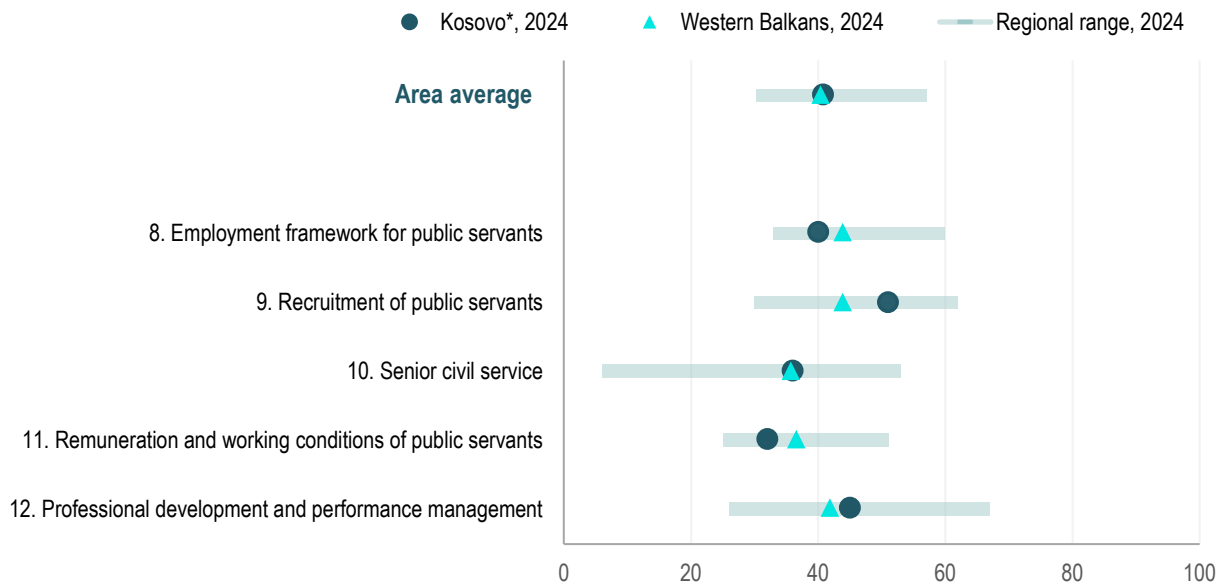
Public servants act with **professionalism, integrity** and **neutrality**. They are recruited and promoted based on merit and equal opportunities and have the right competencies to deliver their tasks effectively.

### The Principles of Public Administration

- Principle 8** The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.
- Principle 9** Public administration attracts and recruits competent people based on merit and equal opportunities.
- Principle 10** Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.
- Principle 11** Public servants are motivated, fairly and competitively paid and have good working conditions.
- Principle 12** Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

## Summary and recommendations

Figure 15. The overall indicator values in the public service and human resource management area



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

**Significant changes have been introduced in the civil service legislation** since the SIGMA monitoring in 2021. At the end of 2022, both the new Law on Public Officials (LPO) and the new Law on Salaries in the Public Sector (LSPS) were adopted. The new LPO repealed the 2019 Law on Public Officials, which was declared by the Constitutional Court (CCRK) to be partly in conflict with the Constitution. The new LSPS replaced the 2019 Law on the Salaries in the Public Sector, which was declared by the CCRK to be invalid in its entirety. The 2019 LPO and LSPS together with the Law on Organisation and Functioning of State Administration and Independent Agencies (LOFSAIA) were elements of a comprehensive reform package aimed at creating a uniform framework for public sector employment, salaries and organisation. The reform package was never implemented as anticipated. The enforcement of the 2022 LPO and LSPS has yet again been affected by their referral to the Constitutional Court. The CCRK declared that several articles of the laws did not comply with the Constitutional provisions, with considerable implications for their implementation.

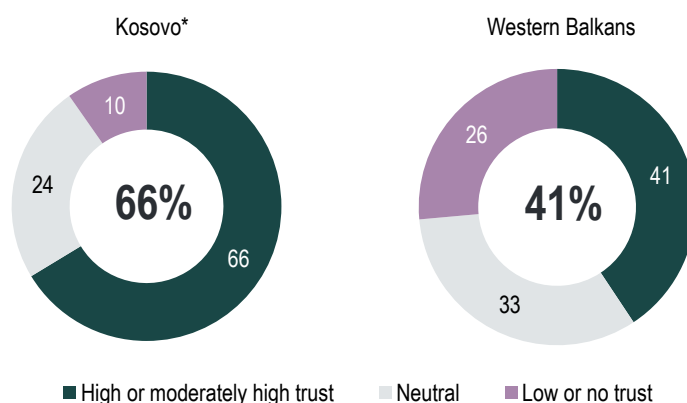
Because the enforcement of the LPO and the LSPS was delayed, **the civil service system was in transition** at the time of the monitoring and **a complex legislative framework was in force**. The LSPS was being implemented from February 2023 and the LPO from September 2023. Not all secondary legislation stipulated in the LPO is in place. Several special acts specifying the employment conditions in independent and constitutional institutions and determining the scope of application of the LPO in these cases are still missing. Even though the Human Resources Management Information System (HRMIS) has been established as the central electronic register for human resource management (HRM), data on the civil service is incomplete. The effects of changing the primary law have been exacerbated by **weak capacity for central civil service co-ordination**. The Department for the Management of Public Officials of the Ministry of Internal Affairs (DMPO), which is responsible for this function, is short on capacity and human resources. The professionalism of HRM in the civil service institutions is weak, and DMPO guidance efforts have been limited. DMPO's relations with the Independent Oversight Board of the Civil Service (handling appeals, performing civil service inspections) and the Treasury (which is responsible for the payroll) are based on informal co-operation and are not supported by a formal obligation to share data and reports.

Despite this turbulent backdrop, implementation of the 2022 LPO and LSPS is under way. **External recruitments to the civil service have been relaunched.** Two recruitment arrangements were in force in 2023 – the centralised system until September and a temporarily decentralised recruitment system under the new LPO, with the first competitions opened in November 2023. External recruitments had been stalled, because the introduction of the 2019 LPO had run into serious problems that were increased by the delays in determining the internal organisation of institutions and the systematisation of jobs laid out in LOFSAIA. This process has still not been completed. In the meantime, staffing needs were managed through **horizontal transfers and by appointing acting managers.** At the senior level, a majority of the positions are filled by acting officials. Under the new LPO, low- and middle-level as well as senior-level managers are appointed for a four-year term that can be extended once. No senior recruitment procedure had been successfully completed under the new LPO in 2023 and only five were concluded by September 2024 as failing competitions were widespread in 2022-2023. It is thus too early to assess recruitment and selection under the new LPO. Little data was available on the professionalism of the procedures, and no evidence of training to the decentralised selection committees was provided.

Enforcement of the 2022 LSPS creates **a uniform salary system for the whole public sector** and represents a considerable improvement on the previous legislation, which failed to ensure transparency and fairness in civil service remuneration. The wider effects of the new salary system have yet to be seen, due to the lack of analysis on its implementation, the weak linkage between salaries and job evaluations, and the potential exceptions granted to independent and constitutional institutions. Attention has been paid to representing disadvantaged groups in the civil service and encouraging their recruitment, but **the wider well-being of civil service staff and their engagement in shaping the working environment has attracted only limited attention** thus far. Flexible working arrangements are not practiced, and remote work is not allowed. No regular consultations are held with trade unions or staff in the institutions. Training and development of civil servants is highly dependent on the capabilities and budget of the Kosovo\* Institute of Public Administration (KIPA), but analysis of training needs is only modestly developed, and KIPA's ability to respond to the emerging requests is limited.

Trust in civil servants in Kosovo\* (66%) is significantly higher than the regional average. It is also much higher than trust in national or local government (46% for both).

**Figure 16. Trust in civil servants in Kosovo\*, Western Balkans and the EU**



Notes: Percentage of valid responses to the question: "How much trust do you have in the civil servants? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Overall, the existing legal framework, institutional set-up and related strategies and guidance in public service and human resource management are only moderately in line with the Principles of Public Administration. Additionally, there are considerable weaknesses and gaps in implementation practice and results for this area.

**Figure 17. State of play in public service and human resource management by type of criterion**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

## Recommendations

1. The Government should propose to reinstate the tax administration under the civil service legislation and cover with it also the customs administration. Any special regulation should comply with the standards established by the LOP and the Principles of Public Administration, while any exceptions should be limited to justified cases of specific roles and positions.
2. The Government should reduce to a minimum the number of “acting” top public managers and ensure that open, competitive and transparent procedures are used for recruitment and selection for top management positions. Any barriers that reduce the attractiveness of such positions should be identified and removed, to secure a robust pool of eligible candidates.
3. The Government should ensure that decentralised recruitment to the civil service does not extend beyond the 18-month period stipulated in the LPO. Concurrently, the Government should prepare centralised recruitment procedures once the temporary arrangements expire, to ensure a seamless transition to the regular system established by the LPO.
4. The Government should immediately reinforce the DMPO by providing it with the necessary resources to fulfil its co-ordinating role in the civil service system, including organising the recruitment and selection process.
5. The DMPO – through the use of a dedicated website and a fully functional HRMIS – should proactively furnish HR units with interpretations, instructions, templates and specialised training to guide the implementation of the new legislative framework to support the units’ professionalism.
6. The DMPO should ensure that high-quality data on the civil service system, including salaries, is systematically collected, analysed, used for evidence-based HR management and published. HR analyses, plans and annual reports on the civil service should be regularly prepared by the DMPO and presented to the Government.
7. The Government should adopt measures to enhance the attractiveness of civil service employment. These should include non-financial rewards, flexible working hours, remote working opportunities, increased inclusiveness and restored internal mobility and promotion opportunities for civil servants.

## Analysis

### Principle 8: The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.

A comprehensive legislative framework with primary civil service law and a salary law is in place, but their application in several institutions needs clarification. The professionalism of HRM units in the state administration is weak. The capacity of the DMPO as the central co-ordinating body of HRM is insufficient. Despite the existence of a functional HRMIS, the data on the civil service is incomplete and does not allow for reliable analysis and reports.

Indicator 8. Adequacy of the policy, legal framework and institutional set-up for a professional and accountable public service		2024 indicator value	40/100
Sub-indicators		Points	
1.	Existence of political responsibility for the public service	5/5	
2.	Clarity and implementation of public service policy	4.9/10	
3.	Clarity and adequacy of the material, horizontal and vertical scopes of public service legislation	4/10	
4.	Protection of neutrality and professionalism of public servants against undue influence	5.2/10	
5.	Quality of the disciplinary system	4/10	
6.	Objectivity and fairness of dismissal and demotion of public servants	3/14	
7.	Grounds and limits for temporary employment in the public service	4/5	
8.	Existence of central and capable co-ordination bodies	3/12	
9.	Capacities for professional HRM in public administration bodies	4.8/12	
10.	Existence of an effective HRM information system	1.9/12	

Significant changes have been introduced to the civil service legislation since the 2021 SIGMA monitoring. At the end of 2022, both the new Law on Salaries in the Public Sector (LSPS)<sup>99</sup> and the new Law on Public Officials (LPO)<sup>100</sup> were adopted. The new LPO repealed the 2019 Law on Public Officials,<sup>101</sup> which was declared by the Constitutional Court (CCRK) to be partly in conflict with the Constitution, due to interference with the functional and organisational autonomy of eight independent institutions.<sup>102</sup> The new LSPS replaced the 2019 Law on the Salaries in the Public Sector,<sup>103</sup> which was declared by CCRK to be invalid

<sup>99</sup> Law No. 08/L-196 on Salaries in the Public Sector, published in the Official Gazette on 5 January 2023, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=68695>.

<sup>100</sup> Law No. 08/L-197 on Public Officials, published in the Official Gazette on 18 September 2023, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=81430>

<sup>101</sup> Law No. 06/L-114 on Public Officials, published in the Official Gazette on 11 March 2019, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=25839>

<sup>102</sup> CCRK, Judgement in Case No. KO203/19, Constitutional review of specific Articles of Law No. 06/L-114 on Public Officials, [https://gjk-ks.org/wp-content/uploads/2020/07/ko\\_203\\_19\\_agj\\_ang.pdf](https://gjk-ks.org/wp-content/uploads/2020/07/ko_203_19_agj_ang.pdf).

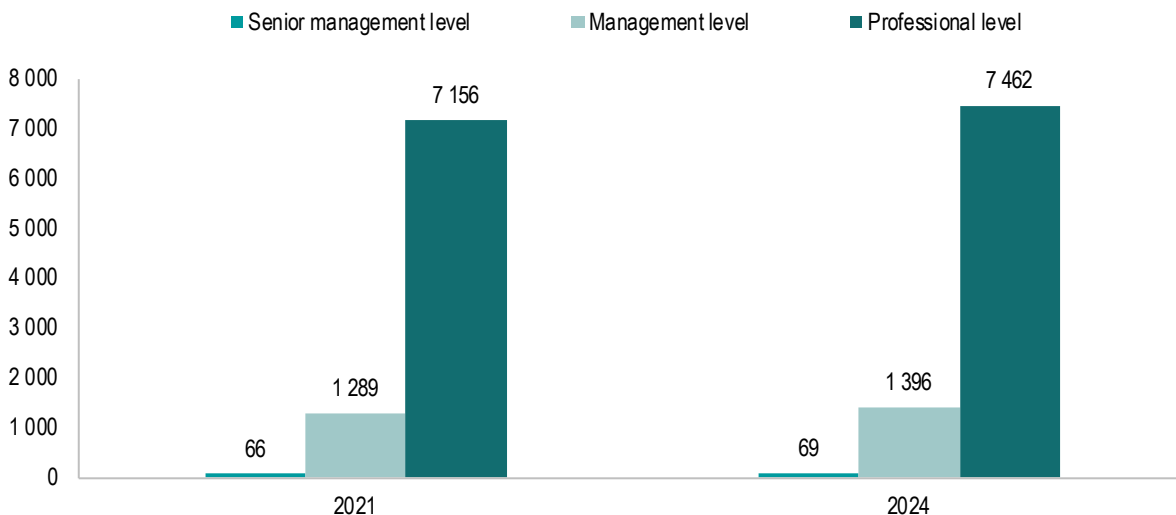
<sup>103</sup> Law No. 06/L –111 On Salaries in Public Sector published in the Official Gazette on 1 March 2019, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=18683>



in its entirety.<sup>104</sup> The enforcement of the 2022 LPO and LSPS has been further affected by their referral to the Constitutional Court, because the CCRK declared that several articles of the acts did not comply with the Constitutional provisions, with considerable implications for their implementation.<sup>105</sup> Due to the delayed enforcement of the two laws, a complex legislative framework was in force in the monitoring period, with LSPS 08/L-196 being implemented from February 2023 and LPO No. 08/L-197 from September 2023. The following analysis relies on the legislative framework for the civil service established by LPO and LSPS and their sub-legal acts. Secondary legislation anticipated in the LPO had been successively adopted and by September 2024 only two by-laws were still missing. This regulatory gap is filled by a provision that by-laws for implementation of the previous are applicable until the adoption of the new ones, provided that they are not in conflict with the LPO in force. Deciding on the extent of the contradiction may be difficult and explains the limited progress in issuing new by-laws.

The scope of the civil service is mostly clear and defined in detail in LPO. Civil servants are defined as public officials who participate in formulating and/or implementing policies, who monitor implementation of administrative rules and procedures and provide general professional and administrative support in implementing policy. As for the vertical scope, the LPO does not apply to elected public officials, members of the Government and their deputies, functionaries appointed by the Assembly, the President and the Government, dignitaries or members of collegial managing bodies of independent institutions and agencies, as well as political appointees who are not Cabinet employees. Cabinet employees, technical and support staff are defined as separate categories of public officials outside the civil service.

Figure 18. Composition of the civil service in Kosovo\*



Source: DMPO, data for 31 December 2023.

In terms of horizontal scope, the civil service covers all ministries and their executive agencies, as well as administrations of independent and constitutional institutions. The staff members of several public institutions are exempted from the LPO, including prosecutors, customs officers and police officers. The LPO provides a list of institutions employing “civil servants with special status”. These institutions include,

<sup>104</sup> CCRK, Judgement in Case No. KO203/19, Constitutional review of specific Articles of Law No. 06/L-114 on Public Officials, [https://gjk-ks.org/wp-content/uploads/2020/07/ko\\_203\\_19\\_agj\\_ang.pdf](https://gjk-ks.org/wp-content/uploads/2020/07/ko_203_19_agj_ang.pdf).

<sup>105</sup> The Constitutional Court Judgement in Case No. KO79/23 Constitutional review of Law No. 08/L-196 on Salaries in the Public Sector; [https://gjk-ks.org/wp-content/uploads/2024/01/ko\\_79\\_23\\_agj\\_ang.pdf](https://gjk-ks.org/wp-content/uploads/2024/01/ko_79_23_agj_ang.pdf). The Constitutional Court Judgement in cases Nos. KO216/22 and KO220/22, Constitutional review of Articles 9, 12, 46 and 99 of Law No. 08/L-197 on Public Officials, [https://gjk-ks.org/wp-content/uploads/2023/09/ko\\_216\\_220\\_22\\_agj\\_ang\\_.pdf](https://gjk-ks.org/wp-content/uploads/2023/09/ko_216_220_22_agj_ang_.pdf). he board is

among others, the tax administration, the Ministry of Internal Affairs (MIA) and the Ministry of Defence and their agencies. Although the LPO allows special laws to regulate several elements of their status differently from the general civil service (including recruitment and career development), the special acts must be in accordance with the LPO, stipulating merit-based principles of civil service. In some cases (the foreign service, correctional services) special acts were adopted before the LPO and continue to apply, and in others (e.g. the MIA), the special law was missing. Implementation details of the LPO and LSPS in the case of independent constitutional institutions and for the employees of the Presidency, CCRK, justice system and the Assembly are not clear, due to the CCRK rulings. Both the LPO and LSPS stipulate that they apply to these institutions to the extent that they do not infringe on the institutions' functional and organisational independence.<sup>106</sup> According to the LPO, the employees of these institutions are also civil servants with a special status, whose regulation shall be governed by a special act. However, unlike the civil servants with special status mentioned above, the law does not explicitly require that they follow the principles of the LPO and does not restrict the list of elements that can be regulated in the special acts. In the LSPS, several delegation clauses assign the adoption of detailed rules to the institutions' competent bodies. These special acts are mostly not yet in place.

Proliferation of legislation regulating employment relations of public officials is not a positive development, even if special legislation generally respects the Principles of Public Administration. Multiple statuses can lead to unequal treatment of public servants in similar roles across different parts of government, fragmentation of employment conditions and rights, creating disparities between public sector workers (especially if some are regulated by the law and others by internal acts issued by a respective minister). Where special treatment may be necessary for certain roles, it should be introduced for specific positions only, and not for all employees of the organisation. Maintaining a unified civil service legal framework that covers the majority of public officials supports consistency, administrative efficiency, effective central co-ordination, inter-institutional mobility, core public service values, and legal clarity across the government workforce.

As for accountability, disciplinary frameworks and dismissals, a detailed legislative foundation exists, but a few elements are missing. The lack of a Code of Ethics creates implementation issues around disciplinary procedures.<sup>107</sup> Secondary legislation regulating the new concept of professional inadequacy and the details for suspending civil servants from their position were adopted in September 2024.<sup>108</sup> The practice of using temporary contracts could not be analysed, due to the lack of data. The possibility of moving redundant civil servants to the waiting list has not been used thus far. At the time of monitoring, no one was on the waiting list, since all civil servants from reorganised positions had been transferred to the available vacancies.

The Independent Oversight Board of the Civil Service of Kosovo\* (IOBCS) handles the appeals related to the employment relationship in the civil service.<sup>109</sup> Only after exhausting the right to appeal to the IOBCS may an administrative conflict be brought to court. The Board is composed of several members, reflecting a gender balance and the multi-ethnic character of Kosovo\*, appointed by the Assembly for a term of seven years. The IOBCS was not functional during the 2021 monitoring, because board members were missing and it lacked a quorum. Its functionality was restored in 2021, and the following years have seen a constant increase in the number of appeals submitted to the institution, from 884 complaints in 2021 to 1 584 complaints in 2023<sup>110</sup> and about 1 200 in the first half of 2024. Due to its lack of capacity (with insufficient staff at the Secretariat and its premises), financial resource constraints, and the overload of appeals, the

<sup>106</sup> LPO Article 2, p. 3. LSPS Article 2, p. 3.

<sup>107</sup> LPO Article 56 p. 4.6 foresees that "violation of the rules defined in the Code of Ethics" is a serious violation.

<sup>108</sup> Suspension from the position is stipulated as a temporary measure during the disciplinary proceeding (Article 59, p. 4) and as a disciplinary measure for serious violation of duties and responsibilities (Article 57, p. 2).

<sup>109</sup> LPO Article 15 and Law No. 06/L-048 on Independent Oversight Board for Civil Service of Kosovo\*, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=17745>

<sup>110</sup> Independent Oversight Board for Civil Service of Kosovo\*, Annual Work Report 2023.

IOBCS cannot focus sufficient attention on its monitoring function: carrying out inspections of civil service institutions and ensuring uniform implementation of the legislation. Appeals proceedings would be facilitated by electronic access to the files in the central HRMIS, but this access has not yet become operational. In October 2023, a government-sponsored law amending the basic regulation on the IOBCS was adopted by the Assembly.<sup>111</sup> However, in June 2024, the CCRK declared that excluding decision-making competence regarding senior civil servants and rescinding enforceability of IOBCS decisions would not be in compliance with the Constitution.<sup>112</sup>

The Public Administration Reform Strategy for the years 2022-2027 (PARS) was adopted by the Government in November 2022. Public service and human resource management (PSHRM) is one of the four priority areas of the Strategy, aimed at continuing the reforms towards a merit-based system.<sup>113</sup>

The MIA is responsible for the central co-ordination of civil service. The function is carried out by the MIA Department for the Management of Public Officials (DMPO). Lack of capacity and human resources at the DMPO were noted during the monitoring in 2021,<sup>114</sup> and the problem persists in 2024. The acting director of the Department has changed repeatedly, with a regular fixed-term appointment to the position in September 2024, and of the 30 positions provided for in the regulation,<sup>115</sup> only 22 are filled, around one-quarter of them through temporary transfers.

Despite the efforts of the acting director in office from September 2023 dedicated to improving the functioning of the Department, the implementation issues of the LPO are still handled *ad hoc*. While the DMPO responds to numerous information requests from the institutions' human resource management units (HRMUs), informs them of new regulations and has occasionally issued guidance notes on implementation of the new legislative framework, further systemic levers are lacking. There is no webpage to support the guidance efforts by regular sharing of information, methodological materials or explanations to frequently asked questions. Collaboration with the HRMUs is not systematic, and only one-off meetings and single events were held in 2023. Even with the increased attention to communication with HRMUs, HRMUs report that the guidance offered by DMPO is insufficient.<sup>116</sup>

The co-ordination challenge is further exacerbated by the CCRK decision depriving the DMPO of the right to request and receive information relevant for the execution of its duties and of its function to supervise implementation of the legislation.<sup>117</sup> The only area where the monitoring function was maintained for

<sup>111</sup> Law No. 08/L-180 on supplementing and amending the Law No. 06/L-048 on Independent Oversight Board for Civil Service of Kosovo\*, adopted by the Assembly on 12 October 2023. In particular, the law removed the IOBCS competence to decide on appeals against the Government's decision for civil servants in senior management positions. Furthermore, the act stipulated that in each case when a lawsuit is initiated against the decision of the IOBCS in court, the decision of the IOBCS would not be implemented until the court issues a final decision. The Law was appealed to the Constitutional Court.

<sup>112</sup> The Constitutional Court Judgement in Case Nos. KO232/23 and KO233/23, <https://gjk-ks.org/en/notification-on-decision-in-case-ko232-23-and-ko233-23/>.

<sup>113</sup> Public Administration Reform Strategy 2022-2027. Specific PSHRM objectives focus on the improvement of the legal and institutional framework; supporting the professionalism, meritocracy, efficiency and equal opportunities of civil service employment; implementation of a fair, transparent and equitable salary system; and improvement of civil service training and development.

<sup>114</sup> OECD (2021), *Monitoring Report: Kosovo\**, OECD, Paris, p. 71, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>115</sup> Regulation No. 01/2021 on Internal Organisation and Systematisation of Jobs in the Ministry of Internal Affairs, Article 51, p. 5.

<sup>116</sup> SIGMA interviews with HRM units conducted in April 2024.

<sup>117</sup> CCRK, Judgement in cases Nos. KO216/22 and KO220/22, Constitutional review of Articles 9, 12, 46 and 99 of Law No. 08/L-197 on Public Officials, [https://gjk-ks.org/wp-content/uploads/2023/09/ko\\_216\\_220\\_22\\_agj\\_ang\\_.pdf](https://gjk-ks.org/wp-content/uploads/2023/09/ko_216_220_22_agj_ang_.pdf), points 259-261.

DMPO is salary policies. The relations of the DMPO with the IOBCS (appeals, inspections) and the Treasury (payroll) are based on informal co-operation and are not supported by a formal obligation to share data and reports. The DMPO is obliged to prepare and publish an annual report on civil service human resources management, but there is no requirement to present the report to the Government or the Assembly. The annual obligation of the Government to report on the situation in the civil service to the Assembly was struck down by the CCRK.<sup>118</sup>

A HRMIS is established as the central electronic register for HRM, and every institution is obliged to carry out all its HR procedures in the HRMIS. The processes are not yet fully digital and HR decisions are still signed on paper, with scanned copies uploaded to the system. However, the HRMIS makes it possible to create detailed HR reports and provides an electronic HRM platform for the institutions. Nevertheless, the quality of HRMIS data is not good enough to ensure that the reports reliably represent the current state of the civil service. The deficiencies of the data include the continuing internal reorganisation and classification of positions, the ongoing efforts to integrate all the institutions in the HRMIS, and missing data in individual profiles of civil servants. Connection between the payroll system and the HRMIS is being set up, but the two systems are operating separately for the time being. The 2022 annual civil service report was not adopted by the Government because of the problems with the data.

The capacity of professional HRM is unevenly developed in the institutions of the public administration and tends to be limited. HRMUs mainly perform administrative functions and fulfil the formal procedures laid out in the civil service legislation. There is little demand for HRM analysis at the senior management level. Reporting on human resources, if it is in fact conducted, primarily involves the annual reports required by the LPO. The reports sent to the DMPO vary in their content and level of detail and tend to focus on basic description rather than analysis. Although several training courses on HR are centrally provided, they usually concentrate on legal issues. No training on contemporary HRM is available either to the HR staff or to managers at any level. Selected HR staff consult with each other informally and on social media, but no institutionalised HR managers' network has been set up where the civil service HR community can pool experiences and exchange lessons learned.

<sup>118</sup> JCCRK, Judgement in cases Nos. KO216/22 and KO220/22, Constitutional review of Articles 9, 12, 46 and 99 of Law No. 08/L-197 on Public Officials, [https://gjk-ks.org/wp-content/uploads/2023/09/ko\\_216\\_220\\_22\\_agj\\_ang\\_.pdf](https://gjk-ks.org/wp-content/uploads/2023/09/ko_216_220_22_agj_ang_.pdf).

### Principle 9: Public administration attracts and recruits competent people based on merit and equal opportunities.

The LPO provides for a civil service system with open competitions for all positions at all levels. External recruitments that stalled in 2020 have been relaunched but initially made little progress, because the process for determining the internal organisation of institutions and systematisation of jobs has not yet been completed and because no HR analysis or plan was set up for 2023 or 2024. Data on the professionalism of the decentralised recruitment procedures that have been initiated is limited. Hiring of staff from underrepresented groups is encouraged.

Indicator 9. Transparency, professionalism, and effectiveness of recruitment of public servants		2024 indicator value	51/100
Sub-indicators		Points	
1.	Quality of human resource (HR) planning	1/10	
2.	Competitive and non-discriminatory recruitment	10/10 <sup>119</sup>	
3.	Transparency of recruitment	5.5/8	
4.	Inclusiveness of recruitment	1.9/6	
5.	Attraction of qualified candidates	2.3/8	
6.	Recruitment based on job profiles	5.1/8	
7.	Professionalism of the selection committees	8.5/14	
8.	Adequacy of selection methods	3.5/14	
9.	Efficiency and timeliness of recruitment procedures	4.5/10	
10.	Right to information on results and appeal	4.5/6	
11.	Quality of onboarding	4.4/6	

The LPO No. 08/L-197 introduced major changes in civil service recruitment. The previous LPO aimed to create a unified, merit-based civil service system with strong career-system elements and external recruitment limited to the entry level, but the LPO that has been in force since September 2023 establishes a centrally managed open civil service system with compulsory external recruitment for all positions at all levels.<sup>120</sup> To carry out this reform, an 18-month transition period was introduced during which all civil service recruitments were to be decentralised, through HRMUs of the relevant institutions. The 2024 monitoring took place during this transition period from September 2023 to March 2025.

The implementation of the current LPO started in a context where external recruitments had stalled with the introduction of the 2019 LPO. The 2019 LPO was part of a comprehensive reform package of three laws creating a uniform framework for public sector employment, salaries and organisation.<sup>121</sup> The 2021 monitoring report concluded that the previous LPO had encountered serious problems in implementation, exacerbated by considerable delay in the process of determining the internal organisation of institutions

<sup>119</sup> The assessment was based on the review of a sample of centralised recruitment procedures conducted in 2023 by DMPO.

<sup>120</sup> LPO Article 7, p. 1 and Article 39.

<sup>121</sup> Law on Public Officials (No. 06/L-114; LPO), Law on Salaries in the Public Sector (No. 06/L-111; LSPS), and Law on Organisation and Functioning of State Administration and Independent Agencies (No. 06/L-113; LOFSAIA).

together with the systematisation of jobs foreseen in the LOFSAIA.<sup>122</sup> At the central level, the latest recruitments had been carried out from January-June 2020, when the Law No. 03/L-149 on the Civil Service still applied. LOFSAIA's implementation problems have continued, and the DMPO expects to finalise job systematisation only by late 2024. Despite the lack of an explicit prohibition, the legislative framework has been interpreted to demand finalisation of the systematisation of jobs and reposting the existing staff to the vacant positions before launching external recruitments. Only when this process is completed or in the case of a lack of critical competencies (e.g. stemming from digitalisation) are external recruitments to be launched. Nevertheless, even with the considerable staff shortages, the lack of critical competencies has been treated as an exceptional cause for launching external recruitment.

In 2023, 35 recruitment procedures for 139 positions in the professional category were opened under the centralised arrangement in force until September 2023. In 2023, 15 of these procedures were completed, with 68 civil servants appointed. The first decentralised competitions were launched in November 2023 and completed in 2024 (698 competitions launched in the whole civil service, including municipalities, from November 2023 to April 2024, and about 110 completed, with the highest-ranked candidate appointed).<sup>123</sup> This relaunching of recruitment to the civil service was not guided by professional personnel planning. No civil service personnel plan was developed and adopted for 2023; the Personnel Plan for 2024 was adopted in July 2024. The sub-legal act on personnel planning envisaged in the LPO was adopted in September 2024. The civil service personnel plan for 2022 identified 1 151 vacancies in the state administration institutions (without independent institutions) which were to be filled through transfers within the system (906 positions) and, to a lesser extent, through external recruitment (215 positions) and promotion (30 low- and middle-management positions).<sup>124</sup>

Since November 2023, an increasing number of competitions have been published for low- and middle-management categories that were filled by promotion in the previous system. While recruitments to the professional category were carried out for empty positions, the competitions announced in the low and middle-level management categories mostly cover positions with acting managers in service. Due to the pending systematisation and because no competitions were held for the positions under the previous LPO, the share of acting managers is noteworthy (198 low- and middle-level managers of the 907 posts in the end of 2023, i.e. 22%).<sup>125</sup> Consequently, for the low- and middle-level management positions, external candidates often have to compete with internal candidates who have advantages in experience and practical knowledge.

<sup>122</sup> OECD (2021), *Monitoring Report: Kosovo\**, OECD, Paris, p. 74, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>123</sup> Information from DMPO.

<sup>124</sup> General Staffing Plan for 2022, MIA, DMPO, 10 May 2022.

<sup>125</sup> Information from DMPO; received in e-mail correspondence from 3 May 2024.

**Figure 19. Number of vacancies offered in external competitions for senior managerial positions and other civil service positions 2016-2024**



Source: Data for 2016-2021 OECD (2021), *Monitoring Report: Kosovo\**, OECD, Paris, p. 66, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>, data for 2022-2024: DMPO.

The decentralised recruitment procedures are initiated by individual institutions through the HRMIS. Using the HRMIS as a uniform platform creates a standardised format for announcements, presenting information on ongoing competitions in one place.<sup>126</sup> The single web portal is user-friendly for potential candidates but provides limited options for filtering announcements by type of job and location. HR managers and the DMPO have noted an increase in applications, particularly for the vacancies on the non-managerial level and when a joint competition for several similar positions is launched. However, many applicants do not pass the preliminary verification phase, and about 52% of eligible candidates do not show up for the written test that is a compulsory part of the recruitment process.<sup>127</sup> For the centralised recruitment procedures launched in 2023, the average number of eligible candidates per position was only 3.12.

The composition of selection committees is established in the legislation, but no explicit provision prevents political appointees from sitting on selection committees where external experts are included in the panel.<sup>128</sup> Legislation prescribes that the selection process includes preliminary verification, a written test and an interview. No evidence was presented that committee members were given systematic training or guidance. The requirement to notify every candidate individually of the results of the recruitment process creates a considerable administrative burden on HR staff. The LPO provides for submission of appeals on the recruitment process only after announcement of the final results, giving candidates 30 days to appeal to the IOBCS.<sup>129</sup> During the limited number of centralised competitions launched under the previous LPO in 2023, when it was possible to appeal during the recruitment process, the DMPO had to handle

<sup>126</sup> <https://konkursi.rks-gov.net/>.

<sup>127</sup> Information from DMPO. Recruitment process regulated in LPO, Article 39, p. 9; Article 44, p. 7.

<sup>128</sup> LPO Article. 42 Admission Committee for the specialist category shall consist of five (5) members, as follows: 2.1. three (3) mid-level or low-level civil servants specialised in the relevant area for the position or group of positions for which the competition is conducted; 2.2. one (1) representative from the responsible unit; and 2.3. one (1) professor of the same field for the position for which the competition is conducted.

<sup>129</sup> LPO Article 39, p. 12; Regulation No. 15/2023 on Admission Procedure in the Civil Service, Article 17.

578 appeals at different phases of the process, extending the time for recruitments by six months or even more. Limiting the appeals submission to the end of the recruitment has the potential to reduce the time taken by competitions, but it poses a risk of having to reopen recruitments when the procedures have not been carried out professionally.

The LPO provides that at the end of the selection process, a final list of candidates passing the threshold of 70% of total points is prepared along with the name of the winning candidate.<sup>130</sup> The regulation stipulates specific criteria for selecting the lead candidate in case there are several winning candidates with an equal number of points. The provisions take account of disability, members of non-majority communities and gender.<sup>131</sup> Although the HRMIS allows for including the information on disabilities of employees and their non-majority background, institutions rarely use it. Despite the legal obligation to monitor the employment of disadvantaged groups in the civil service, precise data is not available.

Employment of staff from among non-majority communities, from the underrepresented gender and with disabilities is encouraged. The LPO obliges every public institution to employ one disabled person for every 50 people or at least one disabled person if the organisation is smaller. The respective by-law that the LPO stipulates should be developed by the Ministry of Finance, Labor and Transfers had not yet been adopted. According to the DMPO data request from institutions, only 45 people with disabilities were working in the institutions in 2022 (0.56% of civil servants), and in 2023, two more were recruited. Further competitions reserved only for people with disabilities or of underrepresented genders have been announced. In February 2024, the Prime Minister asked every ministry to publish at least 10 recruitment proceedings specifically for minorities.<sup>132</sup> Recruitment from among the non-majority communities has been affected by the lack of qualified candidates and problems with the recognition of diplomas from Serbian higher education institutions. The need to recruit minorities has been increased by the waves of resignation of civil service staff among the Serb community in institutions located in Northern Kosovo\*.<sup>133</sup>

<sup>130</sup> Regulation No. 15/2023, Article 11, p. 2.

<sup>131</sup> LPO Article 50, p. 1. Regulation 15/2023, Article 12, p. 1.

<sup>132</sup> DMPO email to the institutions from 26 January 2024.

<sup>133</sup> For instance, <https://balkaninsight.com/2022/11/05/serbs-stage-mass-resignation-from-kosovo-state-institutions>.



### Principle 10: Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.

The senior-level management category is explicitly defined. Officials are appointed to the senior positions for a four-year term, extendable once. A large share of high-level officials serve on an acting basis. The problem with failing competitions is widespread and only five recruitment procedures have been successfully finalised by the end of September 2024. No professional training for Top Public Managers (TPM) is available.

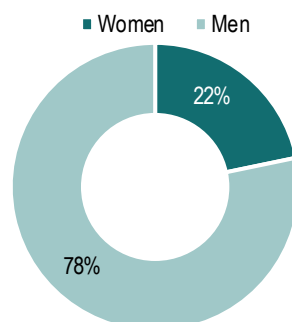
Indicator 10. Professional top managers		2024 indicator value	36/100
Sub-indicators		Points	
1.	A specific category and scope of the Top Public Management (TPM) system	6/11	
2.	Attractiveness of top management positions	3.4/7	
3.	Merit-based and competitive recruitment of top managers	17.8/47	
4.	Diversity and gender parity in top management positions	2.1/5	
5.	Management by objectives and performance evaluation	3.7/4	
6.	Managerial autonomy	1.5/2	
7.	Training and professional development	1.5/4	
8.	Stability of top managers	0/20 <sup>i</sup>	

Note: <sup>i</sup> = Data not available or not provided.

The senior-level management category is explicitly defined in the LPO and comprises the key positions with core responsibilities for managing public policy. The category includes the general secretaries of ministries, director generals in independent and regulatory agencies, executive directors and deputy directors of executive agencies and equivalent positions. The ministries have only one layer of senior management (general secretaries), followed by directors of departments, who are classified as middle-level management. Restricting senior management to general secretaries transfers the function of policy co-ordination for large public policy areas to deputy ministers, which could potentially lead to policy inconsistencies, lack of continuity and a high level of politicisation. The exact number of positions in the senior management category was ambiguous at the end of 2023, due to the ongoing internal reorganisation and systematisation of positions. In addition to 16 secretary-generals at ministries and OPM, there were 53 TPM positions in agencies, a total of 69 positions.<sup>134</sup> As of September 2024, only 15 were filled with appointed incumbents, and the rest of the positions were occupied by acting managers. The share of acting top officials was exceptionally high, at 85%. Only 7 of the 16 secretary generals in office were appointed based on open external recruitment. Fifteen positions were occupied by women (21%).

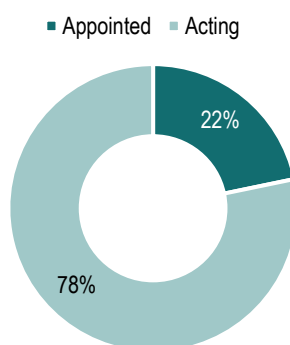
<sup>134</sup> Information from the DMPO.

Figure 20. Gender balance in TPM positions as of 31 December 2023



Source: DMPO, 2024.

Figure 21. Regular appointments vs. acting officials in TPM positions as of 31 December 2023



Source: DMPO, 2024.

Officials are appointed to the senior management category positions through open competitions for a four-year term (a length equivalent to that of the mandate of the Government and the Assembly<sup>135</sup>) that can be extended for one term for the same duration.<sup>136</sup> According to the transition clauses of the LPO, top managers whose mandate has been extended according to LPO 06/L-114, are considered to complete their second term and, consequently, are not entitled to another extension. The formal recruitment process of senior officials is prescribed in the LPO and its respective sub-legal act.<sup>137</sup> It includes small but relevant differences for TPM recruitment procedures as compared with recruitment for the other categories, assigning a greater weight to the interview compared to the written test (a maximum of 50 plus 50 points for TPM, compared to a maximum of 30 for the interview plus 70 points for the written test used in other types of recruitment). It also requires that at least two winning candidates obtain a minimum of 70 points

<sup>135</sup> The short tenure of positions was noted in a recent study on barriers to recruitment procedures as being among the key deterrents that have reduced applications to senior positions. BDP LLP (May 2024), *Bridging The Gap: An exploration of factors shaping recruitment participation for senior roles in Kosovo's public institutions*, [https://sq.kosovoselection.org/files/ugd/e4426b\\_9bcd22cbe9f14540be6013eac4740e8f.pdf](https://sq.kosovoselection.org/files/ugd/e4426b_9bcd22cbe9f14540be6013eac4740e8f.pdf).

<sup>136</sup> LPO Article 49, p. 5. In addition to TPM, low and middle-level managers are also appointed for a four-year term, with the possibility of one extension (Article 46, p. 1).

<sup>137</sup> LPO Article 47-49. Regulation No. 15/2023 on Admission Procedure in the Civil Service; amended by Regulation No. 05/2024 on amending and supplementing Regulation 15/2023.

for the recruitment to be considered successful.<sup>138</sup> No shortlist is required, and all the candidates scoring at least 70% points in total are presented to the immediate superior, who can select anyone from the list. The legislative framework provides only minimal rules to protect the professionalism of TMP selection committees. The LPO stipulates that the State Admission Committee for senior management category positions for the state administrations is composed of the head of the DMPO, three existing civil servants in the senior management category and an external expert. The committee is established by a decision of the Government. The external expert is selected by the responsible minister, but the principles and procedure to follow are not specified. No explicit provision prohibits the selection of political appointees as members of the committee.<sup>139</sup> The legislation simply specifies that members of the admission committee evaluate the essays of candidates independently and impartially and enter their individual scores into the HRMIS, which calculates the overall score.<sup>140</sup> No other clauses protect the autonomous functioning and decision making of the committees.

Despite the large number of TPMs in acting positions, no appointment to the senior management category had been made under the new LPO by April 2024 and only 5 by the end of September 2024. Of the 16 recruitment procedures initiated, most had failed, and several were still under way. The problem with failing TPM competitions is widespread. In 2022-2023, only five senior civil servants were appointed through open competitions. In only one of these competitions were there at least five eligible candidates. TPM recruitment procedures have often ended with a single successful candidate, but under the LPO, this candidate could not be appointed, and a new recruitment procedure had to be initiated. Some recruitment procedures failed three or four times before an appointment. The reason why the open competitions do not attract enough qualified candidates can be attributed to the perception that recruitment processes are unfair and tainted by political influence and nepotism, and to the expectation of a high level of politicisation both in the selection process and in the TPM work afterwards.<sup>141</sup> Consequently, no instances of a completed TPM recruitment under the new LPO had been noted at the time of monitoring, and only limited data was available on the implementation of the legislation under the decentralised arrangement. A proposal to remove the requirement that two winning candidates must accrue at least 70% of the total points was included in the draft law amending the LPO that was adopted by the Government on 8 March 2024.<sup>142</sup>

In recent years, the national administration accepted an opportunity for co-operation with the British Embassy in Pristina, focusing on senior-level recruitment and involving project experts in selected recruitment procedures to the civil service TPM positions.<sup>143</sup> Over the years, substantial competence and guidance on merit-based recruitment practices has been developed in the project and made available to the national administration, both in the form of written materials as well as training. The project came to an end in 2024 after the introduction of the decentralised recruitment arrangement in the civil service. Ownership in the national administration of the good practices and know-how that emerged from the project is now needed to ensure its sustainability.

As for the training and development of TPM, the LPO requires a civil servant who is appointed for the first time to a senior management category position to attend a special training programme. Refusal to undergo

<sup>138</sup> Regulation No. 15/2023 on Admission Procedure in the Civil Service; amended by Regulation No. 05/2024 on amending and supplementing Regulation 15/2023, Article 10A. LPO Article 47, p. 11.

<sup>139</sup> Regulation No. 15/2023 on Admission Procedure in the Civil Service, Article 23, p. 1.

<sup>140</sup> Regulation No. 15/2023 on Admission Procedure in the Civil Service; amended by Regulation No. 05/2024 on amending and supplementing Regulation 15/2023, Article 10A, pp. 6-7.

<sup>141</sup> BDO LLP (May 2024), *Bridging The Gap: An exploration of factors shaping recruitment participation for senior roles in Kosovo's public institutions*,

[https://sq.kosovoselection.org/files/ugd/e4426b\\_9bcd22cbe9f14540be6013eac4740e8f.pdf](https://sq.kosovoselection.org/files/ugd/e4426b_9bcd22cbe9f14540be6013eac4740e8f.pdf).

<sup>142</sup> Draft Law on Amending and Supplementing Law No. 08/L-197 on Public Officials, proceeding in the Assembly initiated on 12 March 2024.

<sup>143</sup> <https://www.kosovoselection.org>.

the training programme constitutes a cause for dismissal from the civil service. The respective training programmes, however, have not been set up. No evidence of specific managerial training programmes for top managers was presented.

### Principle 11: Public servants are motivated, fairly and competitively paid and have good working conditions.

The LSPS creates a uniform salary system with the potential to increase the transparency and fairness of civil service remuneration. Data on the impact of the law is not available as the analysis of its implementation has not been conducted. A special policy has been set up to attract young graduates from international scholarship schemes to the civil service. Flexible working arrangements and teleworking are not available to civil servants.

Indicator 11. Attractiveness of employment and work conditions		2024 indicator value	32/100
Sub-indicators		Points	
1.	Attractiveness of employment in public administration	6.5	20
2.	Fairness in the allocation of base salaries and allowances	5.2	23
3.	Predictability of the wage budget of the public service	3.7	6
4.	Availability and transparency of salary information	2	8
5.	Salary progression opportunities	2	8
6.	Performance-related pay and other incentives	6.1	8
7.	Work conditions and well-being of public servants	4	13
8.	Availability of flexible work arrangements	1.5	7
9.	Social dialogue with the public sector employees	1	7

Enforcement of the 2022 LSPS in February 2023 introduced a considerable change in civil service remuneration. The law creates a uniform salary system for the entire public sector, defining the elements of remuneration and the criteria and the procedures for allocating them.<sup>144</sup> The rules for this process are laid out in several by-laws. The LSPS represents a considerable improvement compared to the previous civil service legislation, which was not comprehensive, fair or transparent, and involved major inequities in the distribution of salaries and bonuses.<sup>145</sup> The remuneration system provided for under the LSPS is simpler and potentially more transparent. Nevertheless, it is not clear to what extent the values of fairness, transparency and equal treatment can be assured in practice, given the lack of analysis on the implementation, the potential exceptions granted to the independent and constitutional institutions, and the implications of the CCRK judgement declaring several of the articles of the LSPS unconstitutional.<sup>146</sup>

The lack of data precludes any assessment of how far the salary reform has led to modifications in the individual salaries of civil servants. Existing salaries appear to have been maintained, but no data is available on the effect of the LSPS implementation on the competitiveness of civil service remuneration. Setting the salary scale and determining individual salaries has not been based on job evaluation and

<sup>144</sup> LSPS Article 2, p. 1.

<sup>145</sup> OECD (2021), *Monitoring Report: Kosovo\**, OECD, Paris, p. 81, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>146</sup> CCRK, Judgement in Case No. KO79/23 Constitutional review of Law No. 08/L-196 on Salaries in the Public Sector, [https://gjk-ks.org/wp-content/uploads/2024/01/ko\\_79\\_23\\_agj\\_ang.pdf](https://gjk-ks.org/wp-content/uploads/2024/01/ko_79_23_agj_ang.pdf).

classification of positions, because this was still in process at the time of monitoring. Appeals submitted to the IOBCS suggest that implementation of the salary reform has not been transparent, since 26% of complaints filed in 2023 related to the salary reform, allocation of co-efficients and the classification of jobs.<sup>147</sup>

The established job evaluation methodology applies only to professional and specialist categories.<sup>148</sup> The opportunities for career and salary progression for these categories are limited there are only three levels of professionals) and the LSPS introduces considerable limitations on paying bonuses. Performance bonuses are based on the results of the annual performance appraisal and are provided only for the professional category.<sup>149</sup> No performance bonuses were paid out in 2023. Limiting the funds for performance allowance to 0.1% of the total basic salary budget of individual institutions and the allowance for labour market conditions to 0.5% of the budget<sup>150</sup> is perceived as too restrictive by the institutions and not well suited to making fair management decisions.<sup>151</sup> The SIGMA 2024 survey found satisfaction with salaries in the civil service and confidence in the fairness of salaries to be very low. Although 37% of respondents agreed with the statement “I am satisfied with my salary”, only 11% agreed with the statement “I am satisfied with my other benefits like housing, transportation or education allowances, pension, health, development opportunities, etc.” and only 16% with “Staff is paid fairly across the public administration”.<sup>152</sup>

**Figure 22. Perception of fairness in allocation of salaries in Kosovo\***



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statements? “Staff is paid fairly across the public administration”. The percentage in the middle is the share of the respondents who answered “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Public Servants on public administration in the Western Balkans 2024.

Detailed information on civil service salaries, including the wage bill for state administration, was not available. The payroll system and the HRMIS have not yet been linked, and the two systems still operate separately. Management of salaries has not yet been digitised and relies on scanned e-mail files sent by institutions to the Treasury. The DMPO is responsible for monitoring implementation of civil service salary policy, but does not yet have direct access to the information on salaries. If the Treasury requests the data, it is made available, but there is no obligation to provide the data, and no regular procedure for providing

<sup>147</sup> Independent Oversight Board for Civil Service of Kosovo\*, Annual Work Report 2023.

<sup>148</sup> Regulation No. 06/2024 on the Classification of Jobs in Civil Service; Guidelines of the Ministry of Internal Affairs No. 1329/2023.

<sup>149</sup> LSPS Article 25.

<sup>150</sup> LSPS Article 24, p. 2 and Article 25, p. 5.

<sup>151</sup> Interviews with HRM units of state administration institutions conducted by SIGMA in April 2024.

<sup>152</sup> SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

it. No evidence was found that the respective data is regularly collected. Similarly, the transparency of the remuneration system for the wider public is not assured. No central webpage has been set up where the public and potential civil service candidates could find information on salaries. Only information on the co-efficients is provided in the job announcements, but this is not sufficient for candidates to ascertain the actual salaries, which are based on calculations combining information in the LSPS and the Budget Law.

A special policy has been set up to attract graduates from international scholarship schemes to the civil service – so-called “young cells”.<sup>153</sup> The scheme, which is co-financed by the EU and the Government of Kosovo\*, covers study abroad for young people who then commit to working for the public administration for three years. Beneficiaries of scholarship schemes based on international agreements are excluded from admission procedures under the LPO, on the condition that selection for the scholarships applies the principles of civil service. The scheme provides a channel for young talent entering the civil service (who can be appointed only to the professional category), but their retention in the system demands further effort by the institutions. Of 409 students who participated in the 12 rounds of the young cells scheme, about 118 are estimated to have remained in the civil service and now occupy positions in all the categories.<sup>154</sup> At the time of monitoring, 45 grantees were studying at academic institutions in the EU member states and 32 more grantees were selected in May 2024, including 6 in the field of public administration and HRM. Graduates of the young cells scheme receive a salary supplement that is perceived as considerable and motivating.<sup>155</sup> The by-law regulating the admission and employment conditions of international scholarship schemes foreseen in the LPO was adopted in September 2024.<sup>156</sup>

Flexible working arrangements are not available for civil servants and, as a rule, remote working is not allowed. Legislation provides for the working hours of public officials to begin at 08:00 and to end at 16:00, five days a week from Monday to Friday in person.<sup>157</sup> Although regulation allows exemptions from this rule due to the nature of the work of the institutions and modified working hours can be requested for health reasons or other objective circumstances, no evidence on applying this scheme was found. While civil servants have the right to unionise, no evidence of co-operation with trade unions on legislative changes was forthcoming, or even of consulting employees in institutions, for example on work conditions. No centralised survey of job satisfaction has been conducted in the civil service in the last three years. Data on voluntary turnover in civil service institutions is not readily available. The rate of voluntary turnover is not calculated and not used as a Key Performance Indicator. Despite limited flexibility and engagement of employees and low satisfaction with the remuneration system, the SIGMA survey showed that 79% of civil servants would recommend their organisation as a good place to work.<sup>158</sup>

<sup>153</sup> <https://ycskosovo.org/index.php/en/>.

<sup>154</sup> Information from DMPO. E-mail correspondence from 3 May 2024.

<sup>155</sup> MFLT Regulation No. 02/2023 for the Allowance on Labor Market Conditions, Article 7. Opinion obtained by SIGMA in interviews conducted in April 2024.

<sup>156</sup> LPO Article 50. Regulation (MIA) No. 04/2024 on the beneficiaries of scholarship schemes in civil service (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=97669>). Government Regulation 01/2019 on the Beneficiaries of Scholarship Schemes applied before.

<sup>157</sup> Regulation No. 04/2024 on Working Hours, Leave and Attendance of Public Officials, Article 4, p. 2.

<sup>158</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

## Principle 12: Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

The LPO foresees a performance appraisal system relying on pre-set objectives and performance meetings that has yet to be implemented. Training and development of civil servants is highly dependent on the capabilities and budget of KIPA as the central training institution. Training needs analysis is modestly developed. Horizontal mobility has had an important role in filling civil service vacancies, but data on implementation of mobility is lacking.

Indicator 12. Professional development and performance management of public servants		2024 indicator value	45/100
Sub-indicators		Points	
1.	Professionalism of performance assessment	7.9/21	
2.	Existence of training plans adapted to government priorities	5/8	
3.	Implementation and results of training	7.5/16	
4.	Regulation and use of horizontal mobility	5.5/16	
5.	Professionalism of vertical promotion	12.2/26	
6.	Support of professional development practices for diversity and inclusion	6.5/13	

A few substantial changes in the performance appraisal arrangements are foreseen under the new LPO, including a later deadline for completing the annual appraisals and the inclusion of HR units in the appraisal process. The LPO foresees a performance appraisal system that is based on pre-set individual performance objectives and a meeting at the end of the appraisal period to discuss the work results. The respective by-law was adopted in September 2024. Performance appraisals foreseen by the LPO to be completed by the end of February 2024 were carried out based on the previous regulation, creating some confusion and dissatisfaction among managers and employees.<sup>159</sup> In 2023, performance appraisal was applied to 56,3% of eligible civil servants. Of these, 79.6% of the civil servants had ratings that fell within the two higher categories.<sup>160</sup> Of respondents to the SIGMA survey on civil servants, 47% replied that in their institutions, poor performers usually “stay and continue to underperform”.<sup>161</sup>

Training and development of civil servants is highly dependent on the Kosovo\* Institute for Public Administration (KIPA), the central training institution responsible for implementing policies on training, research, professional development and capacity building for civil servants. Individual institutions normally do not have separate training budgets and rely on KIPA or, if possible, international assistance, in addressing their training needs. KIPA is an executive agency that operates under the MIA.<sup>162</sup> Despite regular communication between the DMPO and KIPA and some DMPO guidance on the priorities of civil service training, little systematic co-operation on civil service training and development could be detected. The by-law on mandatory training foreseen by the LPO has not yet been adopted, considerably influencing the ability of KIPA to make further plans. Despite the conclusion of the 2021 monitoring that KIPA lacked the capability to fulfil the role of the central civil service training institution and the announced plans to

<sup>159</sup> Information obtained from HRM units during interviews conducted by SIGMA in April 2024.

<sup>160</sup> Out of 4 763 civil servants appraised in 2023, 21% were appraised at the highest level (outstanding achievement), 58% at the second highest (exceed expectations), 18% at the third highest (meets expectations), 2% at the level “needs improvement” and 0.4% (19 civil servants) – unacceptable.

<sup>161</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

<sup>162</sup> Law No. 04/L-221 on Kosovo\* Institute for Public Administration.

revise the KIPA regulations and resources, the problems persist.<sup>163</sup> Although the new internal regulation has been adopted, KIPA still has limited resources and budget, and has been affected by the recruitment void. As an agency with a staff of fewer than 20 people, KIPA HR is managed by the MIA. An advisory board composed of international experts was appointed by the Government in June 2023 to prepare the establishment of the National School of Public Administration.<sup>164</sup> The advisory board had not produced documented results by the time of the monitoring and the implications of this decision for the civil service training and development system have yet to be seen.

Training needs analysis (TNA) for the civil service is only modestly developed. The current training plan of KIPA relies on TNA completed in the beginning of 2021 with the support of a foreign aid project determining civil service training needs for the period 2022-2024.<sup>165</sup> No comprehensive TNA carried out after that or identifying the training needs for enforcement of the 2022 civil service legislative framework (LPO, LSPS) was found. The considerable role of foreign aid in training and development activities risks their sustainability. The training needs of individual institutions reach KIPA through meetings and requests, but KIPA's ability of to react to them in an operative way is limited. Training needs of TPM and low- and middle-level managers are not met. Training mostly takes place in the form of traditional classroom instruction, and little training is delivered digitally (3.9% in 2023).<sup>166</sup> No systematic online training is yet provided, as no e-learning platform had been set up at the time of the monitoring. No evidence was found of virtual or physical learning spaces in the civil service. The annual report of KIPA does not contain analysis of training quality, although individual training sessions are evaluated by their participants.

The LPO does not allow for promotion, and all vacancies on all levels are to be filled by open competitions. Only a limited number of promotion procedures took place in the civil service in the years 2022 and 2023. Horizontal mobility was the key means for dealing with the effects of stalled external recruitment, allowing the institutions to fill vacancies through temporary and permanent transfers. In 2023, of the 180 civil servants appointed, only 68 were recruited to the system through external recruitment, under the centralised arrangement of the previous LPO. Under the new LPO, grounds for both temporary and permanent transfers are foreseen as measures of redeployment. Temporary redeployment to another civil service position of the same category in the interest of the institution is envisaged, to improve the performance of an employee who has been evaluated in performance appraisal as "Needs improvement" or "Unacceptable", and for temporary medical reasons. Permanent redeployment is foreseen in case of incapacity for reasons of health; avoiding continued conflict of interest; a completion of suspension at the request of a civil servant when he or she cannot be reinstated to the earlier job position; as a measure of professional inadequacy; and as a disciplinary measure. In addition, the LPO provides the option of permanent redeployment for the interest of the state or the institution and in case of closure or restructuring.

Only in the case of redeployment on the last two grounds (interest of the institution, closure or restructuring), is the transfer required to take place within the same civil service category. In all other cases, the legislation does not prescribe restrictions to the transfer in terms of category and level but requires them to take place within the institution where the civil servant is employed.<sup>167</sup> The LPO gives no further details on decision making in case of permanent redeployment because of professional inadequacy, and the respective sub-legal act was adopted in September 2024.<sup>168</sup> The grounds for using permanent redeployment for the interest of state or the institution are not provided. It is not transparent if these cases

<sup>163</sup> OECD (2021), *Monitoring Report: Kosovo\**, OECD, Paris, p. 85, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>164</sup> Decision of the Government of Kosovo\* No. 32/148 from 29 June 2023.

<sup>165</sup> "Report on the assessment of training needs of civil servants in Kosovo\*", approved in January 2021. Based on the analysis, the Training Plan for 2022-2024 has been adopted as a separate document.

<sup>166</sup> KIPA annual report 2023.

<sup>167</sup> Regulation No. 02/2024 on the Transfer of Civil Servants, Article 10, p. 6.

<sup>168</sup> Regulation (MIA) No. 02/2024 on the assessment of professional insufficiency in the civil service, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=97449>



present potential mobility opportunities for other civil servants and should thus be centrally published. There are no reports analysing the practice of horizontal mobility of civil servants.

Additionally, no special measures in place to encourage horizontal mobility of disadvantaged groups (persons from non-majority backgrounds, people with disabilities, underrepresented gender).<sup>169</sup> As the system foresees appointment to all civil service positions through open competitions, their career opportunities in the civil service are currently addressed through external recruitment discussed under Principle 9. There was no training or campaign specifically focusing on disability awareness. Nevertheless, in co-operation with KIPA and the Agency for Gender Equality, 17 training sessions on the prevention and treatment of cases of sexual harassment in the workplace were conducted for civil servants involved in HR processes at the central and local level in 2023.<sup>170</sup>

<sup>169</sup> In 2023, 37% of civil servants were women.

<sup>170</sup> KIPA report on HR training in 2023.



## Organisation, accountability and oversight

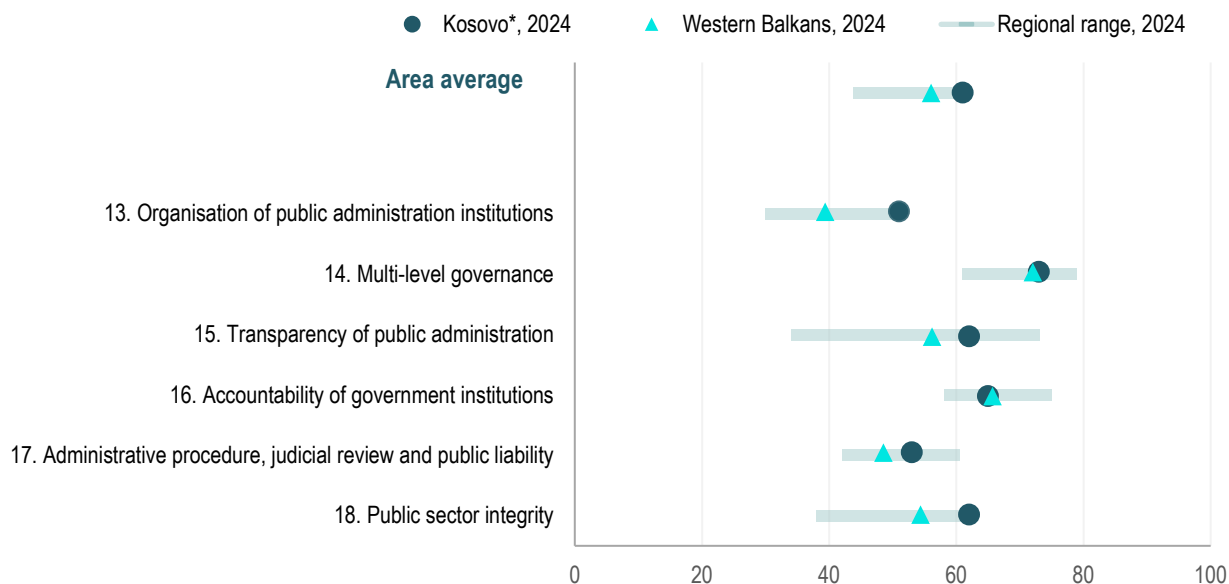
The organisation of the public administration is **efficient** and **effective** across all levels of government. Public administration bodies are **open** and **transparent** and apply clearly defined internal and external accountability mechanisms. Strong oversight bodies protect the rights of citizens and the public interest.

### The Principles of Public Administration

- Principle 13** The organisation and management of public administration foster accountability, effectiveness and efficiency.
- Principle 14** Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.
- Principle 15** Public administration is transparent and open.
- Principle 16** The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.
- Principle 17** The right to good administration is upheld through administrative procedure, judicial review and public liability.
- Principle 18** A coherent and comprehensive public sector integrity system minimises the risks of corruption.

## Summary and recommendations

Figure 23. The overall indicator values in the organisation, accountability and oversight area



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

**Some advance in promoting managerial accountability in the ministries** is the only noticeable sign of progress in the field of organisation of public administration since the last SIGMA Monitoring Report (2021).<sup>171</sup> The **implementation of a comprehensive and consistent framework for organisation** of the central public administration, laid out in the Law on the Organisation and Functioning of State Administration Bodies and Independent Agencies (LOFSAIA), **remains scattered**. Five years after adoption of this law, the vast majority of agencies still operate under the old rules of internal organisation. The performance management system prescribed by the LOFSAIA has only been implemented by a few agencies. The **process of rationalisation of agencies is slow**, however a new action plan for the rationalisation of agencies in two policy sectors has been adopted in September 2024. The creation of new agencies that are exempted from the general governance and accountability framework has not been prevented.

The **legislative framework for multi-level governance meets the basic standards**, and both the Constitution and the Law on Local Self-Government are based on principles of the European Charter of Local Self-Government. The **system of territorial organisation has elements of asymmetric decentralisation**, with extended functions for the capital city of Pristina and three municipalities with a Serbian majority. The Association of Kosovo Municipalities includes all municipalities, although communities with a Serbian majority are periodically inactive. The association is regularly consulted in the policy-making process.

In the practical functioning of the multi-level governance system there are noticeable weaknesses. The level of municipal autonomy is the lowest among all Western Balkan administrations. For instance, the right of municipalities to hire staff is limited by the fact that both salaries and the number of employees are set at the central level. Also, the autonomy for spending is low (as analysed under Principle 32). **Scope of functions provided by local governments is wide in social services, but relatively narrow in case**

<sup>171</sup> OECD (2021), SIGMA Monitoring Report: Kosovo\*. OECD, Paris, p. 115, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

**of technical infrastructure**, including solid waste and water management. Potential opportunities provided by inter-municipal co-operation are not used sufficiently.

*Ex post* assessment of the Law on Access to Public Documents has not been conducted, exposing the **problem of lack of policy ownership in the field of promoting transparency**. The Information and Privacy Agency, formally designated as the independent information commissioner, has limited powers, but also fails to demonstrate action against the main problems and challenges encountered by citizens in realising their right of access to information.

Independent oversight institutions (the Ombudsperson and National Audit Office) enjoy **strong guarantees of autonomy and investigative powers, but the level of implementation of the Ombudsperson's recommendations in particular remains very low** (below 20%). Parliament is not active in supporting these bodies in more effective scrutiny of the Government. Co-operation of the Ombudsperson and the Assembly has been increasingly affected by the tension between the parliamentary majority and the incumbent.

The **framework laws regulating administrative and judicial proceedings adequately secure the rights for good administration** and judicial review of administrative actions. However, **slow progress in harmonisation of special laws** and by-laws with the Law on General Administrative Procedure **and persistent efficiency issues in the courts seriously affect implementation of the right to good administration**. While the new Law on Administrative Disputes provides extensive powers to the court to redress unlawful administrative actions or omissions, efforts to reduce the time required for handling administrative matters by the courts have not proved successful.

**Lack of regulation of lobbying activities** is the major gap in the legislative framework for public integrity. The **anti-corruption measures and requirements, particularly including the system of asset declarations, cover a broad range of public officials, and compliance** with the obligations imposed by this system **is high**.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are largely in line with the Principles of Public Administration for most indicators included in this area. Implementation practice and results include gaps and inconsistencies, hindering the development of an effective accountability and oversight system in public administration.

**Figure 24. State of play in organisation, accountability and oversight by type of criterion**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

## Recommendations

1. In co-ordination with the Office of the Prime Minister (OPM), the Ministry of Internal Affairs should devise a clear and realistic plan to ensure swift completion of the long overdue implementation of the LOFSAIA and rationalisation of agencies, containing in particular commitments towards adjustment of the internal organisation of agencies and proper implementation of the performance management system.
2. The Government should provide more discretion in decision-making and autonomy for local governments in managing their everyday organisational operations, including for human resource management, and in provision of various services.
3. In parallel with the necessary review of the Law on Access to Public Documents to be led by the relevant ministry, the Information and Privacy Agency or the Ministry of Internal Affairs should establish a mechanism for comprehensive monitoring of the situation in the field of transparency, based on collection and in-depth analysis of the data on administrative and judicial practice.
4. The Parliament should ensure adequate support to the oversight institutions, especially the Ombudsperson, by establishing mechanisms for monitoring of implementation of their recommendations and urging the Government to address specific recommendations.
5. The Ombudsperson should revise its approach to monitoring and reporting on implementation of its recommendations (especially rules for qualification of recommendations as pending) in order to ensure that poor responsiveness of public authorities is properly exposed and reported.
6. The Ministry of Justice (MoJ), in co-operation with the Kosovo\* Judicial Council (KJC), should develop and implement a risk treatment plan for ensuring good access to administrative justice in the course of implementation of the major organisational and procedural reforms, i.e. the introduction of the new Law on Administrative Disputes and the likely establishment of the single Administrative Court.

## Analysis

### Principle 13: The organisation and management of public administration foster accountability, effectiveness, and efficiency.

Little progress has been made with regard to effective and consistent implementation of the governance and accountability scheme for public administration bodies established in the LOFSAIA. A new plan for rationalisation of agencies in two policy sectors has been recently adopted, and while few agencies were abolished, new institutions were also created without strong justification.

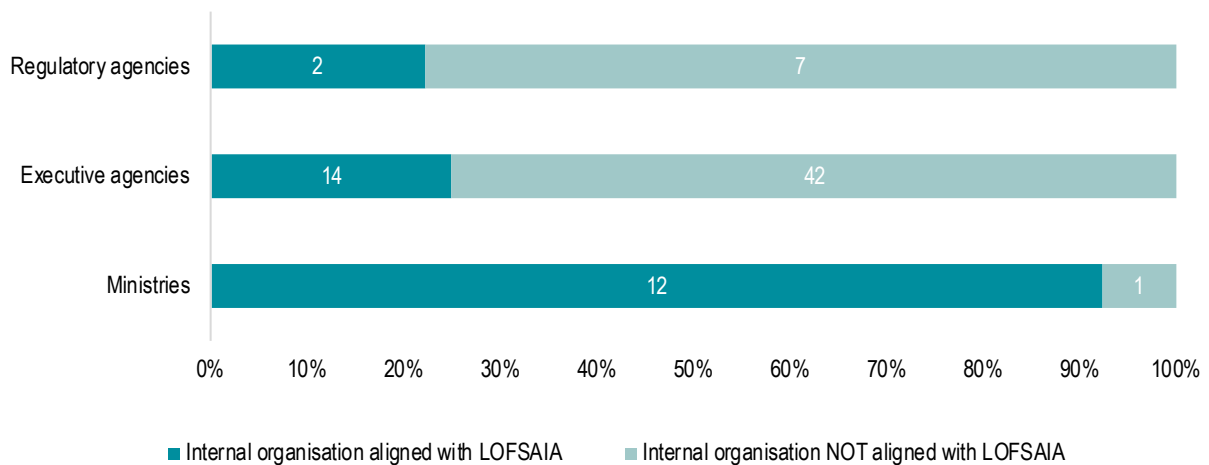
Indicator 13. The organisation and management of public administration foster accountability, effectiveness and efficiency		2024 indicator value	51/100
Sub-indicators		Points	
1.	Clarity and coherence of official typology of central government bodies	2.5/10 <sup>i</sup>	
2.	Effective mechanisms for keeping the organisation of public administration rational	3/10	
3.	Strength of basic accountability mechanisms between ministries and subordinated bodies	7/8	
4.	Strength of the accountability framework for promoting performance	6.2/15	
5.	Number of public bodies subordinated to the parliament	0/8	
6.	Autonomy of regulatory bodies according to the legislation	9.5/10	
7.	Effective internal organisation	5/6	
8.	Effective performance of public administration	2.1/6	
9.	Delegation of decision-making authority within ministries	13.9/15	
10.	Horizontal co-ordination in PAR areas	2/4	
11.	Use of Total Quality Management (TQM) tools	0/4	
12.	Level of focus on reducing the environmental footprint of public administration bodies	0/4 <sup>i</sup>	

Note: i = data not available or not provided.

The Law No. 06/L-113 on Organisation and Functioning of State Administration Bodies and Independent Agencies<sup>172</sup> (LOFSAIA) provides rational and comprehensive legislative framework for the central public administration, structured around a simple typology of government bodies (ministries, executive agencies, regulatory agencies). It also gives clear guidance for the creation and design of any new institution. The adoption of this law in March 2019 was combined with a shift towards rationalisation of agencies, based on the Action Plan adopted in June 2018. However, the progress both with the implementation of the LOFSAIA and with restructuring agencies remain slow. Figure 25 demonstrates little advance in adjusting the internal organisation of public administration bodies to the LOFSAIA standards.

<sup>172</sup> Law No. 06/L-113 on Organisation and Functioning of State Administration Bodies and Independent Agencies.

**Figure 25. Progress in adoption of the acts on internal organisation of ministries, executive agencies and regulatory agencies (June 2024)**



Source: Data provided by the Ministry of Internal Affairs.

Rationalisation of agencies was relaunched in 2022, primarily focusing on the “low-hanging fruit”, i.e. transferring accountability lines for four agencies from the Assembly to the ministries.<sup>173</sup> These changes did not involve any organisational adjustments and did not fully address the problem of excessive number of executive bodies reporting to the Legislature. The number is now 15 (excluding constitutional and oversight bodies), compared with 22 prior to the entry into force of the LOFSAIA. In addition, in September 2024, a new action plan for rationalisation of agencies in two policy sectors (economy and culture) was adopted.<sup>174</sup>

Further, two agencies were absorbed by the relevant ministries.<sup>175</sup> The status of the restructuring process on the Government’s agenda is not clear, considering the absence of a strategic direction with a tangible action plan or concept for rationalisation. Parallel, counter moves towards further creating more agencies could be observed, demonstrated by the new government agencies being created recently, including the Agency for Protection of Classified Information (APCI) and the Anti-Doping Agency.

Apart from illustrating continuous pressure towards the establishment of new organisations, both cases demonstrate the weakness of gatekeeping and *ex ante* control mechanisms. Both bodies were established without the presentation of a strong business case for setting up new bodies or proper consideration of alternative solutions (in particular, assigning the relevant functions to existing ministries or agencies), even though these are required by the Methodology for the Preparation of Proposal for the Establishment, Merger and Termination of Agencies, adopted by the Ministry of Internal Affairs in January 2023.<sup>176</sup> Moreover, the APCI was established in a format that circumvented the LOFSAIA standards for this type of body. According to the LOFSAIA, its functions should fall into the category of executive agencies, but its

<sup>173</sup> Law No. 08/L-063 on amending and supplementing the laws related to the rationalisation and establishment of accountability lines of the independent agencies.

<sup>174</sup> Ministry of Internal Affairs Act No. MPB-01/2024-V on the Programme of Rationalisation of Agencies

<sup>175</sup> Agency for Protection from Radiation and Nuclear Safety, Agency for Energy Efficiency.

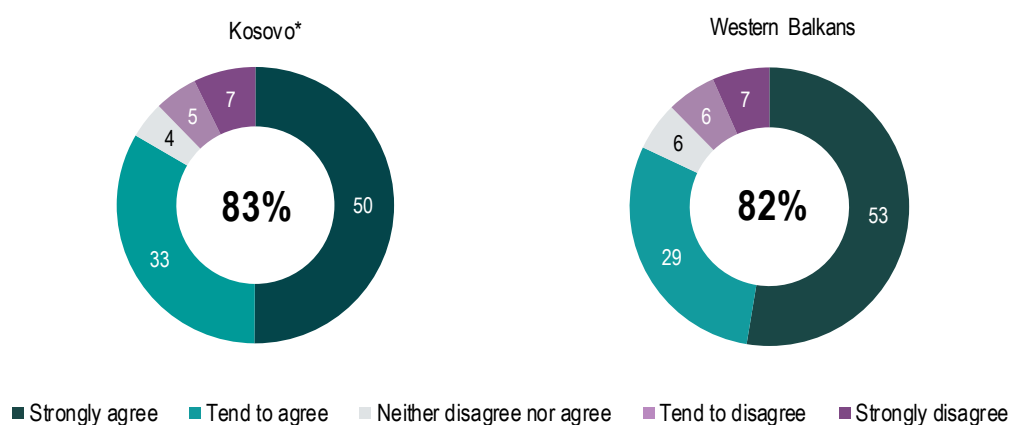
<sup>176</sup> Ministry of Internal Affairs, Methodology for the Preparation of Proposal for the Establishment, Merger and Termination of Agencies, Pristina 2023.

status was regulated with major deviations from this model and with no reference to this category of administrative body.<sup>177</sup>

This case demonstrates the low capacity of the ministry responsible for public administration. In terms of its control over organisational development of public administration, it has not even provided an opinion on the proposal for the creation of the APCI. Furthermore, consistent application of the organisational set-up is undermined by the absence of a comprehensive inventory of all administrative bodies (including bodies subordinated to the Assembly), with all necessary details on their set-up and management, allowing both the responsible ministry and the wider public to have up-to-date information about the organisational landscape.

The flawed implementation of the LOFSAIA is also undermining the efforts to set up a results-oriented performance management system for agencies subordinated to ministries. The vast majority of these failed to prepare annual performance plans setting specific objectives and targets negotiated with the portfolio ministries. Annual reports of agencies (and ministries) are generally output-oriented and do not provide information on whether they have accomplished their objectives and targets. There is no evidence of any performance dialogue between ministries and agencies. It should also be noted that the performance management system regulated by the LOFSAIA does not include planning and reporting of performance at the level of ministries. This gap has led to a lack of policy guidance for preparing the performance plans of the executive agencies subordinated to the ministries. Two ministries<sup>178</sup> have recently prepared three-year institutional plans, with specific objectives and operational goals accompanied by performance indicators and targets. This promising practice demonstrates that an absence of detailed regulation in the legislation is not an obstacle to promoting the results-oriented culture of management. Further, more than 80% of the civil servants SIGMA surveyed indicated that they considered their performance targets clear, suggesting that some general guidance is provided by the leadership of institutions. (Figure 26).

**Figure 26. Perception of clarity of targets among civil servants**



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statements?" "My department has a clear set of targets that we need to achieve". The percentage in the middle is the share of the respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Public Servants on public administration in the Western Balkans 2024.

The most positive trends could be observed in the sphere of internal management of public administration bodies and strengthening managerial accountability. In accordance with the LOFSAIA, the general

<sup>177</sup> For example, the head of APCI is appointed by the Prime Minister without any competition, while for directors of executive agencies, the competitive procedure of appointment regulated by the Law on Public Officials should apply. Further, the employees of APCI – in contrast to staff of executive agencies – do not have the status of civil servants.

<sup>178</sup> Ministry of Economy and Ministry of Local Self-Government.



secretaries of ministries enjoy the status of top managers of the administrative apparatus, carrying out key human resource management and financial management functions. Delegation of decision-making powers to the lower levels of management (heads of organisational units) is also progressing. The most problematic issue concerning the general secretaries is their weak mandate for managing performance of executive agencies in the ministries' domains. While the LOFSAIA assigns the general secretaries the overall responsibility for ensuring management, co-ordination, control and supervision of the entire ministerial system, the regulation of the performance management system emphasises the leading role of the minister in monitoring subordinated bodies.

Apart from the fundamental challenges detailed above, no practice of using tools of organisational quality management or systemic data collection, monitoring and publication of information about the environmental footprint of administrative bodies have been set up.

Furthermore, the overall performance of the administration and the effectiveness of co-ordinating public administration reform (PAR) across various areas is weak.

**Principle 14: Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.**

The legislative framework for multi-level governance is mostly in line with the Principles. The level of municipal autonomy is low and inter-municipal co-operation is not sufficiently used. The scope of functions provided by local governments is broad in social services, but relatively narrow in the case of technical infrastructure, including solid waste and water management.

Indicator 14. Multi-level governance		2024 indicator value	73/100
Sub-indicators		Points	
1.	Legal guarantees for the establishment and functioning of local governments ensuring multi-level governance across the public administration	7/7	
2.	Ensuring political autonomy of local governments and the right to organise their administration and establish local entities	13/16	
3.	Rules and procedures for the administrative supervision of local government activities and decisions	16/16	
4.	Rules and institutional set-up for resolving conflicts of competences among levels of government	6/6	
5.	Co-ordination and co-operation are ensured between the local governments and the central government	12/12	
6.	Co-operation between local governments	4/13	
7.	Functions for which local governments assume responsibility	15.4/30	

Although Kosovo\* is not a member of the Council of Europe and thus could not formally ratify the European Charter of Local Self-Government, its Constitution directly refers to the Charter. Article 123 states that “the activity of local self-government bodies is based on (...) the European Charter of Local Self-Government”. The Law on Local Self-Government<sup>179</sup> mentions the Charter in the preamble and is to a large extent based on the Charter (several articles of the Law reproduce the provisions of the Charter). In such circumstances, it is not surprising that the configuration of its multi-level governance is similar to that of other administrations in the Western Balkans. The system of multi-level governance has been stable in recent years. However, according to the study of the Local Autonomy Index<sup>180</sup> in Europe (solicited by the

<sup>179</sup> Law on Local Self-Government, No. 03/L-040 (2008).

<sup>180</sup> <http://local-autonomy.andreasladner.ch/>.

European Commission), the level of local autonomy is still not only lower than the average in European Union (EU) countries, but also lower than in other Western Balkan administrations (Table 3).

**Table 3. Local Autonomy Index (LAI) in Kosovo\* compared to the EU average**

	2000	2010	2015	2020
Kosovo*	14.0	17.4	17.4	17.4
EU average	22.2	22.5	22.9	22.8

Note: The maximum LAI score is 38.

Source: <http://local-autonomy.andreasladner.ch/>, A. Ladner et al. (2019), *Patterns of local autonomy in Europe*, Palgrave, DOI: 10.1007/978-3-319-95642-8, Ladner, A., N. Keuffer and A. Bastianen (2021), *Self-rule Index for local authorities in the EU, Council of Europe and OECD countries (1990-2020)*. Release 2.0. Brussels: European Commission.

Basic rights and autonomy of local governments are guaranteed by the Constitution<sup>181</sup> (in particular Chapter X, with Article 123 defining basic rights) and by the Law on Local Self-Government, securing transparency of local councils' operation, citizens' access to information and various forms of citizen participation in policy making.<sup>182</sup> The Law on Local Self-Government has a special status, which requires a double majority in the case of amendments to the Law.<sup>183</sup>

Local authorities are democratically elected by all residents in the community. Since 2007, the election has included the direct election of council members (under the proportional system),<sup>184</sup> which leaves no local flexibility for municipalities.

The territorial system established in 2008 created smaller municipalities, which increased the number of municipalities from 30 to 38. Nevertheless, municipalities are still relatively large, with only three local governments having less than 5 000 citizens and a further seven less than 10 000 citizens. Elements of asymmetric decentralisation can be observed, with a special status for Pristina.<sup>185</sup> In addition to the functions that other municipalities provide, Pristina also has competences in police and health protection. Article 19 of the Law on the Capital City also guarantees a special grant to finance Pristina's budget. The second group of special status municipalities includes three municipalities with Serbian majority populations, which have special competences in the areas of secondary health care, university education, culture and enhanced participatory rights in the selection of local police station commanders. In other municipalities, these competences are undertaken by central government institutions. At the same time, on the basis of Article 17s of the Law on Local Self-Government, municipalities are free to assume any task that is not explicitly excluded from their competence or assigned to any other authority.

Local governments have significant organisational autonomy, but their right to hire staff and regulate their professional working conditions is limited by the fact that both salaries and the number of employees are set at the central level.<sup>186</sup> Local governments cannot change the number of administrative staff, but they may reallocate them among departments. Hiring additional staff requires central government approval.

<sup>181</sup> Signed in 2008.

<sup>182</sup> Law on Local Self-Government, Article 4 and Chapter IX, Articles 68-73.

<sup>183</sup> Double majority: A majority of the General Assembly and the majority of the members of parliament belonging to the non-majority ethnic communities.

<sup>184</sup> Law on Local Elections No. 03/L-072 (2008). See also: Memeti, M. (2022), "Kosovo\*: Local elections", in: A. Gendźwiłł, U. Kjaer and K. Steyvers (eds.), *The Routledge Handbook of Local Elections and Voting in Europe*, Routledge, London.

<sup>185</sup> Regulated by the Law on the Capital City of the Republic of Kosovo\*, Pristina, No. 06/L-012 (2018).

<sup>186</sup> See the Law on Public Officials No. 08/L-197 (2023) and Administrative Instruction No. 01.2018 on Appointment of Support Staff in Municipalities (in particular Article 9 of the Instruction).

Supervision of local governments is limited to the principle of legality and is regulated first by Chapter X of the Law on Local Self-Government and by the Regulation on the Administrative Review of the Municipal Acts.<sup>187</sup> In the process of supervision, the Ministry of Local Government Administration (MLGA) monitors the legality of decisions made by local governments. In cases where their legality is challenged, the municipality has 30 days to introduce the proposed changes. If no response is forthcoming from local authorities, the Ministry does not have the authority to impose any sanctions but may send the case to administrative court. In case of conflicts between central and local authorities (or the association of local governments), under Article 113.4 of the Constitution, local governments are authorised to refer to the Constitutional Court,<sup>188</sup> as well as to administrative courts.

The Association of Kosovo\* Municipalities was established in 2001. Four municipalities with majority Serbian populations had not been active in the association, but recently, two decided to pay the membership fee and participate in ongoing activities. The association is organised in sectoral “collegia” focusing on various services and functions of local governments. The association and its collegia play an important role in the process of consultations<sup>189</sup> on new policies and regulations concerning local governments. At the beginning of each year, the association receives a copy of the Government’s legislative plan. Later, the working groups are organised to discuss relevant new legislation, and representatives of the association are invited to those groups considered important by individual collegia. In 2024, for example, the association was represented in 25 out of 101 working groups.<sup>190</sup>

The Government acknowledges the role of inter-municipal co-operation (IMC), which led to the adoption of a separate Law on Inter-Municipal Co-operation in 2011.<sup>191</sup> This is supported by written guidance for inter-municipal and international municipal co-operation. However, given the limited incentives, such co-operation has been restricted to improving organisation of local public services requiring an economy of scale. Government offers financial incentives through a call for IMC projects; but such support is low, with only EUR 50 000 for all such initiatives forthcoming in 2024.<sup>192</sup> Involvement of municipalities in cross-border co-operation is common, chiefly with international donor programmes, including those financed by the EU.

Local governments’ responsibilities include education, culture, social assistance and social care, but local policy and organisational discretion over these services is limited. At the same time, municipalities have a limited role in infrastructural services that are typically delivered by local governments in Europe: solid waste management, water provision and wastewater treatment. Both services are provided by state-owned regional enterprises, and local governments have minimal involvement in their management. Public dissatisfaction with the operation of these services is demonstrated in the attempts of some municipalities to create their own companies, whose establishment has been delayed by the Ministry of Economy.

Citizens’ trust in local government is moderate, higher than elsewhere in the Western Balkans. Indeed, 46% of citizens who responded to the SIGMA survey expressed that they have trust in their local government in Kosovo\* while the regional average is 39%. Nevertheless, trust in local governments is lower than trust in other institutions like the civil service in Kosovo\*. (Figure 27).

<sup>187</sup> Regulation No. 10/2019 on the Administrative Review of Municipal Acts.

<sup>188</sup> According to interviews with the Association of Local Governments, last year provided one such example, when the association sent the Law on Immovable Properties to the Constitutional Court.

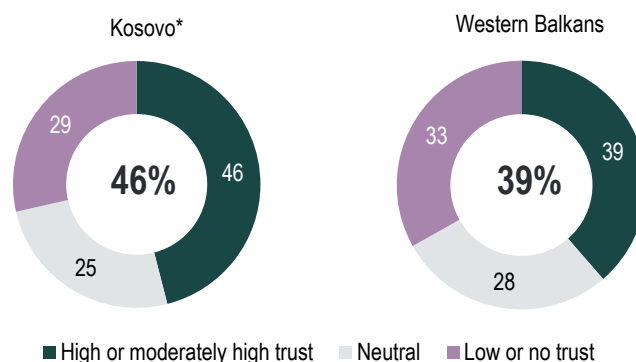
<sup>189</sup> Regulated by the Law on Legislative Initiatives, No. 04/L-025 and Regulation No. 05/2016 on Minimum Standards for Public Consultation Process. However, neither regulations mention local governments nor the association directly, referring in more general terms only to “interested parties”.

<sup>190</sup> Information gathered in an interview with the association.

<sup>191</sup> Law on Inter-municipal Co-operation, No. 04/L-010 (2011).

<sup>192</sup> According to information collected during interviews, the amount allocated for IMC grants in 2023 was higher (EUR 90 000), but not enough good proposals were submitted, so the funds for the following year were cut. See also: Kurian, M., P. Swianiewicz and F. Teles (2024), “Inter-municipal co-operation in the Western Balkans”, *SIGMA Papers*, No. 70, OECD Publishing, Paris, <https://doi.org/10.1787/a78a01e6-en>.

**Figure 27. Citizen trust in local governments**



Note: Percentage of valid responses to survey question:

"How much trust do you have in the local government? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust. The percentage in the middle is the share of respondents who answered "high or moderately high trust".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

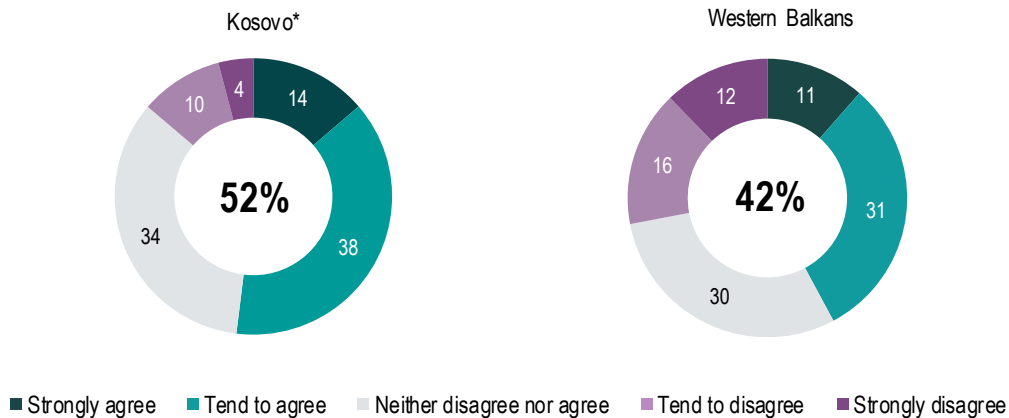
### Principle 15: Public administration is transparent and open.

Lack of policy ownership and leadership affects progress in enhancing transparency of government bodies. While the Information and Privacy Agency performs the functions of the information commissioner, it demonstrates little understanding of the major problems and shortcomings in ensuring broad access to public information.

Indicator 15. The public administration is transparent and open		2024 indicator value	62/100
Sub-indicators		Points	
1.	Strategic and institutional set-up for transparency	6.5/10	
2.	Individuals and legal persons who have the legal right to access public information	6/6	
3.	Definition of public information	5/6	
4.	Easiness of requesting access to public information	4/15	
5.	Effective remedies for denial to access public information	12.5/15	
6.	Effective supervisory authority of the right to access public information	6/9	
7.	Legislation about preservation and management of documents and data keeping	9/10	
8.	Open Data Portal and re-use of public information	4/15	
9.	Proactivity in disclosure of information and data by state administration bodies	6.2/10	
10.	Perceived government transparency of public information by the population and businesses	2.5/4	

More than half of the citizens and businesses consider the transparency of government activities and decisions as satisfactory, which exceeds the regional average (Figure 28 and Figure 29). On the other hand, SIGMA review of websites of public bodies revealed limitations in accessing relevant information about the functioning of state bodies, especially regarding planning documents, financial and salary data, as well as consolidated versions of the national legislation. The poor quality and accessibility of the existing open data portal creates further obstacles for citizens in overseeing the functioning of the Government.

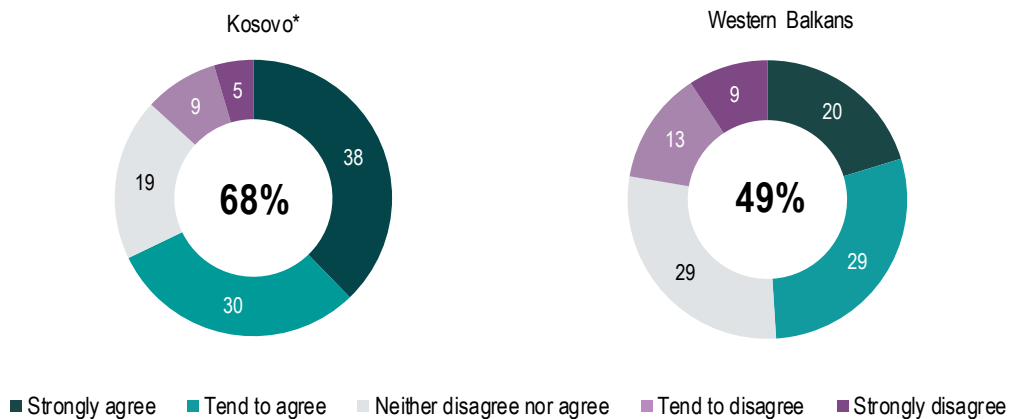
**Figure 28. Citizen perception of government willingness to publish information**



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement? The government publishes information about government decisions (e.g., budget, tenders, policies, etc.)”. The percentage in the middle is the share of the respondents who answered “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

**Figure 29. Business perception of government willingness to publish information**



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement?” “The public administration publishes information about government decisions and regulations relevant for the operation of your business in a helpful and accessible manner (e.g. budget, tenders, policies, etc.)”. The percentage in the middle is the share of the respondents who answered “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

The legislative and institutional set-up for promoting transparency (including access to public information, reuse of information and open data) superficially appears to be well-established, but in-depth analysis reveals major problems. Shortcomings can already be detected at the level of strategic framework. The PAR Strategy dedicates little attention to enhancing access to public information. The major activity planned, also recommended by SIGMA, i.e. *ex post* review of the new Law on Access to Public Documents<sup>193</sup> (LAPD), was not implemented before the deadline passed at the end of 2022. The new open data portal envisaged by the strategy has not been launched either.

<sup>193</sup> Law No. 06/L-081 on Access to Public Documents.

The failure to complete these tasks reveals an absence of strong leadership and ownership in this policy area. While some operational and technical responsibilities are assigned to the Agency for Information Society (developing an open data portal, supporting maintenance of the websites of public bodies), the task of *ex post* assessment of the LAPD was allocated to the Information and Privacy Agency (IPA), performing the functions of an independent information commissioner reporting only to the Assembly. Although the IPA should actively participate in such a review, this typical policy-related function should be performed under the leadership of the relevant ministry. However, under the current regulation defining the areas of responsibilities of ministries, the policy on access to public information, reuse of information and open data is not allocated to the portfolio of any ministry.

The need for review and potential revision of the legislative framework for access to information is clear. While the LAPD relies on a broad definition of public information and the scope of legitimate restrictions in access to information is compatible with the Tromsø Convention,<sup>194</sup> several gaps and shortcomings compromise the proper exercise of the right of access to information.

On the one hand, the catalogue of information to be disclosed proactively is narrow. Financial and procurement data, for example, may be missing, or data on employment and salaries, and information on concluded contracts and subsidies granted. On the other hand, the most important deficiencies relate to the monitoring and enforcement of the right to information, especially in the powers of the IPA. While the long-awaited appointment of the head of IPA in June 2021 enabled the institution to perform its core functions, the institutional setup for this body does not safeguard effective enforcement of the right to information. Its current role is confined to handling appeals against decisions of first-instance bodies refusing access to information or failing to respond to the requests within the statutory deadline. In this context, the steep rise in the number of complaints received and processed should be noted (from 139 in 2021 to 552 in 2023). It is not clear what has caused this. According to the IPA, the vast majority of complaints are resolved in an amicable manner, through voluntary release of information by the institutions requested, without the need to issue any decision ordering it.

The IPA is generally responsible for monitoring of the implementation of the LAPD, but neither the IPA nor any other body have the mandate to conduct inspections and audits of compliance of public authorities with the transparency obligations. In addition, the mechanism for collection of data on the practice of processing public information requests is flawed. No uniform template for aggregation and submission of the statistical data on decisions of information providers is available, and the IPA does not have the authority to issue fines for failure to report statistical data on administrative practice.

The annual report of the IPA does not contain any qualitative analysis of the administrative practice that would help identify the most common and persistent forms of violation of the right to information or discrepancies in interpretation of the legislative framework.

<sup>194</sup> Council of Europe Convention on Access to Official Documents of 18 June 2009, online: <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/205>.

## Principle 16: The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.

While the independent oversight bodies are formally in a strong position, this is in stark contrast to their lack of effectiveness in holding public administration accountable and their relatively low public trust. The Legislature fails to address these challenges by providing support to the Ombudsperson Institution (OI) and the supreme audit institution and stimulating the responsiveness of public authorities to their recommendations.

Indicator 16. Effectiveness of scrutiny of public authorities by independent oversight institutions		2024 indicator value	65/100
Sub-indicators		Points	
1.	Parliamentary oversight of the government	6.3/9	
2.	Parliamentary support to the ombudsperson and the supreme audit institution (SAI)	4/12	
3.	Independence of the ombudsperson, capacities, and public trust	8.4/13	
4.	Requirements for the person appointed to the ombudsperson position	4/6	
5.	Mandate and powers of the ombudsperson	8/8	
6.	Implementation of ombudsperson recommendations	6/13	
7.	Independence of the state audit institution (SAI)	9.1/12	
8.	Capacities of the supreme audit institution (SAI) and public trust	4/9	
9.	Mandate and powers of the supreme audit institution (SAI)	6.6/7	
10.	Implementation of supreme audit institution (SAI) recommendations	8.1/11	

The procedural rules of parliamentary oversight of the executive are in place, and a slight majority of citizens perceive the Assembly as effectively scrutinising the Government. Independent oversight institutions (the Ombudsperson Institution or OI and the National Audit Office) enjoy relatively strong guarantees of their formal autonomy and investigatory powers. The OI's mandate<sup>195</sup> includes protection, supervision and promotion of fundamental rights and freedoms of natural and legal persons from illegal actions or failures to act and improper actions of public authorities, institutions and persons or other bodies and organisations exercising public powers. It has the right to launch investigations both upon request and *ex officio*, as well as to initiate constitutional review of the legislation.

The Ombudsperson's investigations could be performed without procedural obstacles. Deadlines are established in the law to provide the Ombudsperson with necessary information. Further, refusal to co-operate with the Ombudsperson by public authorities constitutes a ground for the Ombudsperson to request initiation of administrative proceedings by the competent body, including disciplinary measures, up to dismissal from work or from the civil service. If the institution refuses to co-operate or interferes in the investigative process, the Ombudsperson has the right to require from the competent prosecution office to initiate legal procedure for obstruction of performance of official duty.

The mandate and powers of the National Audit Office (NAO) are formulated in a manner ensuring similarly strong safeguards for effective performance of its oversight functions. However, its institutional jurisdiction is narrower than required by the international standards, due to exclusion of some institutions, such as the Central Bank, Radio Television of Kosovo\*, Kosovo\* Pension Funds, and the Kosovo\* Intelligence Agency.

The strong formal position of independent accountability bodies needs to be contrasted with their limited effectiveness in scrutinising the Government and the low public trust compared to trust in other institutions

<sup>195</sup> Law No. 05/L-019 on the Ombudsperson.

in Kosovo\*. Less than one-fifth of the OI's recommendations issued in 2023 were implemented, as in 2020. (Table 4).

**Table 4. Implementation rate of OI recommendations**

	2021	2022	2023
Share of fully implemented recommendations	27%	23%	17%

Source: Data received from the OI.

It should be noted that the OI follows a peculiar approach in terms of developing and reporting on its recommendations. In contrast to most of the ombudsperson institutions internationally, the majority of recommendations result from *ex officio* investigations, with little impact on resolving individual cases of violations of the rights and freedoms of claimants. Further, the status of a large number of the of recommendations (233 out of 300 in 2023<sup>196</sup>) are reported as “pending implementation”. More detailed analysis shows that, for example for the majority of the recommendations from 2022, this status remained unchanged by the end of 2023. This indicates a rather lenient approach on the part of the OI towards the addressees of the recommendations, but it also artificially downplays the problem of its low responsiveness.

The Legislature fails to provide the OI with adequate support. No committee is explicitly tasked with co-operation with the Ombudsperson, although some communication is maintained with the Committee on Human Rights and Freedoms. The annual report of the OI for 2022 was discussed at the plenary session of the Assembly only in May 2024. Only to a limited extent can this delay be explained by the procedural changes in handling reports of independent institutions.<sup>197</sup>

A more important problem is the formula for reviewing the annual reports of independent oversight institutions and the practice of co-operation between the OI and NAO and the Legislature. According to the Assembly's Rules of Procedure, analysis of the annual report of oversight bodies focuses more on assessing their performance than using it to urge the Government to eliminate the deficiencies that are identified. Processing of the reports includes performance appraisal of the independent body's work, appraisal of the annual report and addressing the independent body with the recommendations. Discussing the level of responsiveness of public authorities to the recommendations of the OI and other oversight bodies is not considered a mandatory element of this process.

What poses even greater concern is the tension between the current Ombudsperson and the parliamentary majority, fully unveiled during the presentation of the annual report of the OI for 2022 at the plenary session of the Assembly. The members of parliament refrained from discussing the findings of the report. Instead, the representative of the parliamentary majority made a series of allegations involving negligence and poor performance, and the Ombudsperson was given no opportunity to respond to them. In conclusion, the report of the OI was rejected by the Assembly.<sup>198</sup> The report of the NAO for 2022 was considered at the same session of the Assembly and approved, but without any presentation by the head of the institution and without discussion of the findings of the report. While the Parliament has the right to formulate suggestions and recommendations towards oversight bodies, it should concentrate primarily on reacting to shortcomings and problems in the functioning of the executive that are flagged by the oversight institutions, as well as safeguarding their independence. This does not appear to be the current focus of

<sup>196</sup> Data provided by the OI.

<sup>197</sup> Under the new Rules of Procedure of the Assembly, the annual report of the Ombudsperson (and other independent bodies, including NAO) may be considered by the Legislature only after review of their financial and audit reports (Article 98 of the Rules of Procedure of the Assembly).

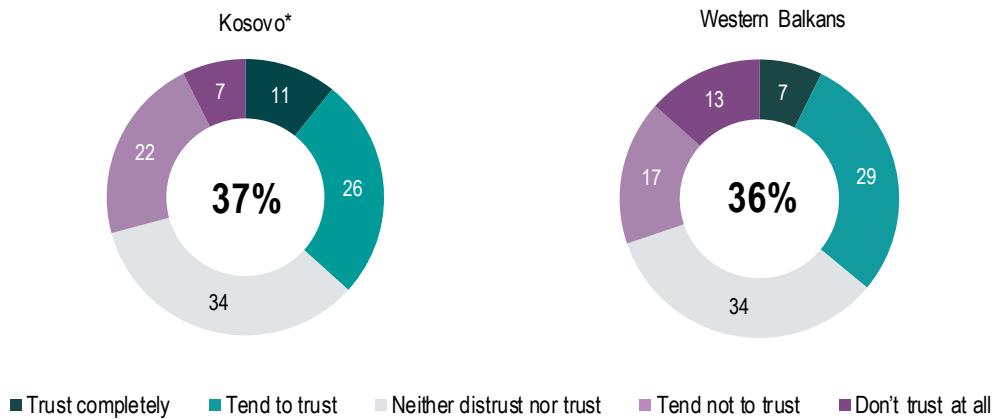
<sup>198</sup> Plenary Session of the Assembly, 23 May 2024.



the Legislature, and it may only encourage the government bodies to ignore the OI’s recommendations, which is already a problem, as noted above.

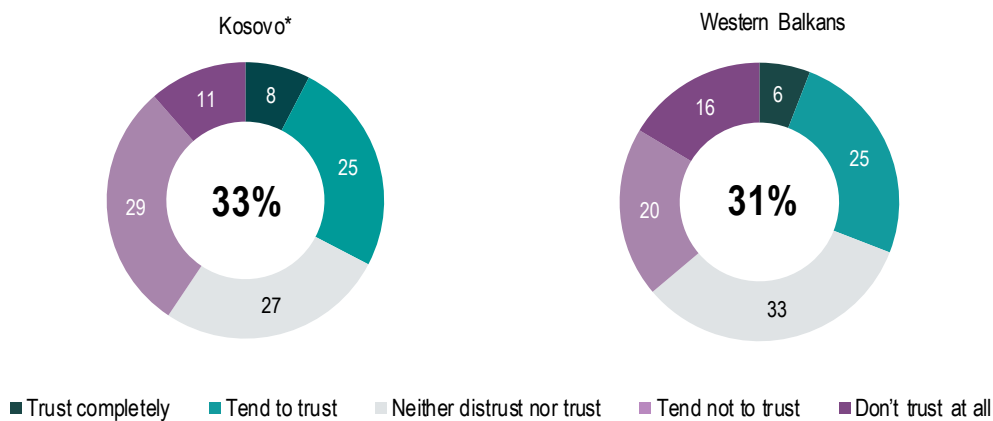
Public perception of the oversight institutions is another challenge. Confidence in the OI and the NAO is below the regional average, and neither institution could restore the levels of trust they enjoyed in 2017/2018, as captured in the Balkan Barometer studies. Moreover, results of the SIGMA Survey of Citizens 2024 show that, in Kosovo\*, trust in the Ombudsperson and SAI is much lower than trust in other institutions like the civil service or local governments.

**Figure 30. Citizen trust in the Ombudsperson**



Note: Percentage of valid responses to the question: “How much trust do you have in the following institutions? Ombudsperson”. The percentage in the middle is the share of the respondents who answered “trust completely” or “tend to trust”.  
 Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

**Figure 31. Citizen trust in the SAI**



Note: Percentage of valid responses to the question: “How much trust do you have in the following institutions?” “Supreme Audit Institution”. The percentage in the middle is the share of the respondents who answered “trust completely” or “tend to trust”.  
 Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

### Principle 17: The right to good administration is upheld through administrative procedure, judicial review and public liability.

While the legislation on general administrative procedure meets the standards of good administration, the process of alignment of the primary and secondary legislation with the general procedural framework for administrative procedures is incomplete. There is no central monitoring of performance in administrative decision making, though the satisfaction of both citizens and especially businesses with the lawfulness, consistency and impartiality of administrative proceedings is the highest in the region.

Indicator 17.1. Due process and good administrative behaviour when conducting administrative procedures and applying public authority		2024 indicator value	55/100
Sub-indicators		Points	
1.	Due process in the legal framework regulating administrative procedures	20.5/30	
2.	Timeliness of administrative procedures	8.3/20	
3.	Public perception of the lawfulness and impartiality of administrative procedures	3.5/6	
4.	Business perception of the consistency and impartiality of conducting administrative procedures	4.9/6	
5.	Functioning of administrative appeal	5.8/10	
6.	Monitoring the effectiveness of administrative procedures	8/18	
7.	Legal framework and application of the public liability regime	4/10	

The general framework for administrative proceedings established by the Law on General Administrative Procedure<sup>199</sup> (LGAP) meets the minimum standards of good administration. The basic rights of the parties are enshrined, including the right of access to files of the proceedings, the right to be heard prior to final decision and the right to appeal first-instance decisions. Administrative appeal may also be lodged against administrative inaction, if the public institution has kept silent past the statutory deadline. However, the process of aligning the massive number of sectoral laws and by-laws with the LGAP is progressing slowly. Only in 2022, five years after the LGAP entered into force, was the methodology and plan for harmonisation of special legislation with the LGAP adopted, followed by the legislative proposal for the first omnibus law introducing changes to 49 laws. Current progress in aligning special laws with the LGAP is not clear. The Action Plan for PAR Strategy anticipated that around 900 acts would be revised,<sup>200</sup> but the latest report about the implementation of the Strategy provides only limited information about progress in this process.

In addition, due to poor harmonisation of other procedural laws and by-laws with the LGAP, some important principles established by this framework law are not followed in specific administrative procedures. For example, the once-only principle established by the LGAP remains a dead letter in the sample procedures SIGMA analysed.<sup>201</sup> The special laws regulating them require the applicants to provide administrative bodies with documents proving data that are already in the possession of the public administration. Further, the possibility of electronic communication with administrative authorities (formally guaranteed by the LGAP) is not necessarily recognised in every procedure reviewed.

The LGAP also contains the particularly controversial formula of silent consent (fictitious administrative act<sup>202</sup>), if the administrative authorities fail to handle the application within the

<sup>199</sup> Law No. 05/L-031 on General Administrative Procedure.

<sup>200</sup> Action Plan for implementation of Public Administration Reform Strategy 2022-2027, p. 12.

<sup>201</sup> In particular, the procedure for foreigners applying for a work permit; applying for disability benefit; construction permit and taxi permit.

<sup>202</sup> Article 100 of the LGAP.

statutory deadlines. As a rule, the LGAP stipulates that in such cases, the requested rights are deemed to be granted. While this solution might be perceived as particularly favourable to the parties, considering the limited alignment of special legislation with the LGAP, it instead provokes legal uncertainty among parties to administrative procedures and may even pose risks to the public good.

More structured insight into the practice of administrative procedures is not available, since there are no mechanisms for collection and aggregation of statistical data, especially on efficiency in concluding administrative proceedings. In addition, responsibility for monitoring the efficiency and effectiveness of administrative proceedings is not clearly allocated to any state body.

Public perception of the public authorities' impartiality and lawfulness in handling administrative matters is the highest in the region, as is business perception of predictability of laws and regulations, as well as impartiality in their implementation. Over half of the population and two-thirds of the businesses surveyed by SIGMA present a generally positive assessment of the administrative decision making<sup>203</sup>.

### ***Effective and fair handling of administrative judicial disputes***

The new legislative framework for judicial review of administrative actions provides courts with extensive mandate for correcting maladministration. However, continuous efficiency issues are not properly addressed. The combination of entry into force of the new Law on Administrative Disputes with planned creation of the new Administrative Court may result in further deterioration of timely and effective access to justice in administrative proceedings.

Indicator 17.2. Effective and fair handling of administrative judicial disputes		2024 indicator value	51/100
Sub-indicators		Points	
1.	Access to independent administrative justice	13/15	
2.	Perceived independence of the judicial system by the population (%)	3/10	
3.	Perceived trust in the judiciary by the population (%)	2.6/10	
4.	Functioning of administrative justice	20.9/35	
5.	Clearance rate in administrative courts (%)	7.3/10	
6.	Calculated disposition time of administrative cases	4/20	

At the judicial stage of administrative proceedings, the finalisation of the lengthy process of developing the new legislative framework needs to be acknowledged. The new Law on Administrative Disputes<sup>204</sup> (LAD) will enter into force in January 2025, providing extensive guarantees for judicial review of administrative actions and omissions. The judges will enjoy a broader mandate than under the current Law on Administrative Conflicts (LAC),<sup>205</sup> including not only the authority to annul administrative acts, but also the authority to order the administration to issue an administrative act that has been explicitly refused; or in case of administrative silence, ordering administrative bodies to perform other actions or refrain from them, as well as the possibility of rewarding compensation for unjust damage. Compared to the current LAC, the rights of the parties will be further strengthened by ensuring that the administration bears its costs of the procedure, regardless of the outcome of proceedings. In the eventuality that the case is lost, it will also be required to cover the costs of the applicant.

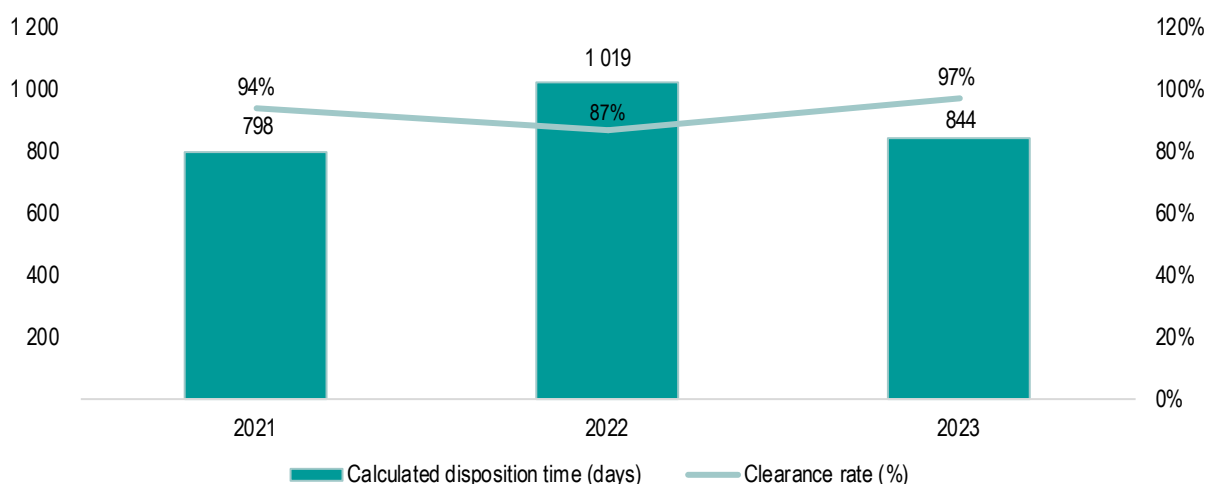
<sup>203</sup> SIGMA Surveys of Businesses and Citizens on public administration 2024.

<sup>204</sup> Law No. 08/L-182 on Administrative Disputes.

<sup>205</sup> Law No. 03/L-202 on Administrative Conflicts.

Despite this crucial reform, the legal guarantees of access to administrative justice remain flawed. The standard fee for initiation of an administrative dispute is high, at nearly 10% of the average salary. Absence of the right to seek compensation for excessive length of judicial proceedings poses another challenge. Although some conceptual work on this matter has been done, it has not yet resulted in a comforting legal solution. This matter is not sufficiently prioritised, despite persistent and massive efficiency problems in handling administrative cases by the courts, demonstrated by the fact that the average waiting time for the completion of proceedings in the first instance is well over two years, though improved compared with 2020 (Figure 32).

**Figure 32. Basic parameters of efficiency in handling administrative matters in the first instance**



Source: Data provided by the Kosovo\* Judicial Council, Basic Court of Prishtina and Commercial Court.

The organisation of the administrative justice system does not contribute to good judicial performance. In the first instance, specialisation of judges handling administrative cases is not secured, as they also dispose misdemeanour cases. While the Basic Court of Prishtina deals with most of the cases, some types are adjudicated by the Commercial Court. The model of judicial review of administrative acts and actions includes *de facto* three instances, considering fully-fledged appeal and extraordinary legal remedies that could be submitted to the Supreme Court. This goes beyond the international standards relating to administrative justice. While at first glance it may be seen as beneficiary to the parties, considering the excessive length of proceedings, it leads more to undermining efficiency.

In response to the efficiency problems and in parallel with preparation for implementation of the new LAD, the proposal for setting up a single specialised Administrative Court is at the final stage of legislative process.<sup>206</sup> From the perspective of ensuring specialisation of judges, this idea is welcomed. It should be noted though, that considering the above-described efficiency problems and inevitable challenges associated with the parallel implementation of the new LAD, even if rational and necessary, adding major organisational redesign to the picture provokes serious concerns about the stability and business continuity in the administrative justice system. Especially as neither the Ministry of Justice or the Kosovo\* Judicial Council managed to devise a clear plan minimising the risk of further, rapid deterioration of access to justice during these parallel organisational and procedural transformations.

No progress has been recorded with regard to introducing effective remedies against excessive length of judicial proceedings establishing a mechanism for monitoring administrative and judicial practice in public

<sup>206</sup> The draft was approved by the Assembly in the first reading on 4 April 2024.

liability cases. Although the legislative framework is in place, there is no possibility of verifying whether the citizens receive adequate compensation for damage resulting from administrative wrongdoing.

### Principle 18: A coherent and comprehensive public sector integrity system minimises the risks of corruption.

Gaps in the policy and legislative framework for public integrity, especially the lack of regulation of lobbying activities and code of conduct of public officials, as well as the long-standing absence of an anti-corruption strategy, weaken the positive impacts of a relatively well-functioning system for asset declarations and slightly improving public perception of integrity in the public administration.

Indicator 18. Anti-corruption and public integrity		2024 indicator value	62/100
Sub-indicators		Points	
1.	Strategic framework for public integrity	6.6/10	
2.	Comprehensiveness of corruption offences and sanctions	6/10	
3.	Communication and enforcement of rules and values for ethical conduct of public officials	6/8	
4.	Protection of whistleblowers and open organisational culture	6.6/10	
5.	Avoidance and management of conflict-of-interest situations and unjustifiable wealth	14/15	
6.	Transparency and integrity of lobbying activities	0/10 <sup>i</sup>	
7.	Effectiveness of integrity risk management and control systems	7.3/10	
8.	Fairness and timeliness of handling integrity violations	3/6 <sup>i</sup>	
9.	Interagency collaboration and public communication	0/7	
10.	Experience with bribery in the public sector	9.3/10	
11.	Public trust in the civil service	2.8/4	

Note: i = data not available or not provided.

The policy and normative infrastructure for public integrity is at the basic stage of development. The anti-corruption strategy is only at the final phase of preparation. While a broader and more general “Rule of Law Strategy 2021-2026”<sup>207</sup> contains commitments towards strengthening the fight against corruption, it lacks outcome-oriented indicators and includes limited number of measures, the majority of which have not yet been implemented.

In addition to the absence of a comprehensive strategic framework for anti-corruption, the legislative framework fails to cover comprehensively all relevant dimensions of public integrity. In particular, there is no regulation on lobbying, ensuring that activities of persons influencing decision-making processes in public authorities are transparent and subject to scrutiny. No code(s) of conduct that would provide public officials with ethical guidance while performing their functions, are in place. Further, the mechanism is also missing for collecting and analysing data on disciplinary proceedings involving public employees is not in place and access to aggregated data on corruption-related offences and sanctions imposed.

On the other hand, criminal liability for corruption offences is clearly and comprehensively regulated, including all corruption offences established in the United Nations Convention Against Corruption. A well-established regime is also in place of rules regarding prevention of conflict of interest in public

<sup>207</sup> Ministry of Justice, Rule of Law Strategy 2021-2026, July 2021, online: <https://md.rks-gov.net/desk/inc/media/8EF86336-E250-4EA2-9780-D4B8F7E853B5.pdf>.

administration, incompatibilities between public functions and private activities, as well as cooling-off periods for public officials. The legislative framework for whistleblower protection generally meets the standards of the EU whistleblowing Directive 2019/1937,<sup>208</sup> providing clear procedural guidance for both internal and external whistleblowing, though little information is available to assess the effectiveness of the system.

The Agency for Prevention of Corruption (APC) effectively manages the system of declaration of assets covering a broad range of public employees required to report on their assets and income upon entry into the office, annually and following termination of their mandate. The APC receives approximately 10 000 asset declarations annually through the system for electronic declarations. The share of officials submitting declarations within the deadline is steadily increasing, nearly reaching the level of full compliance by 2023.

While the APC does not have a more advanced, risk-based approach to the selection of asset declarations for verification, it observes its legal obligation to inspect the asset declarations of all people in key positions in the Executive, Legislature and judiciary every year. No major obstacles in access to data necessary for verification of declarations were recorded. In particular, the APC may request access to public registers (e.g. the property register) and banking data. The APC does not have prosecutorial powers, and it may only refer the cases to the prosecution offices, which occurs in case of about 10% of declarations. According to the APC's annual report for 2023, nearly 40 public officials were sentenced by the courts for violations of rules on declaring assets and income,<sup>209</sup> evidencing the functioning of the criminal liability in practice.

The APC also supports public institutions in developing their integrity plans, including with the adoption of the methodology for preparation of these documents in July 2023. Although around one-third of the institutions responsible for developing integrity plans have not yet fulfilled their obligation, the APC began reviewing and providing feedback on those that were developed. According to the APC, the overall quality of the plans is not satisfactory, especially as they lack attention to institution-specific corruption and integrity risks.

These promising developments in the field of public integrity also correspond with the gradually improving scoring Kosovo\* receives in the Transparency International's Corruption Perception Index (from 33/100 points in 2014 to 41/100 points in 2024).<sup>210</sup> On the other hand, the perception of corruption among businesses remains a concern. Nearly one-fifth of the respondents of a SIGMA Survey report that it is common for businesses to have to give irregular payments or gifts to public officials "to get things done" by the public administration.<sup>211</sup>

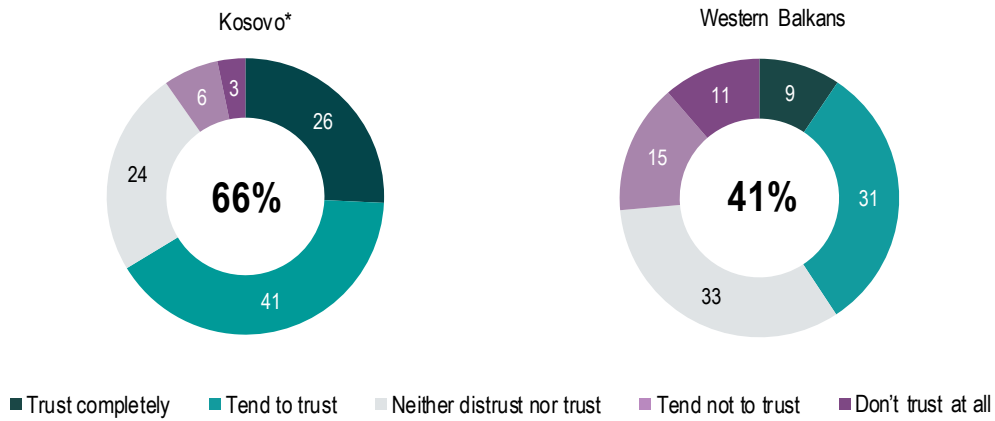
<sup>208</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

<sup>209</sup> Agency for Prevention of Corruption, *Annual Report: January – December 2023*, March 2024, p. 20.

<sup>210</sup> Online: <https://www.transparency.org/en/countries/kosovo>.

<sup>211</sup> SIGMA Survey of Businesses on public administration 2024.

Figure 33. Citizen trust in civil servants



Note: Percentage of valid responses to the question: “How much trust do you have in the following institutions?” “Civil servants (non-elected government employees at central or local levels of government)”. The percentage in the middle is the share of the respondents who answered “trust completely” or “tend to trust”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.



## Service delivery and digitalisation

The public administration places **users at the centre** and delivers high-quality and easily **accessible services** online and offline to all people and businesses. Digitalisation enables data-driven decisions, effective and efficient processes.

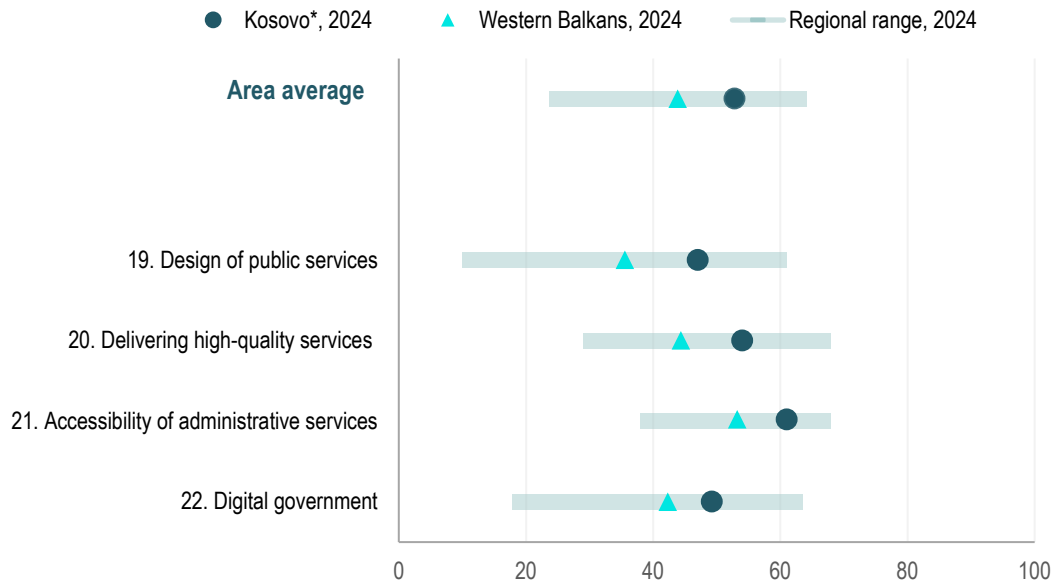
### The Principles of Public Administration

- Principle 19** Users are at the centre in design and delivery of administrative services.
- Principle 20** The public administration delivers streamlined and high-quality services.
- Principle 21** Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.
- Principle 22** Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.



## Summary and recommendations

Figure 34. The overall indicator values in the service delivery and digitalisation area



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations. Indicator 22. Digital government is the weighted average of 22.1. Digital government readiness and maturity (75%) and 22.2. Digital government tools (25%).

The Government's focus is on **promoting services online**, but citizens still rely on over-the-counter services. Service design and improvement requires **more targeted citizen engagement**. A formal **consultation framework** is in place, but central guidelines for involving users in service design have not been set up. Nevertheless, some agencies employ advanced engagement techniques to enhance certain services, and examples of **integrated life events for citizens and businesses** are emerging.

Attempts to **reduce the bureaucratic burden, simplify policies and streamline administrative services** have made some progress. The pace of simplification is rapid, but its full potential can only be realised when **registers** interoperate electronically. **Limited interoperability** has made it difficult to apply the once-only principle (meaning that authorities do not request documents that they already have access to). **Form prefilling** in several service areas is not yet set up, and automatic notifications are not always sent out to citizens to remind them that certain documents have expired.

**Digital access to public services** needs to be increased, since many of the selected services for assessment can only be delivered offline. The design of services requires more emphasis on user-centricity. Service access for **people with disabilities** continues to be an issue.

Despite these shortcomings, **citizens and businesses report greater satisfaction** with selected items and services than in the rest of the region. Public perception of **physical accessibility** is favourable, as are the information provided by the Government and the communications it sends out.

Establishing a comprehensive, coherent strategy and action plan for service delivery has been complicated by the **overlapping responsibilities** of the different institutions involved.

Since the last SIGMA Monitoring Report, in 2021,<sup>212</sup> the Government has noticeably enhanced its **agenda for digitalisation** by finalising a **strategic framework** (recently including the National Digital Agenda) and enacting essential legislation. Notable **legislative advances** include the Law on Electronic Identification and Trust Services in Electronic Transactions and the Law on Cyber Security,<sup>213</sup> both of which are supported by multiple secondary legislative acts. These initiatives have received funding both from internal budgets and from international financial institutions, including the European Union (EU), the World Bank and bilateral donors. Key recent reforms and projects include the 2021 launch of the **eKosova portal**, which now offers 195 online services in 22 categories, and the implementation of a **national electronic identification (eID) system**, which is expected to become operational in 2024.

In late 2022, in order to launch the necessary reforms, Kosovo\* set up a **new co-ordinating structure to oversee the digital transformation**, including the Digital Transformation Commission, the Chief Technology and Digital Transformation Co-ordinator and the Digital Transformation Unit in the Office of the Prime Minister (OPM). A major upgrading of the Agency of Information Society is also under way. However, much remains to be done to lay the **foundations of digital government** (in data governance, data exchange and eID), as well as to upgrade the **underlying technology** (e.g. cloud uptake) and to ensure the **necessary skills** to carry this out – quite apart from the longer-term challenge of introducing artificial intelligence in the public sector.

Overall, the existing legal framework, institutional set-up and related strategies and guidance in the public service delivery and digitalisation area are moderately in line with the Principles of Public Administration. Criteria related to implementation practice and results signal significant weaknesses and gaps.

**Figure 35. State of play in service delivery and digitalisation by type of criterion**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

<sup>212</sup> OECD (2021), *SIGMA Monitoring Report: Kosovo\**. OECD, Paris, p. 115, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>213</sup> Law No. 08/L-022 on Electronic Identification and Trust Services in Electronic Transactions, Official Gazette, No. 11 23 December 2021; Law No. 08/L-173 on Cyber Security, Official Gazette No. 4, 27 February 2023.

## Recommendations

1. The Government should assign a key policy and promotion role in the service delivery area to a single body with the appropriate resources and staff.
2. The Government should design and promote service standards, user engagement techniques and performance management, and encourage individual agencies to use these instruments.
3. The Government should be proactive in developing and implementing a strategy with concrete milestones and targets for improving service access for people with disabilities.
4. The Government should prioritise full implementation of the National Interoperability Framework (NIF).
5. The Government should accelerate the planned implementation of the national electronic identity (eID) system, including digital signatures and trust services, to enhance the ongoing modernisation of digital service delivery.

## Analysis

### Principle 19: Users are at the centre in design and delivery of administrative services.

Although the relevant regulatory and strategic documents have been established to enable user-centric services, the low score reflects limitations in implementation. Carrying out a comprehensive, coherent strategy and action plan for service delivery has been complicated by the overlapping and sometimes ill-defined responsibilities of the different institutions involved. The regulatory framework for consultation is in place, but no central guidelines and general practice have been laid out to engage users in service design. Burden reduction and simplification policies have made some progress in streamlining administrative services. Still, establishing and monitoring service standards as a commitment to citizens has not yet been achieved, and neither has the use of performance management to improve services.

Indicator 19. Enablers for user-centric services		2024 indicator value	47/100
Sub-indicators		Points	
1.	Existence of a service delivery policy and institutional set-up	9.2/20	
2.	User engagement and participation	10.6/20	
3.	Procedures and practice to control creation of administrative burdens	5/15	
4.	Analysis of administrative burdens of existing regulations	15/15	
5.	Existence of service delivery standards	6/15	
6.	Monitoring system of service standards	1/15	

The National Development Strategy (NDS) and Plan 2030<sup>214</sup> serve as umbrella documents providing general direction for the public sector. Service delivery is mentioned as part of the Good Governance pillar. Three other documents place a greater emphasis on public services. First, the Public Administration Reform (PAR) Strategy 2022-2027 and its Action Plan 2022-2024 include public service-related objectives.<sup>215</sup> Second, the Administrative Burden Prevention and Reduction Programme 2022-2027 (ABR) and its Action Plan 2022-2024<sup>216</sup> focus on simplifying administrative services. Third, the Digital Agenda for Kosovo\* 2030<sup>217</sup> deals with electronic services. While all these documents are relevant, how the ABR and the physical and digital services strategies will work together is still not clear. The co-ordination structure does not offer a clear indication of how redundancies and overlaps will be avoided.

As highlighted in the 2021 SIGMA Monitoring Report, the lack of a single government entity accountable for the service delivery area is an ongoing issue. Various institutions are mandated (at least on paper) to shape service delivery policy: the Ministry of Internal Affairs (MIA) (for service policy and supervision of digital service standards),<sup>218</sup> the Agency for Information Society (AIS) (for co-ordination of digital policies

<sup>214</sup> National Development Strategy and Plan 2030, <https://kryeministri.rks-gov.net/en/blog/national-development-strategy-and-plan-2030/>.

<sup>215</sup> Public Administration Reform Strategy 2022-2027, <https://kryeministri.rks-gov.net/en/blog/public-administration-reform-strategy-2022-2027/>.

<sup>216</sup> Office of the Prime Minister (2022), Administrative Burden Prevention and Reduction Programme 2022-2027, <https://shorturl.at/9GTwB>.

<sup>217</sup> Digital Agenda of Kosovo\* 2030, <https://me.rks-gov.net/wp-content/uploads/2023/07/Digital-Agenda-of-Kosovo-2030.docx>.

<sup>218</sup> Regulation (GRK) No. 14/2023 on the areas of administrative responsibility of the Office of the Prime Minister and Ministries, Annex 1.

and management of digital-related projects),<sup>219</sup> the Chief Technology, Digital Transformation Co-ordinator (CTDTC)<sup>220</sup> of the Digital Transformation Unit under the OPM (for co-ordination, implementation and supervision of digital policies and electronic government services) and the OPM (for the agenda to reduce and prevent the administrative burden). This institutional framework has complicated implementation of a coherent service delivery policy.

The strategic documents and the authorities focus on digital service delivery. First, AIS is entrusted with setting standards for digital services,<sup>221</sup> but no single authority has been mandated to approve a common methodology setting up standards for over-the-counter services. Second, performance information is only available for the digital services delivered through the recently launched eKosova portal. Finally, the Government has a catalogue of administrative physical and electronic services,<sup>222</sup> including 658 services for the central government and 78 services for 19 municipalities, with the relevant descriptive information. This catalogue could serve as the basis for a central overview, for monitoring services delivered through each channel. However, each ministry publishes its performance data separately, if it does so at all, which, except for digital services, does not allow for a general review of service performance. The performance information that is available thus offers no clear basis for service improvement.

User engagement and participation in service improvement is not centrally called for and supported, with the exception of some exemplary individual instances. The Digital Transformation Unit and AIS are now responsible for conducting regular surveys that cover e-service usage and customer feedback.<sup>223</sup> An online platform rates user satisfaction through the eKosova platform.<sup>224</sup> A more extensive set of consultation techniques was used in six cases out of a sample of ten agencies in 2023.<sup>225</sup> The most widely used instruments were a survey covering several services,<sup>226</sup> a customer journey (the steps a user needs to follow for applying or getting the service), for instance, to redesign childbirth-related services and electronic vaccination certificates,<sup>227</sup> focus groups with service users for income and value-added tax (VAT),<sup>228</sup> workshops with CSOs for environmental issues and feedback mechanisms on policy recommendations,<sup>229</sup> before the mandatory consultation on the regulation.

The policy on administrative simplification, reducing and preventing administrative burdens has made considerable progress. The regulatory and support framework to carry out an *ex ante* assessment of the proportionality of administrative burden creation is in place since June 2023, with the OPM's Strategic

<sup>219</sup> Law No. 04/L-145 on Information Society Government Bodies, Article 6.

<sup>220</sup> Decision No. 01/01 of the Digital Transformation Commission on Establishing Digital Transformation Co-ordination Bodies and Mechanisms, 23 December 2022.

<sup>221</sup> A Unified Service Design Standards and Guidelines for Public Digital Services is included in the e-Gov Strategy 2023-2027 and its Action Plan (action item IV.2.1), but no comparable document exists for face-to-face services.

<sup>222</sup> The catalogue of administrative services can be found at <https://ekosova.rks-gov.net/Informations>.

<sup>223</sup> Strategic objective IV.3.1 and IV.3.2 of the Action Plan for the E-Government Strategy 2023-2025.

<sup>224</sup> <https://opi.rks-gov.net/>.

<sup>225</sup> These agencies are responsible for the following services: Registering in the civil registry; registering/requesting certificates to the administration of the healthcare system; applying for a disability pension; presenting an income tax declaration; registering a second-hand car; providing information to entrepreneurs; registering a new employee; declaring corporate income tax; declaring value-added-tax (VAT); registering financial statements in the business registry; and applying for an environmental subsidy.

<sup>226</sup> UNDP (2023) Digital Household Survey and the Omnibus (2023) Survey on electronic services from eKosova, funded by GIZ.

<sup>227</sup> Information provided by the SPO. The redesign is expected to be publicly available in the second half of 2024.

<sup>228</sup> <https://dplus.org/en/news/meeting-with-the-business-community/17350/>.

<sup>229</sup> <https://shorturl.at/XnPwV>.

Planning Office (SPO) supervising its implementation. Therefore, the actual assessment of legislation is rather limited, since only 7 out of 78 (8.9%) of regulations issued in 2023 were checked for administrative burdens.<sup>230</sup> Each proposal for a regulation that the Government receives must be accompanied by a concept document<sup>231</sup> considering administrative burdens<sup>232</sup> although the recently approved Rules of Procedure leaves room for the Government not to submit a concept document without establishing objective criteria.<sup>233</sup> A five-year programme and the methodology to work out the administrative costs using the Standard Cost Model, especially for regulation that affects businesses, is in place.<sup>234</sup>

The simplification programme is going according to schedule. In 2023, 152 national and local services (of 150 planned) were simplified, an increase of 47% over the planned activities reported in 2020.<sup>235</sup> This has resulted in savings of EUR 2.2 million, with 64 services eliminated in three municipalities.<sup>236</sup> Examples of such simplification include abolishing the requirement to produce a photocopy of an ID when applying for certificates in civil registry offices; merging the request for licences to obtain a single permit for waste management and environmental permits; and extending the validity period from two to six years for dealing with retail trade and importing diesel, petrol, gas and oil.<sup>237</sup>

<sup>230</sup> Information provided by the SPO.

<sup>231</sup> Government Decision No. 03/05 from 6 March 2020.

<sup>232</sup> Regulation No. 17/2024 of rules and procedures of the government, Articles 17.5, 26.6 and 42.

<sup>233</sup> Article 42.2.

<sup>234</sup> SPO (2023), Handbook of calculation of fees for administrative procedures based on the cost coverage model and SPO (2023), Handbook of measurement of administrative burden based on the Standard cost model.

<sup>235</sup> OECD (2021), *SIGMA Monitoring Report: Kosovo\**. OECD, Paris, p. 115, <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Kosovo.pdf>.

<sup>236</sup> OPM (2024), Report on the Implementation of the Administrative Burden Prevention and Reduction Programme 2022-2027 and Action Plan 2022-2024, p. 5.

<sup>237</sup> Administrative Instruction (MIA No.1/2022 on Civil Status Documents; Law No. 08/L-071 on amending and supplementing law No. 04/l-060 on waste; Administrative instruction (MIET) No. 15/2022 on defining the procedure for issuing permits to entities exercising activities in petroleum products and renewable fuels sector, Article 3, paragraph 7 and b) Administrative Instruction (MIET) No. 04/2022 on defining the fee on permits for entities for trade in petroleum products and renewable fuels, Article 3, paragraph 1 and 1.3.

### Principle 20: The public administration delivers streamlined and high-quality services.

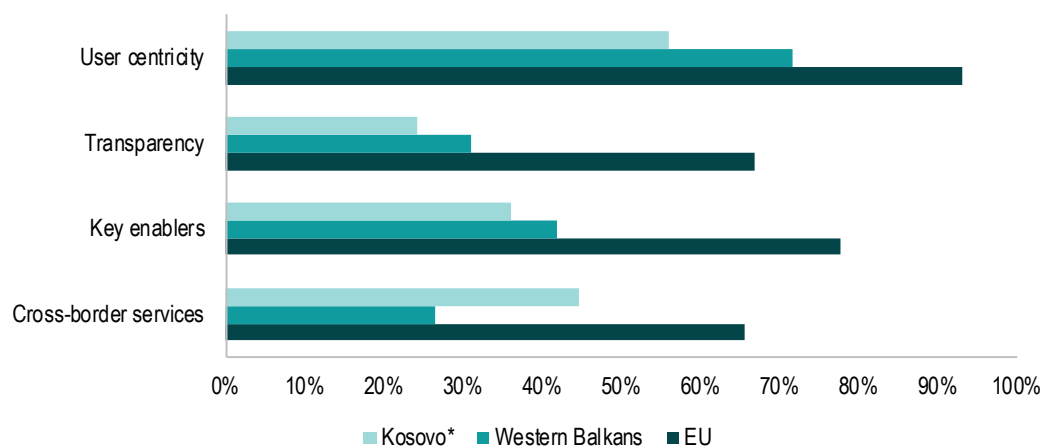
No quality management approach has been set up for overall service delivery, but there are indications that quality is improving in some services, such as integrating services related to life events and increased satisfaction with selected services. However, several essential aspects are not yet properly implemented, including general metrics on transparency and user centricity in service delivery; interoperability; back-office integration for (more) pro-active service delivery; and full realisation of the once-only principle (i.e. that authorities should not request documents that are already available to them online or in government records) are not yet properly implemented.

Indicator 20. Delivering high-quality services		2024 indicator value	54/100
Sub-indicators		Points	
1.	Quality of selected administrative services	27.4/40	
2.	Integrated life-event services	5/20	
3.	Pre-filing of forms and proactive services	10.3/20	
4.	Once-only principle	10.9/20	

Several service areas have an objective quality measurement that indicates a need for improvement. Applying the European eGovernment Benchmark methodology, Kosovo\* scores are relatively low compared to EU27 on the dimensions covered. Its total score is 40 out of 100, while the EU27 average is 76. User centricity is relevant for understanding to what extent the authorities design services that accommodate users' needs. It covers the extent to which services are provided online, supported by the authorities and accessible through mobile devices. Low scores of 56 points (for citizens) and 56.5 points (for businesses) indicate that user-centricity is not at the core of digital services.<sup>238</sup> The transparency of selected digital services also scores very low for citizens (24.3 out of 100) and businesses (16.4 out of 100).

<sup>238</sup> SIGMA mystery shopper analysis of digital services in Kosovo\*, using the eGovernment benchmark methodology, conducted in March 2024.

**Figure 36. Results of the eGovernment Benchmark**



Note: The composite indicators of the eGovernment Benchmark range from 0 to 100.

Sources: 1. Kosovo\*: SIGMA analysis based on the eGovernment Benchmark methodology 2024. 2. EU average: eGovernment Benchmark 2024<sup>239</sup>. 3. Western Balkan average, the results are taken from the average eGovernment Benchmark 2024 for Albania, Montenegro, The Republic of North Macedonia and Serbia and for Bosnia and Herzegovina and Kosovo\* from the SIGMA analysis based on the eGovernment Benchmark methodology. 2024.

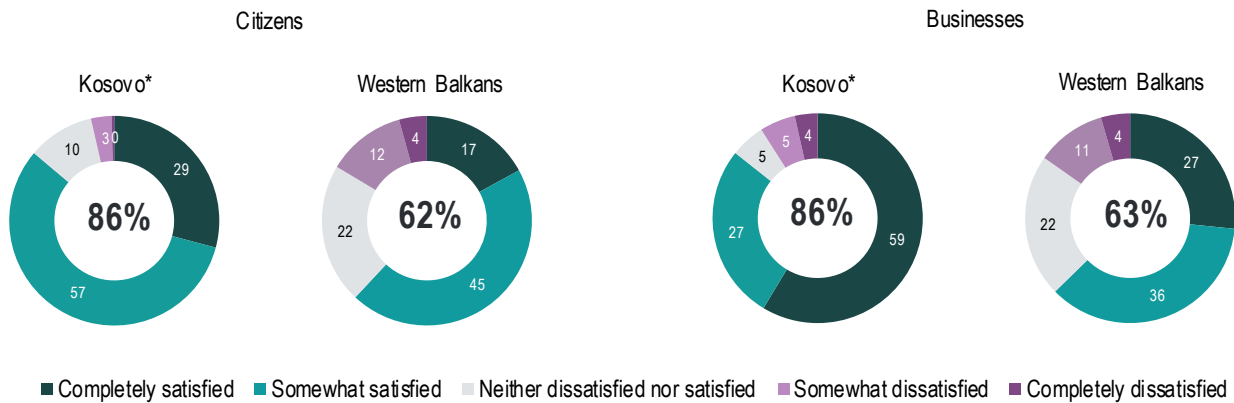
Other objective indicators of service quality offer a mixed view. In terms of timeliness, some services are provided promptly.<sup>240</sup> Citizens can be expected to obtain the following services on the same day: registration in the healthcare system and registering a second-hand car. Other services that are delivered on the same day in other countries need a week on average: eight days to renew an ID and to receive an income tax refund. Finally, some services may take over a month on average (for example, applying for a disability pension), with a negative effect on citizens' quality of life. If an employed person requests a disability pension, the average waiting period of 30 days may involve a period of a month without a salary, disrupting the flow of income in the household.

<sup>239</sup> <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-egovernment-benchmark>

<sup>240</sup> Democracy for Development Institute (2022), "Provision of digital services at the local level in Kosovo\*: Municipality of Podujeva, Lipjan and Drenas", [https://d4d-ks.org/wp-content/uploads/2022/04/D4D\\_Digi-Komunat\\_ENG\\_web-1.pdf](https://d4d-ks.org/wp-content/uploads/2022/04/D4D_Digi-Komunat_ENG_web-1.pdf).



**Figure 37. Satisfaction with administrative services in general**



Notes: Percentage of valid responses to the question: "In general, how satisfied or dissatisfied were you with the administrative services in Kosovo\* including all public administrative services you have been in contact with?" The percentage in the middle is the share of the respondents who answered "completely satisfied" or "somewhat satisfied".

Source: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

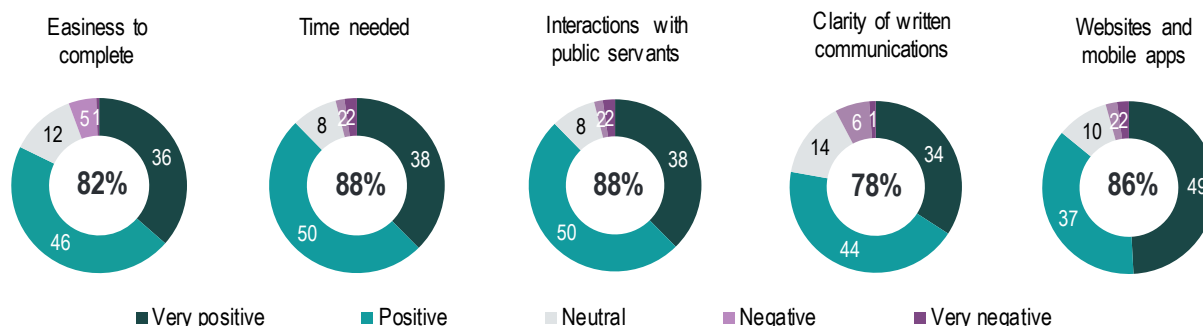
Citizen satisfaction with the perceived quality of public service delivery, however, has improved. In 2024, the SIGMA survey unpacks the generic satisfaction question, asking about respondents' most recent experience with the administration in preselected services.<sup>241</sup> On average, citizens from Kosovo\* were the most satisfied in the Western Balkans: 82.2% of citizens considered the procedures easy to complete, 78.9% were satisfied with the time it took and 90.4% with the (online or offline) delivery channel. Overall, 87.6% found these services satisfactory. (Figure 38) The SIGMA Survey of Businesses also shows a positive perception of different services,<sup>242</sup> which, except for one item, also ranks the highest in the Western Balkans.<sup>243</sup> On average, 79.3% of businesspeople reported that it was easy to complete the procedures; 89.3% were satisfied with the timeliness and 85.6% with the (online or offline) delivery channel. Overall, 92% were satisfied. The survey reveals a discrepancy between the positive satisfaction expressed by users of these services and the implementation challenges highlighted in Principle 19 and other objective metrics. (Figure 39).

<sup>241</sup> Services delivered by the following organisations: 1) authorities that issue an ID card or a passport, 2) the civil registry, 3) administrative offices of the national health institution, 4) unemployment services (this one does not apply in Kosovo\*), 5) public institutions in charge of granting pensions and or allowances, 6) the national tax agency.

<sup>242</sup> Services under consideration: 1) creation of a company, 2) presenting a corporate income tax declaration, 3) registering the financial statements of the company in the business registry, 4) registering the contract of a new employee in the Ministry of Labour or Social Security, 5) applying for a green subsidy.

<sup>243</sup> In terms of the ease of completing administrative procedures, Kosovo\* ranks second, after Bosnia and Herzegovina.

**Figure 38. Citizen satisfaction with different elements of administrative service delivery**

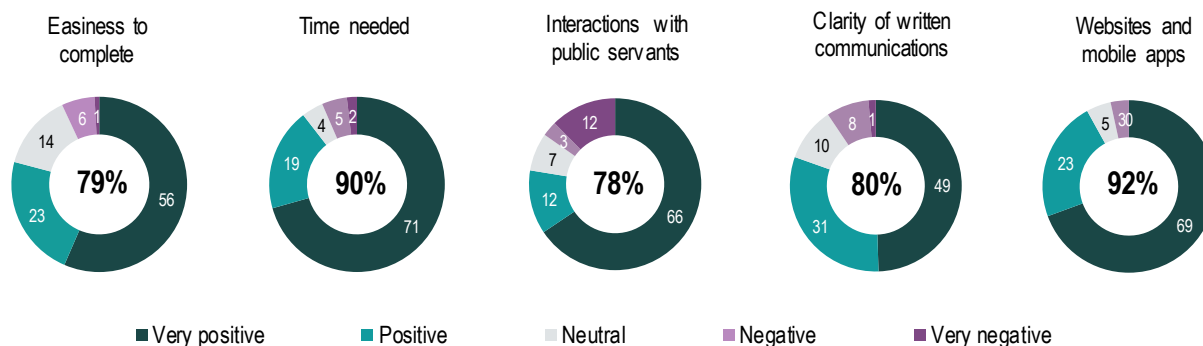


Notes: Average percentages of valid responses to the questions: 1. How easy or difficult was it to complete the process (e.g. number of visits necessary, going to the wrong institution, etc)? 2. Were you satisfied or dissatisfied with the overall time that it took to complete your application the last time, including time filling forms and/or visits to the offices? 3. "Overall, how satisfied or dissatisfied were you with the public servants you interacted with?" 4. "How easy or difficult was it for you to understand service written communication, such as letters and e-mails received, or information from the website?" 5. "How easy or difficult was it for you to use service website: for example, to find what you needed or to understand what to do?" and "How easy or difficult was it for you to use service mobile application: for example, to find what you needed or to understand what to do?"

Each doughnut shows the simple average of the responses about the following public institutions: 1. Authorities in charge of renewal of ID card or passport, 2. Civil registry, 3. National health institutions, 4. Employment agency, 5. Social security, 6. Tax agency. The percentage in the middle is the share of respondents who expressed a positive or very positive answer.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

**Figure 39. Business satisfaction with different elements of administrative service delivery**



Notes: Average percentages of valid responses to the questions: 1. How easy or difficult was it to complete the process (e.g. number of visits necessary, going to the wrong institution, etc)? 2. Were you satisfied or dissatisfied with the overall time that it took to complete your application the last time, including time filling forms and/or visits to the offices? 3. "Overall, how satisfied or dissatisfied were you with the public servants you interacted with?" 4. "How easy or difficult was it for you to understand service written communication, such as letters and e-mails received, or information from the website?" 5. "How easy or difficult was it for you to use service website: for example, to find what you needed or to understand what to do?" and "How easy or difficult was it for you to use service mobile application: for example, to find what you needed or to understand what to do?"

Each doughnut shows the simple average of the responses about the following administrative services: 1. Declaring corporate income tax, 2. Registering financial statements in the business registry, 3. Registering a new employee to the competent authorities. The percentage in the middle is the share of the respondents who answered "very positive" or "positive".

Source: SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

The bundling of services around a life event is starting to be implemented in some cases. The most complete initiative of an integrated procedure involves the birth of an infant. The family can make the following applications in the same location (in person or online): registering a newborn in the civil registry

and in the national health care system, applying for allowances and benefits, and applying for a passport.<sup>244</sup> Starting a business integrates three services (registering the company in general, as an employer and with the tax office) while two additional ones (on start-up obligations and guidance on drafting a business plan and securing financial support) are provided by different authorities: the Tax Administration and KIESA (Kosovo\* Investment and Enterprise Support Agency).<sup>245</sup> Other life events, like the death of a close relative, being unemployed or moving residence, are still provided only physically and are not integrated.

The sample of services analysed revealed the following: automatically renewing a social benefit if the user's status has not changed is not possible; income tax declarations are not prefilled; parents are not notified promptly about the amount of child benefits a family is entitled to after registering the child; and the relevant authority does not inform citizens in advance of the expiration of a driver's licence or an identification card.

Public authorities must conduct *ex officio* the proceedings needed to acquire documents that the citizen has already submitted or that are in the possession of any administrative body.<sup>246</sup> This is equivalent to the only-once right. Citizens reported, at an average rate of 81.2%, that they were not unnecessarily asked to present documents or information that public authorities already had in their most recent interaction with the authorities on a list of pre-selected services.<sup>247</sup> Similarly, businesspeople (80.5%) reported that they were not asked again for documents that they had already submitted for six<sup>248</sup> preselected procedures.<sup>249</sup>

<sup>244</sup> Document provided by SPO: Analysis of legislation related to childbirth.

<sup>245</sup> Tax Agency: <https://crrm.atk-ks.org/en/Public/InteractiveTaxGuide>; Kosovo\* Investment and Enterprise and Support Agency (KIESA): <https://biznesi.rks-gov.net/>, and <https://kiesa.rks-gov.net/page.aspx?id=1,60>.

<sup>246</sup> Law No. 05/031 on General Administrative Procedure, Article 86.

<sup>247</sup> Registering in the civil registry; registering/requesting certificates to the administration of the healthcare system; applying for a disability pension; presenting an income tax declaration; and registering a second-hand car.

<sup>248</sup> Providing information to entrepreneurs; registering a new employee; declaring corporate income tax; declaring value-added-tax (VAT); registering financial statements in the business registry; and applying for an environmental subsidy.

<sup>249</sup> SIGMA Survey of Businesses on public administration in the Western Balkans 2024, conducted in March-April 2024.

## Principle 21: Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.

The population has a positive perception of the accessibility of administrative services. However, further expansion of digital access to public services is needed, since many of the services selected for the assessment are only available offline. The information the Government provides and its style of communication appear to be thought of positively, although there is room for improvement. Service access for people with disabilities continues to be an issue.

Indicator 21. Accessibility of administrative services		2024 indicator value	61/100
Sub-indicators		Points	
1.	Multi-channel service delivery	12/20	
2.	Physical access to public services	12.8/20 <sup>i</sup>	
3.	Accessibility of services for users with special needs	5/20	
4.	Findability of public services information	17.9/20	
5.	Clarity of government information and communication	12.8/20	

Note: i = data not available or not provided.

The legislation protects citizens' right to physical and online access to public services, thanks to the ongoing implementation of relevant process-related principles. The LGAP implicitly recognises citizens' right to communicate digitally with the authorities, in different provisions: electronic submissions of requests are accepted, and certifications of an electronic request should also be sent electronically to the sender. Notifications acknowledging that legal requirements are met and notifications of formal acts can be made electronically.<sup>250</sup> As for face-to-face services, a principle enshrined in the LGAP<sup>251</sup> requires public authorities to provide information and active assistance. To enhance service accessibility, the LGAP ensures free-of-charge administrative procedures and sets deadlines for timely service delivery.

While the rule of silent consent/refusal might support efficiency, it creates significant risks.<sup>252</sup> After a period without an official resolution, citizens gain rights that limit administrative burdens. These rights can become burdensome for the administration, especially when they involve financial consequences for certain procedures. Consequently, authorities should enhance their process handling. However, relying on silence as equivalent to consent can pose challenges, particularly in cases where applications are unlawful or susceptible to corruption. In such situations, a more agile response from the government or alternative regulations that prioritise due process can help prevent illegal actions.

The possibility of multi-channel access offers a mixed view in a sample of administrative services. The following services are only provided offline: registration of the death of a close relative, application for retirement and disability pension. In other cases, most procedures are offline, except for the possibility of online payment (registration of a second-hand car). When registering a business (one owner), everything is online, but notarised documents must be obtained from the notary if there are more owners. Finally, registering a legal person with the tax agency and declaring corporate income and VAT can be done only online. In these cases, the tax agency offers physical support to taxpayers through call centres and email.

Physical access to services is favourably assessed. On the one hand, the distance to receive an administrative service by the authorities is perceived to be satisfactory by 79.5% of citizens for the most

<sup>250</sup> LGAP, Articles 74.5, 76.4, 109, 117 and 118.

<sup>251</sup> Article 11.

<sup>252</sup> Articles 12, 98 and 100.

recent time they had to conduct an in-person transaction.<sup>253</sup> On the other hand, 78% of the population can reach any of the 34 offices for disability pensions, as preselected service by SIGMA, where medical tribunals have their sessions within a 30-minute drive.<sup>254</sup>

For people with disabilities, the situation is less favourable. The regulatory framework is in place to support their access to public services. The regulation facilitates physical access to services,<sup>255</sup> ensures the right to communicate with the authorities in official sign language,<sup>256</sup> and guarantees the right to receive official written communication in Braille.<sup>257</sup> However, people with mobility impairment, who represent 33.8% of the total population,<sup>258</sup> face considerable challenges.

Three major challenges are of relevance. First, the national strategy on the rights of people with special needs (2013-2023) expired and has not been replaced, although work is proceeding on a new strategy to cover the subsequent period. Second, the Action Plan for 2021-2023<sup>259</sup> has a limited objective (establishing facts about people with disabilities), which shows the absence of data for this group, both quantitative and qualitative. A generic objective of providing access to public institutions is not accompanied by more concrete actions.<sup>260</sup> Finally, the implementation of measures needed by people with disabilities is limited. On the one hand, the progress report for 2022<sup>261</sup> does not show an impressive record of achievement, since it focuses only on awareness/promotional activities and encouraging municipal plans for people with special needs. On the other hand, the percentage of buildings without physical barriers in the central administration is only 10.7%.<sup>262</sup> The consistency of national legislation with the United Nations Convention on the Rights of Persons with Disabilities is limited, according to Handikos.<sup>263</sup> Only 6.8% of international standards on accessibility (interpreted more widely than simply public services) for disabled people have been fully translated into national legislation.

Access to public service information is a key element for receiving public services. This access has two dimensions: how the government sets common communication guidelines and how easy it is to obtain information needed to request a service. Regarding the communication strategy, the Government has regulations for clear written communications with citizens<sup>264</sup> but does not have a support guide for enhancing governmental websites' clarity and visual appearance.

<sup>253</sup> SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

<sup>254</sup> Calculations done by SIGMA using geospatial information of branches around Kosovo\*.

<sup>255</sup> Administrative Instruction No. 33/2007 on the technical conditions of construction facilities for access of persons with disabilities.

<sup>256</sup> Government Decision No. 06/146 to officialise sign language, taken on 29 September 2010.

<sup>257</sup> Law No. 04/L-092 for Blind Persons: Article 11.

<sup>258</sup> World Bank (2023), *Country Profile. Kosovo\*. Disability Inclusion*, <https://shorturl.at/GYldj>

<sup>259</sup> Action Plan for the Rights of Persons with Disabilities in the Republic of Kosovo\* (2021-2023).

<sup>260</sup> Administrative Instruction No. 33/2007 on the technical conditions of construction facilities for access of persons with disabilities.

<sup>261</sup> OPM (2023) 2022 Progress report for the Action Plan for the Rights of Persons with Disabilities in the Republic of Kosovo\*, 2021-2023

<sup>262</sup> Information provided by the OPM Office: of 168 public buildings in the register, 150 have physical barriers and 18 no barriers (10.7%).

<sup>263</sup> Handikos (2020), "Research report: International standards on disability issues – Where does Kosovo\* stand?" [http://handi-kos.org/wp-content/uploads/2004/05/Report\\_ENG-29\\_04\\_20\\_1\\_395212.pdf](http://handi-kos.org/wp-content/uploads/2004/05/Report_ENG-29_04_20_1_395212.pdf), p. 20.

<sup>264</sup> Regulation No. 27/2018 on the government public communication service.

Despite this deficiency, three indicators show that government communication is satisfactory. The number of errors is low (5 on average<sup>265</sup>) according to an analysis of the website in a group of 11 services that range from registering a car to submitting a VAT declaration. On average, businesspeople (80.5%) and citizens (77.8%) find the communication from six preselected services easy to understand.<sup>266</sup>

A central portal has been established where information on services can be accessed through topics and life events.<sup>267</sup> A catalogue of services internally supports the information on the portal. This is a document with information on the legal framework, fees, process, documents and complaint time, among other dimensions. Unfortunately, the document is not published, reducing its convenience for citizens.

## Principle 22: Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Since 2021, digital government readiness and maturity has advanced with new legislation and strategies for reforms, like the eKosova portal and the upcoming national eID system. A new co-ordination structure, including the Digital Transformation Commission, is in place. Some challenges remain in ensuring that the strategies are implemented as planned, aligning with EU standards (with the National Interoperability Framework [NIF], electronic identification and trust services [eIDAS], and the EU Network and Information Security [NIS] Directive), and in attracting digital talent to public administration.

Indicator 22.1. Digital government readiness and maturity		2024 indicator value	45/100
Sub-indicators		Points	
1.	Digital government strategy and co-ordination	7/10	
2.	Digitalisation of public registries and data governance	5.6/15	
3.	Interoperability: infrastructure, framework and adoption	7.1/15	
4.	Digital identity, digital signature and trust services	4/15	
5.	Digital government architecture and infrastructure maturity	2.8/15	
6.	Uptake of emerging technologies in the public sector	6/10	
7.	Legal framework for privacy and cyber security	7.3/10	
8.	Digital talent management in public administration	2.9/5	
9.	Re-use of digital solutions	2/5	

Progress has been made in digital government tools and services since 2021, although many initiatives are still being developed. A comprehensive citizen-oriented modernisation of service delivery has been hampered by the lack of a stable institutional set-up. However, in the field of digital government, progress has been made in ensuring the leadership, co-ordination and capacity to create effective and integrated digital government strategies and services. A comprehensive digital agenda and several new donor-backed funding mechanisms are now in place to move digital efforts to the next level.

Notable institutional reforms include the establishment of the Digital Transformation Commission, the Chief Technology and Digital Transformation Co-ordinator and the Digital Transformation Unit in the OPM. In addition, structural reform and capacity building at the Agency of Information Society (AIS) are under way.

<sup>265</sup> The standard WCAG 2.0 AA using the resource <http://wave.webaim.org> was used for calculating the number of errors.

<sup>266</sup> SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

<sup>267</sup> <https://ekosova.rks-gov.net/Informations>.

The challenge is to properly implement and finalise these reforms in the next few years so that their potential can be fully realised, and to ensure better co-ordination of data governance and data policy. In addition to better direct at a high level, the leadership and management of the digital transformation still needs to be set up and staffed in each ministry or agency in the government.

To create a coherent and systematic data governance system, and to ensure that public registries are digital by design, the Action Plan of the e-Government Strategy 2023-2027 includes both the Data Governance Framework and the Data Governance Body in the Government, and calls for internal and publicly available digital catalogues of systems and services. Implementing these will increase the governance capacity of institutions with information systems and registers and the management of these systems and registers. This strategic framework and legislation include the Law on Electronic Identification and Trust Services in Electronic Transactions from 2021 and the Law on Cyber Security from 2023.<sup>268</sup>

Interoperability remains a pressing issue. The development and proper implementation of a detailed and actionable National Interoperability Framework is still one of the general recommendations for Kosovo\*. Although 50 central and local institutions and 48 information systems have reportedly been connected, the NIF has yet to be fully implemented. The Action Plan of the e-Government Strategy 2023-2027 provides for the creation of whole-of-government enterprise architecture, as well as assessment of the Government Gateway. The upgrade of the Interoperability Platform, implementation of NIF in the government systems and use of the Interoperability Platform to connect government systems should be made a priority for the Government in the immediate future.

User-friendly digital identity, digital signature and trust services should also be made a priority. The national eID system is being set up and is expected to be operational in late 2024. The roll-out of such solutions will greatly increase the level of Kosovo\*'s digital transformation. However, issuing of eID will require concerted effort, and the Government has to maintain focus on promoting uptake of the system in the medium to long term, i.e. for several years to come.

Adopting the Law on Cyber Security<sup>269</sup> and its supporting secondary legislation has helped to mitigate cybersecurity and privacy risks. Standards for cybersecurity are harmonised with the EU NIS Directive. The Cybersecurity Agency (CSA) is in the buildup stage, as the central body for directing the field. Cybersecurity has not reached maturity, but steps in the right direction have been taken. One of the main roadblocks for cybersecurity is the lack of technical and human capacity, with few information security officers, risk assessments, incident registers and disaster recovery plans in place.

As in the Western Balkans in general, finding talent and up-skilling capacity in Kosovo\* is difficult. The e-Government Strategy 2023-2027 and its Action Plan 2023-2025 includes objectives on digital up-skilling/competence in the public administration, and a comprehensive capacity-building framework is planned, and some of these steps are currently being implemented under the USAID e-governance project. Without significant change in this area, the ongoing or planned improvements will not be fully realised.

At present, Kosovo\* does not host any public sector IT systems on cloud platforms. Strategic planning for cloud technology adoption is under way, promising a significant transition in government operations. An analysis of the possible information systems data categories that could be hosted on the public cloud is ongoing. New technologies, such as artificial intelligence (AI), have not yet been introduced in the public sector. Creating an AI strategy harmonised with the EU AI could provide benefits for future-proofing Kosovo\*'s public sector. All in all, stronger architectural governance and operational co-ordination (although it has been planned for) is necessary to ensure that digital government is technologically sound.

<sup>268</sup> Law No. 08/L-022 on Electronic Identification and Trust Services in Electronic Transactions, Official Gazette, No. 11, 23 December 2021; Law No. 08/L-173 on Cyber Security, Official Gazette No. 4, 27 February 2023.

<sup>269</sup> Law No. 08/L-173 on Cyber Security, Official Gazette No. 4, 27 February 2023.

**Table 5. Key performance measurements on interoperability and the national portal**

Sub-indicator	2020	2021	2022
Number of institutions connected to the interoperability framework	22	25	53
Number of yearly transactions in the interoperability framework	2 935 633	9 060 430	12 785 985
Number of registered users in the national portal of electronic public services	-	628 857	739 933
Number of electronic public services completed in the national portal of electronic public services	-	42	98

Source: Data provided by the AIS.

### **Digital government tools and services**

As for the roll-out of digital tools for key back-end processes in the functioning of the public administration (excluding digital tools for services directed to citizens and business), several areas demonstrate a good level of digitisation, notably in relation to public sector transparency, but areas remain where efforts are required (see the indicator table below).

Indicator 22.2. Digital government tools and services	2024 indicator value	62/100
Sub-indicators	Points	
1. Digital access to legislation	6/10	
2. Digital platform for public consultation	10/10	
3. Human resource management (HRM) information system	2.5/15	
4. Digital portal for recruitment	10/10	
5. Open data and re-use of public information	7/20	
6. Digital tools for internal control	10/10	
7. Digital tools for accounting information	4/10	
8. Public procurement data system	12/15	

For example, as for digital access to legislation, all primary and secondary legislation is available for free on the Official Gazette webpage, and public consultations are conducted via the central portal. In terms of digital tools for human resource management (HRM), the picture is mixed. Public service job announcements are available on a single web portal, but the overall public service HRM information system is in only limited use in everyday HRM processes, and paper forms are still required. There is no interoperability between the systems at the moment, and relevant human resource information with influence on the salary has yet to be inserted separately into the payroll system (Treasury at the Ministry of Finance). All central government bodies use the human resource management information system (HRMIS), but not all of them include all the information. Updating the information based on the Law on Public Officials is ongoing and the link to the payroll system is missing, which means that the HRMIS does yet not allow for accurate reporting.

The right to reuse public information is enshrined in legislation and aligned with the Directive (EU) 2019/1024. There is no explicit rule, however, that the reuse of public information is free of charge, and datasets on the open data portal are few and not regularly updated.

Overall, an authentication system with varying levels of security is in place to access the digitised financial management IT system in public administration. The central government's bank accounts are reconciled daily with accounting data (general ledger) and the Treasury information system. No IT audits, however, have been conducted in the last three years to ensure the integrity and reliability of the data in the primary financial management information system.



The electronic public procurement platform, E-Prokurimi, is in place and serves as a central platform for the publication of procurement plans, notices and tender documents, as well as for the submission of tenders, contract management and other related activities. The platform facilitates easy access to public procurement data free of charge and offers advanced search options.



## Public financial management

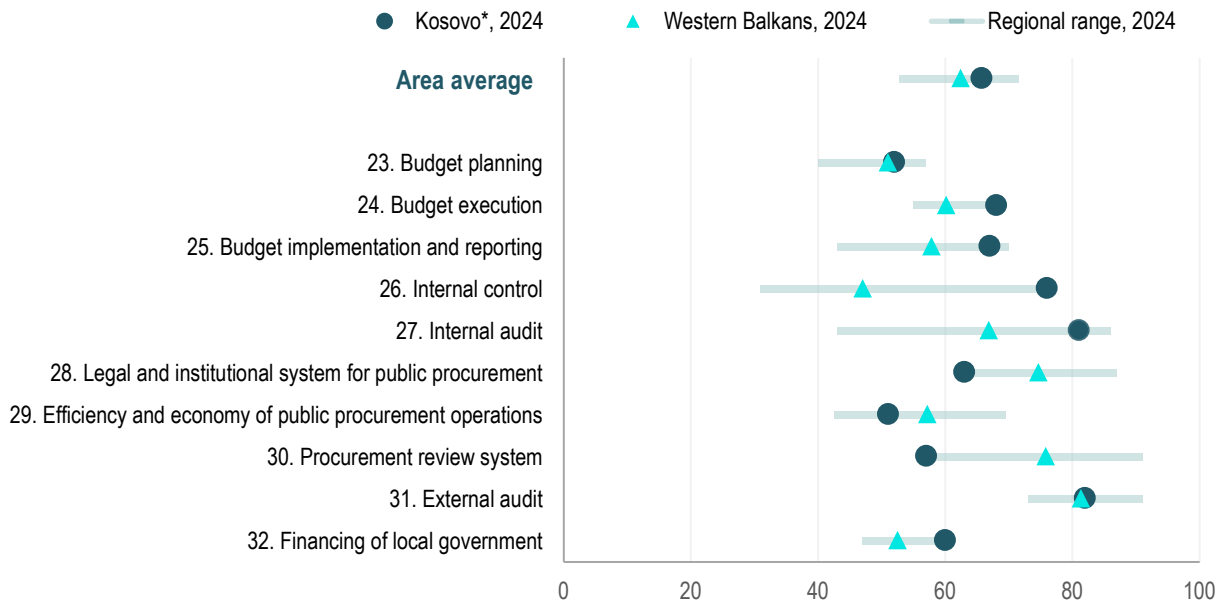
The public administration plans and manages public finances to ensure that they are **sustainable** and **transparent** and allow the delivery of policy objectives. Control, procurement and oversight arrangements are in place to ensure the economic, efficient and effective use of public resources shared across all levels of government.

### The Principles of Public Administration

Budget management	<b>Principle 23</b>	The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.
	<b>Principle 24</b>	The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.
	<b>Principle 25</b>	The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.
Internal control and audit	<b>Principle 26</b>	Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.
	<b>Principle 27</b>	Internal audit improves the management of public administration bodies.
Public procurement	<b>Principle 28</b>	Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.
	<b>Principle 29</b>	Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.
	<b>Principle 30</b>	An independent procurement review system ensures effective, rapid and competent handling of complaints.
External audit	<b>Principle 31</b>	All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.
Financing of local governments	<b>Principle 32</b>	Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

## Summary and recommendations

Figure 40. The overall indicator values in the public financial management area



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations. Indicator 28 is the simple arithmetic average of 28.1. and 28.2. and indicator 29 is the simple arithmetic average of indicators 29.1. and 29.2.

Kosovo\* has a strong budgetary framework, with well-functioning budget procedures. **The medium-term expenditure framework (MTEF) is comprehensive and establishes clear quantitative rules**, and the medium-term budget framework (MTBF) links fiscal objectives and priorities with expenditure ceilings for first-level budget users; however, **the high number of budget users complicates policy-based budget preparation. The quality of budget procedures could be further improved by enhancing medium-term estimates' accuracy**, respecting MTBF ceilings when preparing the annual budget law and consecutive MTBFs. **Prioritising fiscal discipline**, by strengthening the role of the Assembly and an independent review by an independent body, would also be needed. Large capital investment decisions have not been subjected to independent and transparent appraisal of costs and benefits, which could put a strain on the budget in future.

Despite the good performance in budget procedures, **the credibility of revenue and expenditure plans in the annual budget remains low**, with large discrepancies between planned and outturn both regarding aggregate revenue and disaggregated expenditure. The budget law establishes clear quantitative fiscal rules aligned with European Union (EU) debt and deficit benchmarks, which have been complied with. However, **there is no risk management policy or monitoring on fiscal risks** (except for those related to state-owned enterprises (SOEs)). Financial reports provide comprehensive overviews of government finances but lack non-financial performance information and details on environmental and socio-economic impacts. Major investment projects are monitored and reported quarterly; however, the difference between planned and actual expenditures are considerable.

**The Government ensures liquidity in the short and medium term**, and the overall state of public finances is good by comparison with the region. Cash flow management is performing to good standards, but **there is no effective commitment control, which leads to a significant level of arrears**. Debt management is adequate, with a strategy covering all levels of government and comprehensive annual reporting on government, municipal and SOE debt. **There is room for improvement in tax collection**, despite the comprehensive compliance improvement of annual plans, which focus on debt reduction and

risk management; actual tax revenue in 2023 was 95% of planned for the three largest categories (value-added tax, personal income tax and corporate tax), and the level of tax arrears is high.

The **regulatory and operational framework for internal control is well established** across public sector entities. The Central Harmonisation Unit (CHU) plays an effective co-ordinating role, and appropriate strategies are in place. Central government bodies carry out a **self-assessment of their management and control systems**, but the CHU **does not evaluate performance**. Information in these reports is used by the CHU to issue an annual report on the functioning of internal control, with recommendations to the Government for strengthening internal control. However, no actions are proposed by the Government based on this report. **Implementation of some elements of internal control has improved substantially** across central government bodies. This is also the case for **risk management practices**, including fraud risks, and clear protocols related to **irregularity management**; however, reporting is not a usual practice.

**Internal audit (IA) is consolidated** and operates in line with international standards. IA maintains its autonomy and **exercises professional independence** in conducting and reporting on its work. IA planning in budget organisations is strong, and IA units prepare and update strategic and annual plans based on a systematic assessment of governance, risk management and control processes in organisations. Audit reporting demonstrates accountability, with high compliance and **effective recommendation follow-up**, **although the implementation rate needs to be improved**. Internal auditors have been fully certified, with 100% of internal auditors holding national or international certificates. However, **issues of capacity remain**, with only 48% of internal audit units meeting the minimum staff requirements. Full development of quality assurance and improvement programmes is still pending.

There has been **limited development** in the public procurement system. Despite the initiation of activities to draft a new Law on Public Procurement (PPL) in 2020, there has been **no progress towards its adoption**. The public financial management (PFM) Strategy 2022-2026 was adopted, but with **no measures on such important aspects as review and remedies**. **Deadlines outlined in the Action Plan** of the PFM Strategy 2022-2026 **have been exceeded**, as most activities depend on the adoption of the new PPL. The **Public-Private Partnership (PPP) Law has also been delayed**, as the plan was to adopt it in parallel with the new PPL. In the absence of the new PPL, implementation issues are addressed through subordinate legislation, which leads to **conflicts between primary and secondary laws**. The main implementation challenges are linked to **poor planning and cost estimation** that do not align with the available budget. **Significant progress** has been made in **using the most economically advantageous tender (MEAT)**. This is reflected in 14.2% of the value of all contracts in 2023 compared to 0.9% in 2021, resulting from a series of workshops and the availability of the new handbook on MEAT criteria. **A new monitoring methodology and data analysis** were introduced, but more practice-oriented training and manuals are needed, as well as an enhanced advisory function.

The lengthy periods during which the **Procurement Review Body (PRB) Board** was **not fully staffed** have resulted in **inefficient review procedures**, and a significant share of cases have exceeded the prescribed time limit. The time the court takes to rule on PRB decisions is long. The appointment procedures for PRB Board members do not show that the selection of candidates is based on merit. Additionally, the procedures for dismissals raise concerns that grounds for dismissal have been utilised in cases that may not be objectively justifiable, **influencing the independence of the PRB**.

The **Kosovo\* National Audit Office (NAO) operates within a robust legal framework, ensuring independence** and alignment with international standards. It has a wide mandate to conduct audits across all programmes and public organisations. While this **wide mandate ensures full coverage** of organisations and budgets, it also **limits the capacity of NAO to conduct performance audits**, due to the high number of mandatory financial and compliance audits. The NAO has a robust organisational planning system involving strategic and operational elements, including communication and stakeholder engagement that enhances public awareness. The National Assembly uses NAO **audit recommendations to enhance budget oversight**, promoting accountability, **although the implementation rate** by individual organisations **needs to be improved**. Challenges remain in the implementation of quality management practices.

The legislative framework for financing local governments is sufficient, but there are several weaknesses in the practical implementation of the system. Although the proportion of local spending to total public expenditures is the highest in the Western Balkans, a very small share of local budgets originates from

own revenues. Equalisation of financial capacity works more efficiently than in the rest of the Western Balkans. A large part of budgets is based on specific-purpose grants, so **local spending autonomy is limited**, and the level of payment arrears is significant in most municipalities.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are due to the existing weaknesses in public procurement legislation only moderately in line with the Principles of Public Administration. Implementation practice and results in public financial management include some gaps and inconsistencies but signal overall relatively good performance.

**Figure 41. State of play in public financial management by type of criterion**



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

## Recommendations

1. The Assembly should strengthen its role in the budget cycle, especially regarding the medium-term budget.
2. The Government should propose the establishment of an independent authority, or the assignment of this function to other mandated authority, to ensure independent assessment of fiscal policy.
3. The Ministry of Finance, Labour and Transfers (MFLT) should improve the Government's capacity to prepare budget revenue forecasts.
4. The MFLT should set up an effective commitment control to ensure the fulfilment of commitments made by budget organisations during the year and to avoid expenditure arrears.
5. The MFLT should improve planning of large investment projects by including independent assessments and cost-benefit analysis in the process.
6. The MFLT should further develop annual financial reporting, including reporting on non-financial performance information and capital investment project expenditure variations, to increase the Government's accountability for achieving planned goals and objectives.
7. The MFLT should establish a system to identify, monitor and conduct annual reporting of fiscal risks in the budget, to ensure stability in implementing the annual budget and to reduce the risk of unplanned commitments.
8. The MFLT should monitor the implementation of the procedures for reporting irregularities, to ensure effective reporting across central government bodies.
9. The MFLT should continue to look at ways of reducing the number of single-person IA units and explore the scope for more combined units to provide a critical mass of staff to enable internal quality control and to allow for career progression.
10. The Government, upon initiative of the Ministry of Finance, Labour and Transfers (MFLT), should finalise the preparation and propose new PPL and PPP Law to ensure they harmonise with the 2014 European Union (EU) Directives.
11. The MFLT and the Public Procurement Regulatory Commission (PPRC) should adopt the secondary procurement legislation in line with the new PPL and PPP Law, to ensure they are fully implemented.
12. The PPRC should upgrade the Electronic Procurement System to align with the new PPL by the time it enters into force.
13. The Assembly, upon proposal of the Government, should appoint the remaining PRB Board member to ensure the efficient handling of appeals.
14. The NAO should consider separating compliance audits from financial audit work in order to concentrate on efficient, evidence-based financial audits and to carry out government-wide thematic compliance audits.
15. The NAO should approve and implement an audit quality assurance system that is compliant with the International Standards of Supreme Audit Institutions (ISSAI).
16. The Ministry of Finance should take steps to improve discipline in the financial management practices of municipalities, by identifying the reasons for serious arrears in payments and addressing this issue in a way that allows for the reduction of unpaid obligations.
17. The Government should increase the local discretion of spending allocations, e.g. by increasing the share of revenues from own sources in the overall structure of local government revenues or changing some of the specific-purpose grants into general-purpose grants.

## Analysis

### Budget management

#### Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

The Government has established a comprehensive Medium-Term Expenditure Framework and a Medium-Term Budget Framework linking fiscal objectives and the Government's priorities with expenditure ceilings for individual budget users. The high number of first-level budget users limits the co-ordinating role of line ministries in budget processes and complicates the policy-based budget preparation. There are substantial deviations between projected and actual financial outcomes, highlighting the need for improved accuracy in future financial planning and forecasting, which could be improved by strengthening fiscal discipline with an independent review of government fiscal policy. Parliamentary scrutiny of the MTEF is weak.

Indicator 23. The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing the policy needs with the fiscal constraints		2024 indicator value	52/100
Sub-indicators			Points
1.	Budget calendar		5/5
2.	Preparation of the medium-term fiscal framework		10.6/15
3.	Strength of the medium-term budget framework		12.5/25
4.	First-level budget organisations		0/5
5.	Oversight of fiscal discipline by an independent institution		0/5
6.	Annual budget documentation		12/15
7.	Budget classification		2/5
8.	Planning and budgeting for capital investment projects		3/10
9.	Parliamentary scrutiny of the annual budget		4/10
10.	Public access to budget information		3/5

The annual budget calendar, mandated by legislation and budget circulars, dictates key deadlines. Every year, the Government must adopt a Medium-Term Expenditure Framework (MTEF), covering a period of three years; the MTEF establishes clear quantitative rules, including the macroeconomic and fiscal forecasts for the next fiscal year and estimates for the two following fiscal years. The MTEF must be submitted to the Assembly by April 30, issuing the necessary budget circulars by the same date.<sup>270</sup> A detailed schedule is outlined in Budget Circular 2024/01, covering the period from 29 April, the deadline for approval of the 2024-2026 MTEF, to 27 October, the deadline for the submission of the 2024 Draft Budget to the Assembly. The Budget Circular sets 15 May for guidance issuance, and institutions must submit budget requests by 26 June. The calendar was respected in 2024 for the last MTEF (with approval on 28 April, issuance of the Budget Circular on 15 May, and submission of the 2024 budget on 27 October, with ratification in Parliament on 14 December).

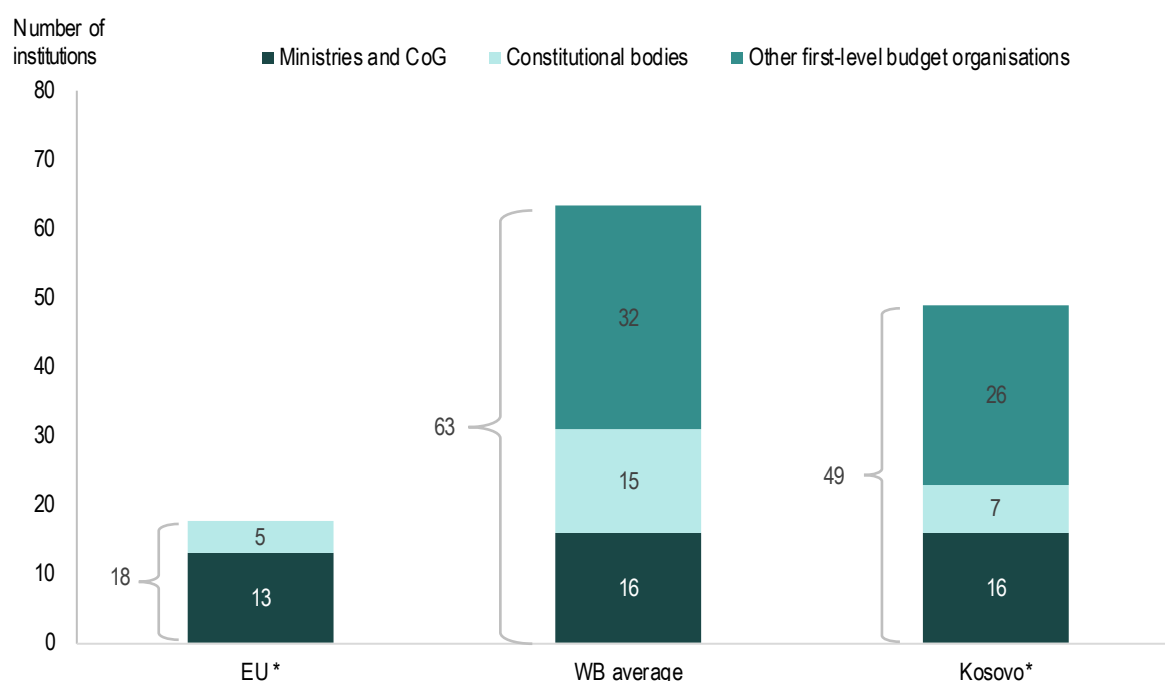
The MTEF 2024-2026 was submitted to the Assembly by 30 April, providing detailed information on budget deficits and public debt levels, and aligning with strict fiscal rules outlined in the Law. The projected deficits

<sup>270</sup> Law No. 03/L-048 on Public Financial Management and Accountability, Article 19, adopted on 3 June 2008. Official Gazette 27/2008.

for 2024, 2025 and 2026 are 2%, 1.5% and 0.7% of GDP, respectively. The outturn of the MTEF 2022-2024 shows significant upward deviations in both revenue and expenditure projections, with a 30% deviation in revenue and a 12% deviation in expenditures when compared to the actual figures for 2023. This indicates a substantial disparity between projected and actual financial outcomes, highlighting the need for improved accuracy in future financial planning and forecasting. Kosovo\* has no independent authority mandated to review government fiscal policy or to assess government-prepared forecasts and annual budget drafts.

The Medium-Term Budget Framework (MTBF) 2024-2026 translates the overall fiscal objectives and government's priorities into expenditure ceilings for the 47 first-level budget organisations, covering various expenditure categories and focusing on objectives, performance indicators and budget impact assessments. In 2023, budget organisations met the deadlines for input. The approved budget ceilings, integrated into Budget Circular 2024/01, form the basis for annual budget planning for individual budget institutions. Sector-specific policies inform these ceilings across ten sectors in the MTEF. Discrepancies between planned and actual expenditures are minimal at the aggregated level (1%) but are as high as 5.2% at the disaggregated level. Inconsistencies across successive MTBFs have an average absolute deviation of 9.8%. The Ministry of Finance, Labour and Transfers (MFLT) does not have an operational spending review system for effective fund reallocation across sectors and policies. Kosovo\* has 49 first-level budget organisations; out of which 26 are not ministries or constitutional bodies.

**Figure 42. Number of first-level budget organisations**



Notes: WB = Western Balkans. The EU\* data is the simple average of five Member States (Austria, Denmark, Finland, Germany and the Netherlands). The Western Balkans data is the simple average of Albania, Kosovo\*, Montenegro and Serbia.

Source: Poč, F. and J. Šušteršič (2024), "Organisational structure of budget management: Directions for reform in the Western Balkans and the Republic of Moldova", *SIGMA Papers*, No. 72, OECD Publishing, Paris, <https://doi.org/10.1787/5fd31556-en>.

The annual budget documentation, as mandated by the Law, outlines the economic context, fiscal strategies and key assumptions. Additionally, it incorporates macro-fiscal projections and assumptions, summarised in attached tables, and provides comprehensive financial data consistent with International Monetary Fund (IMF) standards. The documentation details medium-term projections for government balance, revenue and expenditure, as well as revised current-year estimates for comparison. It also covers capital projects and fiscal risks, including contingent liabilities, while addressing non-financial performance



indicators. However, it lacks information on tax expenditures, as well as detailed information on new policy initiatives. Furthermore, Kosovo's budget system has no extra-budgetary expenditures or revenues.

The budget employs an economic classification aligned with Government Financial Statistics criteria, as mandated by the Law and Accountability and 2024 Budget Law.<sup>271</sup> However, it lacks a functional classification aligned with the expenditure by function of government (COFOG) and a programme classification, focusing instead on an administrative classification linking appropriations to administrative units. Notably, the budget lacks summary analyses of gender and climate impacts.

The consolidated budget incorporates a capital programme that outlines multi-year investment plans and project prioritisation, along with their estimated financial impacts on future years. Budget planning for capital investment follows requirements outlined in the Ministry's Budget Circular, utilising the Public Investment Project system and ensuring compatibility with the MTEF 2024-2026. The 2024 Budget Law lists investment projects for both central and local governments, detailing the resources required and projections for subsequent years. However, the legislation does not require cost/benefit analyses or independent appraisals of large capital projects, nor does the MTEF include recurrent costs post-approval, and selection criteria are not applied at a sectoral level.

Parliamentary scrutiny of the annual budget is ensured, as outlined in the Rules of Procedure of Parliament,<sup>272</sup> including a first reading in a plenary session and scrutiny by both the Committee on Budget, Labour and Transfers and sector Committees before the final approval by the plenary session. Supplementary budgets are initiated through amendments to the budget law, involving funding source identification and budgetary impact assessments as stipulated by the 2024 Budget Law.<sup>273</sup> The time available for the debates on both the annual budget bill and the supplementary budgets is limited (to a maximum of two months for the annual budget bill and only four weeks in case of supplementary budgets). Furthermore, the Parliament has not debated the MTEF in the last three years.

Public access to budget information is limited, as the full set of executive budget proposals is not readily available. The annual budget law approved by the Legislature, including supporting documents, is published and accessible on the Parliament's website. Additionally, the government offers a user-friendly summary of the budget on the MFLT's website. However, the absence of budgetary data in machine-readable and open-source formats prevents thorough analysis.

<sup>271</sup> Law No. 08/L-260 on Budget Appropriations for the Budget for Year 2024, adopted on 14 December 2023.

<sup>272</sup> Rules of Procedure of the Assembly, adopted on 9 August 2022, Articles 80 to 82.

<sup>273</sup> Law No. 08/L-260, Article 18.

### Principle 24: The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.

Liquidity is well managed in the short and medium term, with a Treasury Single Account and reliable financial data supported by daily consolidation and reconciliation with the Treasury information system. Cash-flow management is adequate, but commitment control has not been effectively established, and the level of arrears is high. Comprehensive compliance improvement annual plans to enhance tax collection have been set up, but implementation is scattered and deviations between planned and actual tax revenue pertain, as well as significant tax arrears. Debt management is supported by a medium-term debt management strategy covering all levels of government. The legislation sets strict limits on borrowing and guarantees that are respected. Reporting provides for comprehensive details on central government, municipal and SOE debt.

Indicator 24. Budget implementation and service delivery is supported by cash availability in the short and medium-term		2024 indicator value	68/100
Sub-indicators			Points
1.	Efficiency of tax collection		10/10
2.	Effectiveness of tax collection		7/20
3.	Treasury/cash management		10/10
4.	The reliability of financial data is supported regular reconciliation of accounting information		2/5
5.	Cash flow management		5/5
6.	Commitment controls are established		6/10
7.	Management of expenditure arrears		4.3/10
8.	Debt management		8/10
9.	Government debt risk mitigation		9.4/10
10.	Reporting on public debt		6/10

The Tax Administration has comprehensive compliance improvement annual plans,<sup>274</sup> based both on its Strategic Plan 2022-2026, and on annual Risk Treatment Plans. These plans include compliance audits, tax debt reduction, and a detailed Risk Management Plan to address and reduce the tax gap. This plan specifies compliance activities, measures, timelines and success criteria for various tax types, targeting key sectors such as construction, informal employment and high-income individuals. Despite these efforts, actual tax revenues in 2023 for the three largest tax categories (value added tax, personal income tax and corporate tax) were 95% of the amount expected, with significant variations in implementation rates and project targets, and more significant deviations in value-added tax (VAT) and corporate tax. The overall implementation rate of the plans was only 59%. The cost of tax collection in 2023 was only 1% of the revenue collected, with all 146 160 personal income tax declarations submitted electronically through the E-Declaration Portal.

<sup>274</sup> Work Plan for the Year 2024, <https://www.atk-ks.org/wp-content/uploads/2024/05/ENG-Plani-i-Punes-per-Vitin-2024.pdf>.

**Table 6. Deviations between planned and actual revenues per key tax category in 2023**

	Planned tax revenue (EUR million)	Actual tax revenue (EUR million)	Deviation (%)
VAT	435.9	407.8	-6.5%
Personal income tax	263	255.9	-2.7%
Corporate tax	192.9	184.9	-4.2%

Source: Data provided by the MFLT.

The Treasury Single Account, controlled by the Treasury, ensures that all public funds are deposited into the Kosovo\* Consolidated Fund and that all transactions are conducted through this account, as mandated by the Law.<sup>275</sup> No budget organisations have separate bank accounts, and all central government revenue collections must be transferred to the Treasury central account daily, consolidating all central government bank balances.

The reliability of financial data is supported by daily reconciliation of the central government's bank accounts with accounting data and the Treasury information system, including the suspense account. In 2023, the NAO conducted two IT audits on the management of information communications and technology (ICT) projects and the effectiveness of the e-procurement system, but these did not specifically evaluate the integrity and reliability of the main financial management information system's data, and no such IT audits have been conducted in the past three years.

Cash flow management involves preparing an aggregate cash flow forecast for the fiscal year, and the Treasury must compile a consolidated report detailing receipts, expenses, and surpluses or deficits.<sup>276</sup> Budget organisations submit their cash flow plans within 30 days of the annual budget law's approval, and the Treasury generates an initial plan based on historical data. This forecast is updated monthly with expenditure and revenue forecasts from all budget organisations, incorporating detailed monthly profiles for various economic categories.

Budgetary units can plan and commit expenditures for the entire fiscal year without periodic ceilings, as the annual budget law establishes the sole expenditure ceiling. In 2023, no significant in-year adjustments were made to budget allocations; however, amendments to the budget law were approved to address procedural issues, resulting in adjustments totalling EUR 133.6 million. These adjustments included increases in salaries, wages, goods, services, subsidies and transfers, while capital expenditures were adjusted for project non-implementation. Currently, no effective commitment control system is in place; budget institutions can exceed appropriations and sign contracts without full project documentation.

Data on the stock and composition of expenditure arrears is generated annually, with no concerns over its reliability. Quarterly financial reports include revenue, expenditure, investment and liabilities information but do not cover expenditure arrears. The annual financial report, published by 31 March of the following year, includes total outstanding payments, with central budget institution arrears at the end of 2023 amounting to EUR 57.6 million. The level of arrears for 2023 is approximately 1.6%, calculated using the total stock of expenditure arrears at the end of 2022 (EUR 44.8 million) and the total expenditure outturn for 2023 (EUR 2.86 billion).

A medium-term debt management strategy covering all levels of government is published annually,<sup>277</sup> detailing objectives, guidelines and measures for managing state debt and guarantees to secure funding at the lowest cost and risk. The State Debt Programme (SDP), reviewed annually and covering three years, is approved by the Government and submitted to the Assembly by 30 April. The latest SDP for 2023-2025

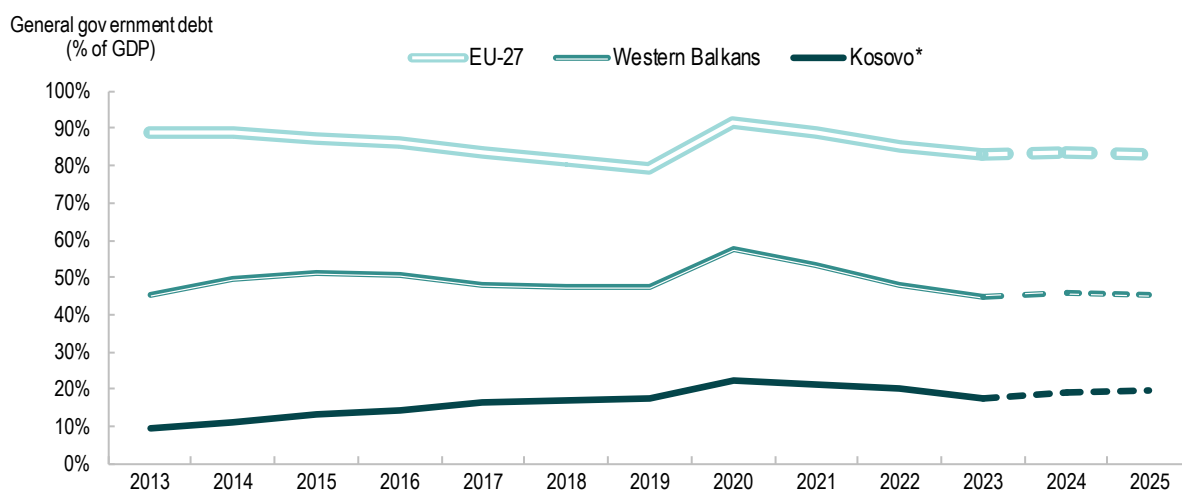
<sup>275</sup> Law No. 03/L-048 on Public Financial Management and Accountability, Article 2.

<sup>276</sup> Regulation (MFPT) No. 01/2022, on the allocation of funds and management of cash flow, adopted on 10 January 2022.

<sup>277</sup> Law No. 08/L-099 on State Debt and State Guarantees, adopted on 9 December 2022. Official Gazette of the Republic of Kosovo\* No. 37, 27 December 2022.

includes data on debt developments, forecasts, debt management objectives, current debt portfolio characteristics, macroeconomic risks, and external and domestic financing sources. It projects total debt indicators for 2022 (EUR 2 112.07 million), 2023 (EUR 2 472.34 million), 2024 (EUR 2 777.85 million), and 2025 (EUR 3 088.91 million); <sup>278</sup> even if the level of public debt shows an upward trend over the period, the public debt-to-GDP in Kosovo\* is very low in comparison with the regional average and much lower than the EU average (18% in 2023, compared to a regional average of 45% and an EU average of 83%) (Figure 43).

**Figure 43. Public debt development as a ratio of GDP in the Western Balkans and EU-27**



Sources: IMF database (2013-2018) and EU Candidate Countries' & Potential Candidates' Economic Quarterly, 2nd Quarter 2024 (2019-2025).

Only the MFLT is permitted to conduct central government borrowing, with the Minister of Finance as the sole authorised agent for negotiating and finalising borrowing agreements. The annual budget law establishes borrowing and guarantee limits, with municipal borrowing governed by the Law, which sets strict caps and reporting requirements; local governments are required to report their debt and borrowing activities quarterly. SOEs must report their debt quarterly. The share of the value of the stock of general government debt maturing in 2024 is 19%, with 6% held in foreign currency and 6% at a floating interest rate.

The national report on public debt is published annually within three months of the end of the reporting year.<sup>279</sup> The report for January to December 2023 was published on 28 February 2024, on the MFLT's website. It includes key indicators of state debt and guarantees. The Annual Bulletin 2023 was released on 5 May 2024. Although the report does not conform to European System of Accounts (ESA) 2010 definitions, it provides comprehensive details on government, municipal and SOE debt, disaggregated into such categories as state debt stock, debt trends, and debt portfolio by currency and interest. However, it does not explain deviations from the national debt management strategy's estimates or targets.

<sup>278</sup> State Debt Programme 2023-2025, adopted in April 2022.

<sup>279</sup> Law No. 08/L-099 and Regulation GRK, No. 22/2013.

### Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.

Fiscal rules are consistently met, aligning with EU benchmarks for debt and deficit levels. However, fiscal risks are neither identified in the budget nor monitored, except for those related to SOEs, due to the lack of a legal mandate or clear accountability arrangements for management of fiscal risks. Annual budget execution shows high deviations between planned and outturn both at aggregate revenue plans and disaggregated expenditure plans. Reports on budget implementation provide for comprehensive information on revenues, expenditure and borrowing, but do not include non-financial performance information or environmental and socio-economic impacts. Major investment projects are monitored and reported quarterly, but reports show high deviations between planned and actual expenditures.

Indicator 25. The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny		2024 indicator value	67/100
Sub-indicators		Points	
1.	Budget execution in line with appropriations	10.3/20	
2.	Fiscal targets	12/12	
3.	In-year reporting of government revenue, expenditure and borrowing	9/10	
4.	Clear accounting standards and consistency with international standards	6/8	
5.	Content of the annual financial report of the government	5/8	
6.	Reporting on capital investments	4/9	
7.	Monitoring and reporting on fiscal risks	2/9	
8.	Annual reports of state-owned enterprises, extra-budgetary funds and local government	8/10	
9.	Transparency and quality of the annual financial report	11/14	

Budget execution over the years has shown varying differences between planned and collected revenues. In 2021, the variance was 31.94%, decreasing to 11.19% in 2022, and turning negative at -0.64% by 2023, averaging 14.6% overall. Similarly, aggregate expenditure plans have seen differences with an average variance of 5.59% across the same period, however, at a disaggregated level, significant variances between planned and actual expenditure for individual budget users are noted.

The Government consistently meets quantitative fiscal rules aligned with EU benchmarks for debt and deficit levels. As validated by the NAO, public sector debt was 5.1% lower than targeted, with the budget deficit for 2023 originally projected at -3.4% of GDP, but ending up significantly lower, at -0.23%. Public debt is 17.5% of GDP.

In-year budget reports, published monthly and quarterly, provide information for both aggregate and individual first-level budget users, showing all transactions of all central government bodies. The Government records all adjustments through the Kosovo\* Financial Management Information System (KFMIS), providing detailed explanations for significant variations in its annual financial statements, as well as information on future spending commitments.

A comprehensive, government-wide report on budget implementation is published every six months. As for local governments, quarterly reports of financial data are published, but do not include information on the stock of arrears.

The Quarterly Treasury Financial Report on the Budget of Kosovo\* provides a comprehensive overview of government finances, covering revenue, expenditure and borrowing. These reports, available in Excel format on the Treasury's website, offer monthly data categorised into economic segments such as expenditures and total budget revenues, borrowings, variances from original spending and revenue profiles, as well as insights into transactions across central government bodies. Local governments are

also included, with comprehensive data on capital expenditures and project progress. However, while quarterly reports on local government financial data offer insights into capital and payroll spending, they do not include information on arrears.

Accounting standards<sup>280</sup> are clearly defined and universally applicable across general government institutions. These standards mandate reporting obligations, methods and formats aligned with international norms and adopting the International Public Sector Accounting Standards (IPSAS) for cash-based financial reporting.<sup>281</sup> The structure of the Annual Financial Report, including explanatory notes, is detailed in the regulation, with disclosures about accounting policies highlighted in accompanying notes. However, the cash-based accounting system precludes the provision of ESA2010-compliant data.

The central Government's annual financial report meets the legal requirements.<sup>282</sup> Covering revenue, expenditure, and borrowing for the central government, it includes detailed breakdowns for each entity. The report provides extensive information on various expenditure categories, employee numbers, debt-related payments, grant recipients, commitment appropriations and contingent liabilities. While it aligns closely with the presentation format of the annual budget law for 2023 and offers a comprehensive analysis of state assets and liabilities, it lacks non-financial performance information and details on the environmental and social-economic impacts of policies, procurements, and operations.

Reporting on capital investments shows significant deviations between planned and actual expenditures, with an average deviation of 35% from 2021 to 2023. Major investment projects are monitored and reported quarterly through the Public Investment Programme (PIP) System, with updates on financial and physical progress provided by budget institutions on projects exceeding EUR 1 million. Quarterly financial reports from the MFLT/Treasury detail state budget investment execution. The Q4 2023 Monitoring Report offers insights into project physical progress and financial status but does not have explanations for budget allocation variations; this gap is also seen in the Annual Financial Report for 2023.

Management and monitoring of fiscal risks are still in the early stages, as highlighted by the MFLT's inaugural Statement on Fiscal Risks in November 2023, which outlines potential threats to the economy affecting medium-term fiscal indicators. At present, no legal mandate or clear accountability arrangements have been established for identifying, estimating, analysing and monitoring fiscal risks or establishing a risk management policy; fiscal risks are not identified in the budget or monitored. The Annual Financial Report for 2023 partially reports on fiscal risks, notably in Annex No. 13, detailing contingent liabilities by budget organisations.

SOEs submit annual audited statements to the Ministry of Economy within six months and 75 days after the end of the year. Annual reports are published on the SOEs' websites after approval by their Boards of Directors. For 2021 to 2023, reports from 17 SOEs are available online. However, the consolidated report on SOEs' financial performance is still pending Government approval as of late June 2024.

Local governments must publish audited annual financial statements within nine months of the end of the year. Mayors are required to submit reconciliation reports within 30 days, and these reports are also available online. Reports on local government audits conducted by the NAO are accessible on the NAO and municipal Assembly websites. Furthermore, the consolidated annual financial report on the budget 2023,<sup>283</sup> which includes local government financial data, is available on the MFLT/Treasury website.

The procedure to ensure an appropriate scrutiny of the annual financial report by the Assembly is respected. The report for 2023 was approved and presented to the Parliament in March 2024, and published on the Treasury webpage on 2 April 2024, within six months of the end of the fiscal year, as established by legislation.<sup>284</sup> The Auditor General issued a Qualified Opinion on the 2022 financial

<sup>280</sup> Regulation MoF-No. 01/2017 on the Annual Financial Statements of Budget Organisations.

<sup>281</sup> Law No. 03/L-048 on Public Financial Management and Accountability, Article 8.1.

<sup>282</sup> Law No. 03/L-048 on Public Financial Management and Accountability.

<sup>283</sup> Annual Financial Report on the budget for the year ending 31 December 2023.

<sup>284</sup> Law No. 03/L-048 on Public Financial Management and Accountability, Article 46.

statements.<sup>285</sup> The report, submitted to the Parliament in August 2023, was discussed in committees<sup>286</sup> and presented in plenary before a vote on the annual budget bill.

### **Internal control and audit**

#### **Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.**

The regulatory framework for internal control is complete and applies to all public sector entities. The PFM Strategy 2022-2026 aims to strengthen controls, with reviews of the financial rules, risk management and self-assessments; the latter cover the management and control systems of public entities but do not include performance aspects. Annual reports on implementation of internal control, including self-assessment outcomes, are submitted to the MFLT, but it does not propose actions based on the report. Central government bodies practice risk management, including fraud risk management. Clear accountability lines are in place in central government bodies, as well as channels for reporting confidential information. Protocols have been set up to manage irregularities and fraud, but effective reporting and co-ordination between the relevant entities are not yet established.

Indicator 26. Adequacy of the operational framework for internal control and its functioning in practice		2024 indicator value	76/100
Sub-indicators		Points	
1.	Regulatory framework and development policy for internal control	8.9/10	
2.	Co-ordination of internal control	7/10	
3.	Adequacy and effectiveness of management and control systems in place	5.9/15	
4.	Managerial accountability	14.1/15	
5.	Reporting on internal control	10/10	
6.	Regularity and completeness of risk management practices	15/15	
7.	Institutional accountability	6.9/12	
8.	Irregularity and fraud management	7.8/13	

The regulatory framework for internal control applies universally to all central government organisations, local governments, publicly owned enterprises, financial institutions and non-profit organisations receiving government support.<sup>287</sup> The Financial Management and Control Manual (FMCM) approved by the MFLT guides compliance with internal control regulations. The PFM Strategy 2022-2026<sup>288</sup> includes a specific objective (3.2) aiming at strengthening internal control. The planned activities 1 to 5 under this objective are the review of relevant financial rules, the application of risk management in all budget organisations, the preparation and approval of the procedure for reporting and processing irregularities, the monitoring and evaluation of self-assessment questionnaires on Financial Management and Control (FMC), and

<sup>285</sup> Annual Financial Report on the budget for the year ending 31 December 2022.

<sup>286</sup> The Committee on Budget, Labour and Transfers and the Committee for Oversight of Public Finances.

<sup>287</sup> Law No. 06/L-021 on Public Internal Financial Control, adopted on 30 March 2018, Official Gazette 3/2018, published on 19 April 2018.

<sup>288</sup> Public Finance Management Strategy 2022-2026, adopted in December 2022.

continuous training on the application of the FMC manual.<sup>289</sup> Various agencies are responsible for these efforts, with an implementation rate of 67% reported in the 2023 Annual Monitoring Report,<sup>290</sup> indicating progress in strengthening internal controls and financial management.

Central government bodies must submit annual reports on implementation of internal control by the end of May, as mandated by the Law on Public Internal Financial Control (PIFC Law). This law outlines reporting requirements, requiring heads of public sector entities to oversee annual FMC self-assessments and approve reports, including internal control statements and audit outcomes.<sup>291</sup> Annual reports sent by central government organisations also include risk mitigation actions and updates on asset information. However, they do not at present include information on performance issues.

The consolidated annual report on the PIFC system summarises assessments, findings and recommendations. It covers monitoring by the CHU and self-assessment results, and provides recommendations for enhancing internal controls to ensure compliant use of public funds and property. The report for 2022<sup>292</sup> was discussed at a government meeting on 29 June 2023; despite government endorsement, specific mandates for internal control enhancement were not issued.

Control activities outline the managerial responsibilities of the heads of public sector entities. These responsibilities include establishing and enforcing the FMC framework through policies, strategies and programmes to ensure adequate resources, service delivery efficiency, reliable information, legal compliance, asset protection, risk management, internal auditing and governance adherence. Established accountability lines guarantee clear subordination of units to one single superior, and clear reporting lines and procedures for reporting confidential information are established according to legal requirements.<sup>293</sup>

Legislation clearly sets the role of line ministries in co-ordinating the budget process in their sector. Even if the number of first-level budget organisations that are not ministries or constitutional bodies is low in comparison with the regional average, there is room to reduce this number and to strengthen the co-ordinating role of the MFLT and line ministries in their sector.

Decision-making delegation from senior to lower management levels is allowed by legislation.<sup>294</sup> The General Secretary, the top civil servant in ministries, directs activities and can delegate tasks while overseeing them, with delegation registers mandated.<sup>295</sup> Surveys show strong agreement among middle managers on clear objectives and empowerment,<sup>296</sup> with 97% of middle managers being aware of their objectives, roles and responsibilities within the organisations, the highest percentage in the Western Balkans (the regional range is between 87% to 97%). Procurement, recruitment, public information replies, annual leave and salary payments are managed below the ministerial level, ensuring efficiency. Training and business trip approvals vary slightly, with some requiring authorisation from the Secretary General. Alignment between management and budget structures across all 51 central government organisations is complete, enhancing coherence.

<sup>289</sup> PFM Strategy, pp. 27-28.

<sup>290</sup> Percentage calculated based on the information in the *Annual Monitoring Report of the Management Strategy of Public Finances of the Republic of Kosovo\* 2022-2026 for the year 2023*, issued in May 2024, p. 16. Of 6 activities under Objective 3.2, 4 have been completed, and 2 out of 6 are in progress (which are not counted).

<sup>291</sup> Law No. 06/L-021 on Public Internal Financial Control, Article 16.

<sup>292</sup> Consolidated Annual Report on the Functioning of the PIFC System in Public Sector Entities of Kosovo\* for 2022.

<sup>293</sup> Law No. 06/L-085 on whistleblower protection, adopted on 23 November 2018, Official Gazette No. 22, 18 December 2018. Regulation No. 03/2021 on determining the Procedures for receiving and handling the cases of whistleblowing, adopted in January 2021.

<sup>294</sup> Law No. 06/L-113 on Organisation and Functioning of State Administration and Independent Agencies, adopted on 2 February 2019, Official Gazette 7/2019, 1 March 2019.

<sup>295</sup> Law No. 06/L-113 on Organisation and Functioning of State Administration and Independent Agencies, Article 18.7.

<sup>296</sup> SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.



A sophisticated authentication system controls access to the digitised management IT system, requiring user IDs and department approval. Event log management records all system activities, and two-factor authentication is mandatory for accessing official PCs. Data security is regularly evaluated, with database administrators overseeing system security and integrity. Backup systems, disaster recovery centres and security procedures are established across central government organisations.

Internal reporting in central government organisations is robust. Monthly reports on performance and budget execution provided by five sample organisations, including three ministries and two large agencies,<sup>297</sup> detail revenues, expenditures and commitments. Non-financial performance data is reported regularly in these five central government organisations, with activity plans and programmes updated weekly, monthly or quarterly, ensuring comprehensive oversight and accountability.

Risk management in central government organisations has improved substantially in recent years. Institutions consistently follow clear risk management practices, with defined objectives aiding risk identification and assessment. All sampled institutions have implemented these protocols, with management being responsible for risk assessments and mitigation. Designated officials oversee these tasks, conducting annual risk assessments and implementing measures to mitigate significant risks, including irregularity and fraud risks. Residual risks are reported annually as part of the mitigation process.

Institutional accountability is structured around clear guidelines and processes. Subordinate bodies within ministries submit annual plans and activity reports, meeting criteria for specific objectives and measurable targets at both output and outcome levels. However, coherence between ministry and subordinate agency plans, as well as reporting on outputs and outcomes, still needs improvement. Regarding SOEs, business plans and financial performance indicators are collaboratively developed with the Ministry of Economy and regulatory authorities. A dedicated unit monitors SOEs' progress against performance indicators, utilising an IMF template and reporting quarterly to the MFLT on fiscal risks and debt. Regular interactions with SOE boards ensure alignment with government objectives, with business plan reviews conducted annually for target implementation.

Civil servants show high awareness of irregularities and fraud and of the procedures for reporting them.<sup>298</sup> Among those who responded to the SIGMA Survey of Public Servants, 83% reported that they were aware of the procedure for reporting unethical irregularities or potential fraud; this percentage is well above the average in Western Balkans (the regional range is between 69% to 85%). All budget institutions follow MFLT Regulation No. 1/2019 on FMC and the FCMC for risk management procedures. Employees, including internal auditors, report irregularities to the head of the public sector entity, who then acts and informs relevant bodies.<sup>299</sup> Detected irregularities are managed internally by the head of the entity. However, irregularities are not effectively reported in most cases, and mechanisms for inter-body co-ordination on irregularities and fraud have not yet been established.

<sup>297</sup> Ministries of Health, Internal Affairs and Environment, Spatial Planning and Infrastructure, Tax Administration of Kosovo\* and Independent Commission for Mines and Minerals.

<sup>298</sup> SIGMA Survey of Public Servants on the functioning of public administration 2024.

<sup>299</sup> Law No. 06/L-021 on Public Internal Financial Control.

## Principle 27: Internal audit improves the management of public administration bodies.

The regulatory framework for IA foresees independence of internal audit, adherence to standards and reporting obligations, with IA units reporting directly to the heads of the public sector organisations and maintaining their autonomy in conducting and reporting on their work. IA coverage is 100% in the central government administration but capacity of internal audit units is low, with only 48% of internal audit units meeting the minimum staff requirements. Certification of internal auditors is fully implemented, with 100% of internal auditors holding national or international certificates. IA planning is also robust: almost all public administration bodies with IA functions diligently prepare and update their strategic and annual plans. A national quality assurance scheme is in place, but its effective implementation is still pending.

Indicator 27. Adequacy of the operational framework for internal audit and its functioning in practice		2024 indicator value	81/100
Sub-indicators			Points
1.	Adequacy of the regulatory framework for internal audit		10/10
2.	Co-ordination, development and guidance of the internal audit system		7/10
3.	Organisational capacity for internal audit		5/10
4.	Independence and objectivity of internal audit		11.8/15
5.	Strength of planning of internal audit in budget organisations		10/10
6.	Quality of audit reporting		9.5/10
7.	Follow-up and implementation of audit recommendations		13.2/15
8.	Certification and professional development		10/10
9.	Existence of a system for quality assurance of internal audit		4/10

The regulatory framework expects that IA operates independently and adheres to established standards. IA units are mandated to report directly to the heads of the public sector entities and inform the Audit Committee, ensuring independence and objectivity.<sup>300</sup> This law delineates IA's powers and responsibilities, including the endorsement of plans, implementation of recommendations, and submission of reports to the CHU. Organisational requirements and unit sizes are specified by Administrative Instructions and Regulation No. 01/2019. They vary based on budget size. Moreover, the law defines IA standards and reporting obligations, emphasising internal audit principles, ethics and methodology. A Code of Ethics is accessible through the MFLT's CHU website, with detailed IA certification requirements outlined in Ministry guidelines, ensuring auditors maintain professional conduct across all government entities managing public assets or funds.

The IA system's co-ordination and development are outlined through strategic planning and assessment. The CHU is responsible for the co-ordination of the IA function across public entities, although no co-ordination meetings of the Heads of IA units were organised during 2023. The PFM Strategy 2022-2026 specifies Specific Objective 3.5 to expand and professionalise internal audit, including broadening coverage, establishing professional development, reviewing monitoring methods, ensuring quality assurance, introducing performance audits, and enhancing external audit co-operation. The Action Plan for 2022-2024 sets milestones for each activity; its implementation rate in 2023 is only 57% according to the Annual Monitoring Report for 2023.<sup>301</sup> The IA Manual aligns practices with legal and international standards.

<sup>300</sup> Law No. 06/L – 021 on Public Internal Financial Control.

<sup>301</sup> Percentage calculated based on the information in the *Annual Monitoring Report of the Management Strategy of Public Finances of the Republic of Kosovo\* 2022-2026 for the year 2023*, issued in May 2024, p. 16. Four out of seven

The Annual Consolidated Report on the IA function, drafted by the CHU offers valuable insights into audit activities, training, plan progress, and system weaknesses, crucial for assessing IA quality.

IA coverage reaches 100% across the central government administration. Four methods are outlined for implementation: direct reporting to the entity's leader, forming a joint unit, engaging in inter-entity agreements, or contracting a professional audit company. However, capacity of internal audit units is low, with only 15 central-level entities having at least two internal auditors among the 31 assessed, accounting for 48.4%.

Independence and objectivity of IA are ensured according to the results of the SIGMA Survey of Public Servants in positions of internal auditor or head of internal audit.<sup>302</sup> IA maintains its autonomy and exercises professional independence in determining audit scope, conducting work, and communicating results, although only 45% of internal auditors consider that their role is limited to audit and advise. The IA system effectively manages potential conflicts of interest among staff, with a high level of agreement among respondents among internal auditors. The survey results also show that access to records, personnel, and property has remained unrestricted over the last three years, further enhancing internal audit's independence and effectiveness.

IA planning in budget organisations demonstrates strong compliance with legal standards. Almost all public administration bodies with IA functions diligently prepare and update their strategic and annual plans. Out of 69 IA units, 97% submit their strategic plans to the CHU, and 95% submit their annual plans.<sup>303</sup> These plans prioritise audit assignments based on risk assessment and effectively allocate resources, ensuring comprehensive coverage of expenditures and funding sources. They systematically assess governance, risk management and control processes within organisations, adhering to national legal requirements and IA standards. Performance audits are planned for inclusion in 2024.

Audit reporting in public sector entities exemplifies commitment to quality and thoroughness. In 2022, IA completed and reported on 448 audits, fully meeting planned targets. Similarly, throughout 2023, comprehensive audit reports were issued by the IA units on their completed assignments. These reports clearly outline objectives, scope and include well-supported audit recommendations. Before finalisation, draft reports are reviewed with auditees, who provide written comments. Survey data indicates strong agreement among senior and middle managers on the usefulness of IA recommendations, thus with 51% of respondents strongly agreeing and 32% tending to agree with the contribution of internal audit recommendations to improve functioning of organisations, a percentage above the average of the Western Balkan region (the regional range is between 66% to 85%).

All IA recommendations in central government organisations are diligently followed up within one year, with a reported implementation rate of 62% in 2022. In both 2022 and 2023, all recommendations – 1 241 and 1 087, respectively – were promptly acted upon and accepted by the auditees.

In Kosovo\*, all 130 internal auditors are certified: 51 hold international certificates from the Chartered Institute of Public Finance and Accountancy of the UK, and 79 have national certificates. The professional development programme in place was fully implemented in 2023. The CHU conducted eight pilot programmes supported by USAID for performance audits and four workshops on internal auditing best practices and experiences. Although an Administrative Instruction for IA training and certification has been awaiting Government approval since September 2023, all planned professional development activities were successfully executed.

The Monitoring methodology for ensuring IA quality in public sector entities, issued by the CHU in December 2023, establishes a national quality assurance scheme. It evaluates organisational settings, management, audit processes and impact of IA activities to ensure compliance with international standards, legal requirements and CHU/EU methodologies. Continuous monitoring applies to IA units with

activities under Objective 3.5 have been completed, 1 out of 6 is in progress and 2 out of 6 have not been implemented. Only completed activities are counted.

<sup>302</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

<sup>303</sup> Annual Consolidated Report on the Functioning of the Public Internal Financial Control System in Public Sector Entities of Kosovo\* for 2022.

two or more auditors, meeting staffing requirements. However, self-assessments have been hampered by the lack of personnel with adequate IA knowledge, and only 20% of the internal audit units have performed an internal assessment. External quality assessments are conducted by the CHU to ensure adherence to international auditing standards and CHU/IAU methodologies, but they have covered only 23% of central government internal audit units in the last five years.

## Public procurement

**Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.**

While legislation is reflecting public procurement principles and it is broadly aligned with 2014 EU Directives, a number of instruments and tools are lacking. Some important provisions are not in line with the 2014 EU Directives. Defence procurement is not regulated in line with the Defence Procurement Directive. No progress has been made on the adoption of the new PPL and PPP Laws. Implementing issues are tackled by secondary legislation, resulting in conflicts between primary and secondary legislation.

Indicator 28.1. Quality of legislative framework for public procurement and PPPs/concessions		2024 indicator value	70/100
Sub-indicators		Points	
1.	Application of fundamental EU policy goals and Treaty principles across the spectrum of procurement legislation	29/30	
2.	Level of alignment of public procurement legislation for contracts above EU thresholds with the EU Directives	18.5/35	
3.	Level of alignment of PPPs/concessions legislation for contracts above EU thresholds with the EU Directives	2/15	
4.	Level of alignment of procurement legislation for contracts below EU thresholds with the EU Treaty principles	20/20	

The PPL<sup>304</sup> has remained unchanged, even though activities were initiated to draft a new PPL in 2020. There has been no progress towards its adoption,<sup>305</sup> and deadlines outlined in the Action Plan of the PFM Strategy 2022-2026 have been exceeded. The lawmaking process lacks structure and clear co-ordination. An established working group created the first draft of the new PPL in 2022, which was subsequently replaced by a new draft prepared by the MFLT in 2023. The current status of the draft is unknown, and public consultations have not yet begun.

The PPL covers the classic and utilities sectors and regulates the award of contracts both above and below the EU thresholds. It is largely aligned with the fundamental EU Treaty principles of transparency, equal treatment and non-discrimination. It reflects the key elements of the 2014 EU Public Procurement Directives, including the main characteristics of the available public procurement procedures, and the fundamental principles underlying the selection and award criteria. Secondary legislation is in place and was amended in 2022.<sup>306</sup> Preferential treatment introduced due to the COVID-19 pandemic was revoked as of 31 December 2021.

Several legal issues need to be addressed. Because the new PPL has not yet been adopted, many legal and implementing aspects have been resolved by subordinate legislation. Some provisions extend beyond

<sup>304</sup> Law No. 04/L-042 on Public Procurement amended and supplemented by Law No. 04/L-237, Law No. 05/L-068 and Law No 05/L-092.

<sup>305</sup> October 2024.

<sup>306</sup> <https://krpp.rks-gov.net/legjsekondar?language=SQ>

the scope of the PPL, such as introducing provisions on contract amendments. Subordinate legislation introduces some provisions that are not aligned with those of the PPL, such as the submission of bids in mini-tenders under a framework agreement. This has resulted in conflicts between primary and secondary legislation.

Several important provisions of the 2014 EU Directives have not been transposed. There are no specific provisions on preliminary market consultations and prior involvement of candidates or bidders, innovation partnerships and competitive dialogue procedures, justification where the contract has not been subdivided into lots, the European Single Procurement Document, social and other specific services, self-cleaning, etc. Some concepts have been introduced only through subordinate legislation, such as the modification of contracts during their term.

Some important provisions of the PPL are not in line with the 2014 EU Directives, the list of exclusions exceeds those outlined in Directive 2014/24 and includes contracts related to postgraduate training or vocational training by employers and representation through the provision of food and beverages. At the same time, grounds for exclusion, such as being guilty of child labour and other forms of trafficking in human beings, terrorist offenses or offenses linked to terrorist activities, are not included.

Upon a request from a contracting authority regarding the submission of false information or forged documents, the PRB is authorised to disqualify the economic operator from participating in public procurement for up to one year. The PRB also has the authority to require the complainant to pay an additional penalty if the allegations made by the complainant are determined to be frivolous. In this event, the complainant shall not be eligible to participate in any way in a procurement activity covered by the present law until the penalty is paid in full or a court of competent jurisdiction rescinds the PRB's order. These provisions introduce blacklisting of economic operators, which is not in line with the provisions of the 2014 EU Directives.

The concept of the most economically advantageous tender has not been defined as provided in the 2014 EU Directives. Mixed contracts are defined, but not all relevant provisions of the EU *acquis* have been transposed. Contracting authorities may use the open or restricted procedure as the main procurement procedure, but rules for the shortlisting of candidates under the restricted procedure are not in line with the 2014 EU Directives. The financial threshold for the application of the PPL is relatively low (EUR 1 000).

The use of the competitive negotiated procedure depends on certain conditions, which are not explicitly established. The PPL contains strict rules for applying the negotiated procedure without prior publication of a contract notice.

The EU Utilities Directive is not fully transposed in the PPL, but it contains the basic procurement concepts for contracting entities, such as relevant sectors/activities, procurement procedures, rules on drafting technical specifications, and the option of using a qualification system.

The PPL incorporates the relevant provisions on review and remedies, largely in line with the requirements of the *acquis* but with some discrepancies, such as those on alternative penalties or frivolous demands.

The provisions of the EU Defence Procurement Directive have not been transposed. The PPL provides for exceptions related to the purchase of sensitive military equipment. However, no further provisions on how to procure these items have been provided. The Regulation on Procurement for Security Purposes defines only basic rules, conditions and procedures for procurement for defence and security purposes exempted from the PPL, but it does not transpose the EU Defence Procurement Directive.

Concessions and PPPs are subject to a separate PPP Law that complies with the basic standards set out in the EU Concessions Directive. The definition of "concession" covers works and service concessions. If the PPP arrangement takes the form of a public procurement contract, the contract must be awarded according to the PPL. The PPP Law promotes the use of the procedure with prior publication of a notice as a general approach to the contract award but contains only general rules regarding exclusion conditions, qualification requirements and technical specifications. The Action Plan of the PFM Strategy 2022-2026 envisaged the adoption of the new PPP Law in 2023. However, it has not been adopted, as its adoption is planned to happen in tandem with the adoption of the new PPL.

### **Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system**

The institutional set-up for developing and implementing public procurement policy is in place. The strategic framework does not cover measures on review and remedies. The Action Plan has not been implemented according to the set deadlines. A new monitoring methodology and data analysis were introduced. More practice-oriented training, an enhanced advisory function and comprehensive manuals are needed, for example on socially responsible and green procurement. The capacity of the PPRC and the CPA should be increased.

Indicator 28.2. Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system		2024 indicator value	56/100
Sub-indicators		Points	
1.	Quality of the strategy and action plan for development of public procurement and PPPs/concessions	15.5/23	
2.	Green procurement performance	0/12	
3.	Performance of socially responsible procurement	0/12	
4.	Central institutions to develop and implement public procurement policy effectively and efficiently	22/22	
5.	Central institutions to develop and implement PPPs/concessions policy effectively and efficiently	9/12	
6.	Quality of monitoring and reporting on public procurement system	9/19	

The PFM Strategy 2022-2026, adopted in December 2022, aims to improve the efficiency and effectiveness of public procurement processes. It outlines the development, implementation and monitoring of procurement policy, including PPPs and concessions. However, it does not include measures on review and remedies. The implementation of the Strategy is lagging, failing to meet the Action Plan 2022-2024 deadlines. This can partly be explained by the fact that the new PPL and PPP Law, scheduled for 2023, have not been adopted, which has caused delays in other activities.

The MFLT oversees the public procurement system and is responsible for drafting laws and by-laws, while the PPRC, an independent regulatory agency, is responsible for development, operation and supervision of the system. The PPRC Board, which is appointed by the Assembly, comprises three members proposed by the Government. The mandate of the Head of the Board expired, but he continued to perform his duties, because no new head had been appointed.<sup>307</sup>

The PPRC's broad competences include establishing detailed procurement regulations, monitoring procurement and contract management, preparing manuals, providing advisory services, maintaining the e-procurement system and organising training. The PPRC employed 32 staff members out of a planned 42.<sup>308</sup> Understaffing is a serious concern, affecting the agency's ability to perform its functions effectively.

A new PPRC monitoring methodology was developed and fully implemented on 1 January 2024.<sup>309</sup> This risk-based approach aims to improve monitoring efficiency, beyond merely checking compliance. The Division of Analysis and Statistics became operational in 2023, employing one officer. Relevant system KPIs were defined, with data analysis commencing accordingly, resulting in the first report, "Analysis – Contract Management Module,"<sup>310</sup> covering the period from June 2021 to June 2024. The first semi-annual

<sup>307</sup> June 2024.

<sup>308</sup> June 2024.

<sup>309</sup> Developed within the USAID's project Kosovo\* Municipal Integrity (KMI).

<sup>310</sup> [https://e-prokurimi.rks-gov.net/HOME/Documents/Raportet/Analiza\\_Finale\\_Moduli\\_i\\_Menaxhimit\\_te\\_Kontrates\\_Final.pdf](https://e-prokurimi.rks-gov.net/HOME/Documents/Raportet/Analiza_Finale_Moduli_i_Menaxhimit_te_Kontrates_Final.pdf).

report on public procurement statistics in Kosovo\* for the first half of 2024 is currently under preparation. In 2023, the PPRC conducted monitoring activities of 9 372 notices, a drop from 11 274 in 2022.<sup>311</sup> This decrease resulted from testing and applying a new monitoring methodology, which aims to enhance the quality rather than the quantity of monitoring activities.

The PPRC, in co-operation with the Kosovo\* Institute for Public Administration (KIPA), conducts basic and advanced training and issues certificates. One basic and one advanced training programme were held in 2022-2023. However, the certification scheme lacks continuous professionalisation, with permanent validity for advanced certificates. Training focuses on legal compliance rather than practical, sector-specific requirements. There has been improvement in this area, with the organisation of 14 workshops on MEAT award criteria in period 2023-2024 with the participation of more than 263 procurement officials and relevant officials from contracting authorities. Additional training programmes on the use of the E-Prokurimi system, primarily focusing on the module on contract management and performance evaluation, were held. In the period 2022-2024, more than 30 workshops were held on managing contracts through the e-procurement and performance evaluation system, including the legal aspects related to these topics. Additionally, a workshop on market research was conducted.

Training for economic operators is not structured and primarily focuses on the use of the e-procurement system. Nevertheless, in 2023, the PPRC organised four roundtable discussions focused on, or with the participation of, economic operators, representatives of chambers of commerce, business associations and the like.

The PPRC offers advisory support to contracting authorities and economic operators through interpretations and opinions, provided through call centre, by email, in written form or in meetings. In 2023, the PPRC received 1 673 requests for interpretation, while 15 interpretations and five opinions were published on the E-Prokurimi website.<sup>312</sup> Despite being responsive and co-operative, stakeholders note inconsistencies in the PPRC's interpretation of procurement legislation compared to the PRB's decisions<sup>313</sup> and a tendency to cite legal provisions rather than offering practical advice.

The E-Prokurimi website, which also functions as the PPRC's site, is well-structured and provides a range of information, including legal acts, manuals, training materials and standard documents. A new, separate PPRC website is under development, with relevant information transferred to it.

Several manuals, primarily focusing on the E-Prokurimi platform, are available. In 2023, the PPRC enhanced its supporting role with the publication of new implementing tools, namely Guideline No. 001/2023 for Public Procurement, the Handbook on Using the MEAT Award Criterion and the Market Analysis Guide, and the User Manual for Contracting Authorities on Requests for Re-evaluation and Appeals.<sup>314, 315</sup> Some areas, though, have not yet received adequate attention, particularly socially responsible and green procurement. Tools to facilitate their implementation are not yet available. A presentation on sustainable procurement was prepared in 2023 for conducting an advanced training programme, but more practice-oriented guidance materials are needed. Additionally, no system is in place for collecting and monitoring data on socially responsible and green public procurement.

The PPRC uses the e-procurement platform E-Prokurimi for data collection, dissemination and reporting. Annual reports are published, and the platform's search options allow for data analysis and export. The platform offers easy and free public access to procurement data, and stakeholders have given positive feedback on its accessibility.<sup>316</sup>

<sup>311</sup> PPRC 2023 Annual Report.

<sup>312</sup> PPRC 2023 Annual Report.

<sup>313</sup> SIGMA interviews, April 2024.

<sup>314</sup> <https://e-prokurimi.rks-gov.net/HOME/ClanakItemNew.aspx?id=219>.

<sup>315</sup> Additional manuals for technical specifications and contract management were published in July 2024.

<sup>316</sup> SIGMA interviews, April 2024.

In 2023, with support from the EU project EU Support for PFM Reforms in Kosovo\*, the Co-operation Protocol for Inter-Institutional Co-operation in Public Procurement was finalised. It defines the co-operation and co-ordination principles among key public procurement institutions to address challenges effectively. The PPRC also holds meetings with relevant institutions on interpretation issues.

Centralised procurement procedures are managed by the Central Procurement Agency (CPA) under the MFLT. However, the CPA's capacity is a concern, with only five employees handling all centralised procedures.

Concessions and PPPs fall under the PPP Committee and the Central Department for Public-Private Partnership within the MFLT. The PPP Department has seven employees, out of the planned ten. While the current capacity is deemed adequate given the low number of PPP contracts, its further reinforcement will be necessary to encourage the growth of PPPs. The analysis of the monitoring function of the PPP Department is presented in the report "Monitoring System of PPP Projects in Kosovo\*", published at the beginning of 2024.

The PPP Department is responsible for training activities related to PPPs and organised eight workshops in 2023. At the beginning of 2024, it also published the Manual for the Evaluation of Public-Private Partnership Project Proposals by the PPP Central Department. Basic guidelines are available on the national PPP website, but they do not fully reflect the complexity of PPP arrangements. In practice, PPPs and concessions are rare.



### Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.

Regarding the efficiency, economy and the competitiveness of public procurement, planning remains a weak link in the procurement process, and has resulted in a significant share of cancelled procedures and non-payment in contract execution. There has been a significant increase in the use of the economically most advantageous tender award (MEAT) criteria. However, the number of participants in competitive procurement procedures has fallen. In terms of contract value, the share of negotiated procedures without prior publication of a contract notice remains high. Additionally, the number of PPP/concession contracts is still low.

Indicator 29.1. Efficiency, economy and competitiveness of public procurement operations		2024 indicator value	43/100
Sub-indicators		Points	
1.	Planning and preparation of the public procurement procedure	4.7/8	
2.	Share of competitive public procurement procedures	3.5/5	
3.	Efficiency of modern tools and techniques	5.1/15	
4.	Penetration of e-procurement	5/7	
5.	Quality of tender documents	3.3/6	
6.	The use of contract award criteria	3/8	
7.	Performance of public procurement market	10.8/30	
8.	Performance of PPPs/concessions market	2/6	
9.	Contract management	4.4/9	
10.	Contract management for PPPs/concessions	0/4 <sup>i</sup>	
11.	Ex post evaluation of the procurement process and of contract performance	1.3/2	

Note: i = data not available or not provided.

Planning is a weak link in the procurement process. In accordance with the legal framework, public procurement forecasts are published on the e-procurement system. The procurement forecast must align with the contracting authority's budget for the fiscal year. However, findings of the State Audit Office<sup>317</sup> note that contracting authorities frequently enter into contractual obligations without the necessary budget, and that procurement activities are conducted and construction contracts awarded without major projects. This leads to the initiation of contracts without secured funds, resulting in legal disputes and payment of damages from the state budget. Preliminary audit data for 2023 show a total value of EUR 21 million in unpaid contracts and an additional cost of EUR 7 million in interest.<sup>318</sup> Additionally, procedures laid out in procurement plans are realised at a very low rate.<sup>319</sup> As a consequence of weak planning, a significant 18.2% share of medium and high-value procurement procedures were cancelled in 2023.<sup>320</sup>

<sup>317</sup> Auditor General's Report for 2021 and SIGMA interviews, April 2024.

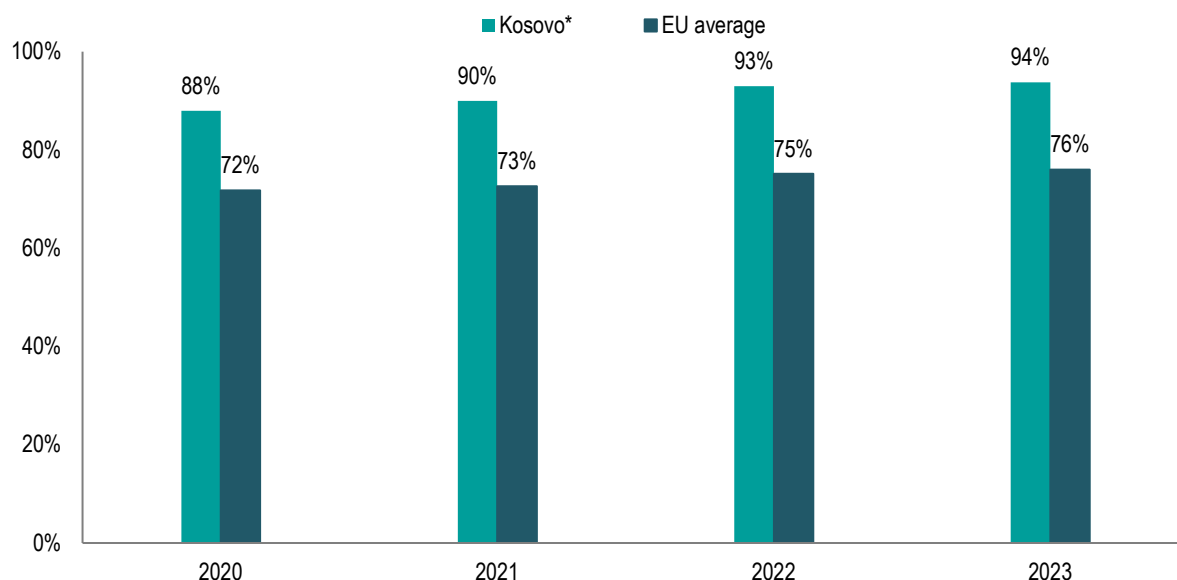
<sup>318</sup> SIGMA interviews, April 2024.

<sup>319</sup> <https://inpo-ks.org/wp-content/uploads/2024/05/Raporti-Performanca-e-Qeverise-se-Republikes-se-Kosoves-ne-realizimin-e-Prokurimit.pdf>.

<sup>320</sup> Data provided by the national administration.

Of the contracts awarded in 2023, more than 93% were awarded through competitive procedures. However, in terms of contract value, the negotiated procedure without prior publication of a contract notice still covers more than 14%.<sup>321</sup>

**Figure 44. Use of competitive procedures**



Notes: Percentage of the use of competitive procedures in Kosovo\* over time.

Source: Kosovo\* data provided by Public Procurement Regulatory Commission, 2024. EU data provided by Government Transparency Institute, 2024.

As for the award criteria used, significant progress has been made in using MEAT. In 2023, MEAT covered 14.2% of the value of all contracts (all thresholds), compared to 5.7% in 2022 and 0.9% in 2021.<sup>322</sup> This improvement is the result of a series of workshops on MEAT and the availability of the Handbook on Using the MEAT Award Criterion.

The average number of participants in competitive procurement procedures is decreasing. The average number of tenders submitted per competitive procedure in 2023 was 3.5,<sup>323</sup> compared to 4.8 in 2020. For contracts of above EUR 10 000, the average number of tenders is 2.9, and in 25.1% of cases, only one tender was received.<sup>324</sup>

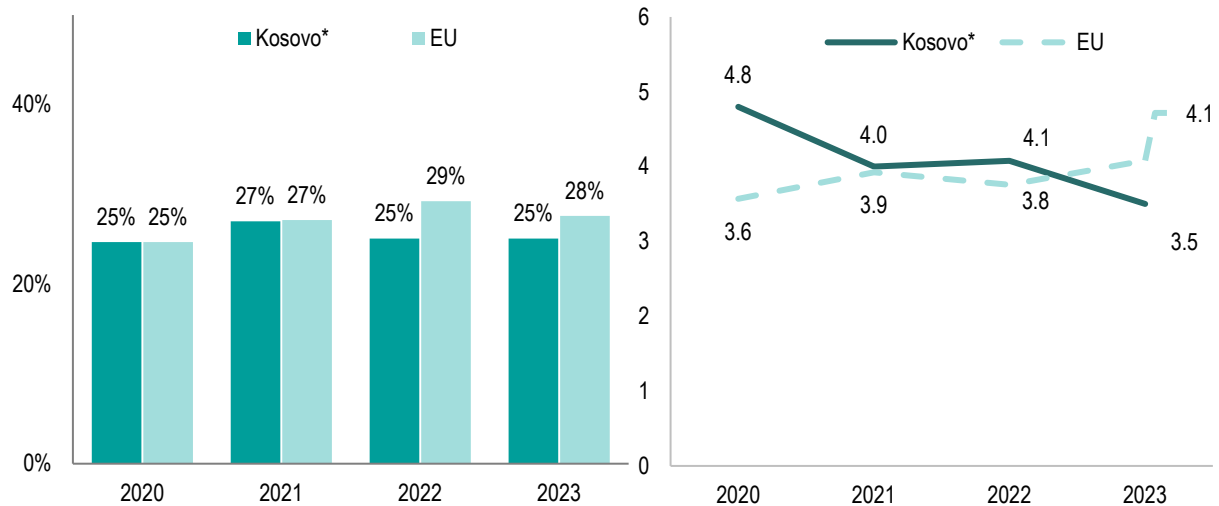
<sup>321</sup> Data provided by the national administration.

<sup>322</sup> PPRC Annual Report for 2023.

<sup>323</sup> PPRC Annual Report for 2023.

<sup>324</sup> Data provided by the national administration.

**Figure 45. Percentage of competitive procedures when only one tender was submitted and the average number of tenders**



Notes: Percentage of competitive procedures when only one tender was submitted with the average number of tenders submitted per competitive procedure in Kosovo\* over time.

Source: Data provided by Public Procurement Regulatory Commission, 2024. EU data provided by Government Transparency Institute, 2024.

The share of framework agreements of above EUR 10 000 was 28.1% in 2023, with only 2.1% of awarded frameworks being multi-supplier.<sup>325</sup> No guidance focusing on framework agreements is available.

Centralised procurement activity continues to be carried out by the CPA, an agency established under the MFLT. In 2023, the share of contracts awarded by the CPA was 3.7% of the total value of the contracts, showing a decreasing trend compared to 7.4% from the last assessment in 2020.<sup>326</sup>

Public procurement procedures, with exceptions of tender submission for design contests, are conducted using electronic means through the central e-procurement platform E-Prokurimi, which is a robust element of the national system. It covers all stages of the procurement process, from the publication of procurement plans to contract management information. The system allows free access to all published notices, and no registration is required for browsing using many search criteria.

Dynamic purchasing systems and e-auctions are still not used in practice.

The efficiency of procedures is affected by some provisions of subordinate legislation, such as the obligation to establish a new committee for re-evaluation if the Responsible Procurement Officer of the contracting authority rejects the recommendation of the Evaluation Committee.<sup>327</sup> The establishment of new evaluation committees often results in different evaluations that are challenged in the review procedure, creating a loop and delaying the finalisation of the procedure.

Contract management is still a weak link in the procurement process. Use of the Contract Management module and publication of contract-monitoring reports have made some improvements in this area, but more intensive monitoring based on available data is needed. There is no evidence of systematic evaluation of the procurement process, assessment of concluded contracts or a standardised approach to

<sup>325</sup> Data provided by the national administration.

<sup>326</sup> Data provided by the national administration.

<sup>327</sup> Regulation No. 001/2022 on Public Procurement, Article 39.11.

reviewing and learning from issues that arise during contract execution. More practical guidance and examples of the implementation of contracts and their modifications are needed.<sup>328</sup> The PPRC possesses data on contract modifications, but only related to amendments based on price amendments of up to 10% of the contract when a negotiated procedure without prior publication of notice is used. The State Audit Office findings<sup>329</sup> emphasise the serious issue of non-payment of contractual obligations due to inadequate budgets.

Because there are so few PPP contracts, trends are hard to discern. In 2023, one procedure was cancelled due to inadequate offers, and one is being prepared. Lack of knowledge and the general complexity of PPP projects are noted as the key obstacles to awarding more PPPs.<sup>330</sup>

### **Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations**

To enhance the availability and quality of support to contracting authorities and other actors and to increase professionalisation of procurement operations, manuals on the use of MEAT award criteria and market research were prepared. Additional guidance is needed, with an emphasis on practical examples and specific sectors. Some training and certification of procurement officers takes place, but not enough to ensure continuous professionalisation. Practice-oriented training is called for, as is structured training for economic operators. Establishing protocols for co-operation should help to align institutions' interpretations and practices.

Indicator 29.2. Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations		2024 indicator value	59/100
Sub-indicators		Points	
1.	Availability of advisory and operational support	22.8/36	
2.	Availability of advisory and operational support for PPPs/concessions	3/12	
3.	Availability of quality training for procurement officers and other actors	17.9/28	
4.	Availability of quality training for officers and other actors in the area of PPPs/concessions	12/12	
5.	Role of civil society	3/12	

Under the PPL, the PPRC oversees the preparation and dissemination of procurement manuals, guidelines, standard tender and contract documents, and standard forms and models for the benefit of contracting authorities and economic operators. The E-Prokurimi website<sup>331</sup> provides access to text and video manuals, standard form documents, interpretations and opinions. All documents and information are also transferred to a separate PPRC website.

The manuals that are available largely focus on specific stages of procurement procedures and the use of the e-procurement platform, and give details on procedural elements. Some examples of best practices have been identified, but they are not adequate, especially on specific topics such as sustainable procurement or specific sectors. The publication of the Handbook on Using the MEAT Award Criterion in 2023 is a significant step forward, reflecting a greater share of the use of the criterion. Additionally, practical

<sup>328</sup> Additional manuals for technical specifications and contract management, published in July 2024, provide some reference to contract management.

<sup>329</sup> Auditor General's Report for 2021 and SIGMA interviews, April 2024.

<sup>330</sup> SIGMA interviews, April 2024.

<sup>331</sup> <https://e-prokurimi.rks-gov.net/HOME/ClanakItemNew.aspx?id=327>.

examples are provided in the new Guideline No. 001/2023 for Public Procurement and the Market Analysis Guide.<sup>332</sup> The 2024 SIGMA Surveys on the public procurement system show a significant increase in satisfaction with the quality of guidelines and manuals compared to 2021. Of contracting authorities, 90% gave a valuation of 4 or 5 on a five-point-scale where 1 meant “not useful at all” and 5 meant “Extremely useful”). Of businesses, 52% gave 4 or 5 Extremely useful in the same scale on a five-point-scale. The simple average of both percentages of positive valuations by businesses and contracting authorities is 71%, compared to 37% in 2021.<sup>333</sup>

Standard forms are available, partly integrated in the e-procurement platform (e.g. notices). They are detailed and up to date, some referring to specific types of procurements (e.g. supplies, services, works), but they do not contain practical examples.

Training and certification are carried out by the PPRC in co-operation with KIPA. Basic and advanced certificates are issued based on participation in training and an examination. However, the advanced certificates have no expiration date, so the certification scheme does not ensure continuous professionalisation. Overlapping of basic and advanced training has also been noted. In addition, training still focuses on legal compliance, with inadequate emphasis on practical examples.<sup>334</sup> An analysis of the current training and certification system, with proposals for its upgrade after the adoption of the new PPL, was prepared with the support of the EU-financed project EU Support for PFM Reforms in Kosovo\*. Training activities for economic operators are organised but not in a structured manner, and are primarily centred on the use of the E-Prokurimi system. One basic and one advanced training programme were held in 2022-2023. There has been improvement in this area, with the organisation of 14 workshops on MEAT award criteria in period 2023-2024 with the participation of more than 263 procurement officials and relevant officials from contracting authorities. Additional training programmes on the use of the E-Prokurimi system, primarily focusing on the module on contract management and performance evaluation, were held. In the period 2022-2024, more than 30 workshops were held on managing contracts through the e-procurement and performance evaluation system, including the legal aspects related to these topics. A workshop on market research was also held.

The number of positive evaluations of the training has risen since 2021, as noted in the 2024 SIGMA Surveys on the public procurement system. Of contracting authorities, 63% gave 4 or 5 on a five-point scale where 1 meant “not useful at all” and 5 meant “extremely useful”); and 61% of businesses gave 4 or 5 on the same scale. The average of both is 62%, while in 2021, it was 39 %.<sup>335</sup>

The PPRC provides advisory assistance to contracting authorities and entities. In 2023, the PPRC received 1 673 requests for interpretation, a significant drop from 3 360 in 2022.<sup>336</sup> Only 15 interpretations and five opinions were published in 2023. The FAQs section was discontinued in November 2022. The number of positive evaluations of support activities has risen since 2021, as identified in the 2024 SIGMA Surveys on the public procurement system. When questioned about the usefulness of answers by the PPRC to concrete questions or requests for support, 96% of contracting authorities and 79% of businesses answered “yes” or “somewhat useful”. The average of both percentages is 88%, while in 2021, it was 49%.<sup>337</sup>

Discrepancies between PPRC opinions and interpretations and PRB decisions have yet to be addressed by contracting authorities.<sup>338</sup> To tackle this and other challenges in the national procurement system, a

<sup>332</sup> Additional manuals for technical specifications and contract management were published in July 2024.

<sup>333</sup> SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system in the Western Balkans 2024.

<sup>334</sup> SIGMA interviews, April 2024.

<sup>335</sup> SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

<sup>336</sup> PPRC 2023 Annual Report.

<sup>337</sup> SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

<sup>338</sup> SIGMA interviews, April 2024.

Co-operation Protocol for Inter-Institutional Co-operation in Public Procurement was finalised in 2023, with the support of the EU Support for PFM Reforms in Kosovo\*. This protocol supplements co-operation agreements between the PPRC and other key institutions involved in procurement, such as the PRB, the Kosovo\* Competition Authority, the National Audit Office and the Kosovo\* Police. Regular co-ordination meetings of key institutions in the field of public procurement are held, co-ordinated by the PPRC. The PPRC also holds separate meetings as needed with relevant public procurement institutions on interpretation issues.

Regarding PPPs/concessions, training activities are organised by the PPP Department of the MFLT. In 2023, eight training activities were organised.<sup>339</sup> The Manual for the Evaluation of Public-Private Partnership Project Proposals by the PPP Central Department was published at the beginning of 2024. Central institutions have established good co-operation with relevant non-governmental organisations (NGOs), inviting them to participate in discussions, conferences and working groups. However, NGOs' feedback is often not given sufficient consideration. In 2022, NGOs participated in a working group that prepared a first draft of the PPL, but the MFLT prepared a totally new second draft, disregarding the input of the working group.

### Principle 30: An independent procurement review system ensures effective, rapid and competent handling of complaints.

Significant concerns remain about the independence, effectiveness and competence of the review system. The PRB Board rarely convenes with its full five members. The appointment of PRB Board members raises concerns about the merit-based selection, while the dismissal of one member calls into question the independence of the PRB. The PRB decision-making time is longer than prescribed in a significant share of cases, as is the time it takes for a court to rule against PRB decisions.

Indicator 30. Independence, effectiveness and competence of the review system		2024 indicator value	57/100
Sub-indicators		Points	
1.	Mechanisms and procedures to challenge procurement decisions	14/18	
2.	Mechanisms and procedures to challenge decisions taken by contracting authorities as regards PPPs/concessions	6/8	
3.	The independence and responsibility of the review body and its members	6/13	
4.	The independence and responsibility of the review body for PPPs/concessions and its members	3/7	
5.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions	2/9 <sup>i</sup>	
6.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions for PPPs/concessions	2/5 <sup>i</sup>	
7.	Complaint submission in practice and fairness of fee rates for initiating review procedures	6.4/9	
8.	Quality of decision making by the review body	8/11	
9.	Right to challenge decisions of the review body which is not judicial in character	2/6	
10.	Public availability and timeliness of data on the review system	8/14	

Note: i = data not available or not provided.

The PPL provisions on the scope of the review and remedies system, the time limits for challenging decisions, the effects of filing a complaint, and the mechanism for ensuring the effectiveness of contracts

<sup>339</sup> SIGMA interviews, April 2024, and MFLT website.

are largely consistent with the *acquis*. There are discrepancies related to alternative penalties, which may take the form of compensation for damages and do not constitute an alternative penalty according to the Remedies Directive. The PRB's authority to impose a fine of EUR 5 000 if a complaint is deemed frivolous may be considered a limitation on complainants' access to justice. However, the PRB does not use this option in practice.

There are significant concerns about the functioning of the review system. The PRB is the first-instance review body for appeals concerning public procurement procedures prescribed by the PPL and the PPP Law. The PPL provided that the PRB Board include five members, but it rarely meets in full capacity. After a long period without a PRB Board, a new five-member Board was appointed in December 2022. However, one member resigned and another was dismissed. From 2023 to 2024, the PRB Board functioned with only three of its five members for almost a year. Although a new member was appointed at the end of April 2024, the Board remains incomplete, with only four members.<sup>340, 341</sup>

The appointments of PRB Board members call into question the merit-based selection. The PPL does not mandate a public competition for selecting Board members. However, as a good practice, the Government announced a public competition for the selection of members appointed in June 2022. Of the five selected members, two did not participate in the competition but were proposed based on the Government's discretion. Of the three members who did participate, two received the lowest scores. In January 2024, the Government proposed two candidates for the PRB Board with no prior open competition.

There are also concerns that grounds for dismissal of members of the PRB Board were utilised in cases that may not be objectively justifiable. In May 2023, the Government proposed to the Assembly the dismissal of a member of the PRB board based solely on one appeal case and the decision of the PRB. This raises questions about the objectively justifiable application of the PPL regarding the dismissal of PRB Board members and the independence of the PRB.<sup>342</sup> This issue is particularly concerning because the justification for dismissal relies solely on references to sectoral legislation on medicinal products, rather than on the interpretation of the PPL or PRB rules of procedure.

No information on the median or average decision-making time is available. A basic manual analysis of information on appeals from the website and reports indicates that processing times in a large percentage of cases are much longer than prescribed. In 2022, of 732 PRB decisions, 594 were adopted past the 54-day deadline.<sup>343</sup> Appeals lodged at the time when the PRB Board in 2021-2022 was not functioning were either resolved by contracting authorities by accepting the appeal allegations based on the "silence of the administration" principle or were dismissed as irregular by the Secretariat of the PRB. Based on amendments to the PRB procedural rules increasing the threshold to EUR 300 000, a significant share of review procedures were handled by one-member panels.

The PPL states that a complainant may request the Basic Court to review PRB decisions. However, decisions issued from mid-2022 onwards contain a reference that the dissatisfied party can appeal to the Commercial Court. This is based on Law No. 08/L-015 on the Commercial Court, which established the Commercial Court and specified that all business and administrative disputes fall within its jurisdiction. However, this law does not contain provisions that override or amend the PPL or refer to procurement procedures. The transfer of competences is not presented clearly, with no reference to the PPL or procurement review and appeals. As a result, although the decision can be challenged before the court, there is legal ambiguity over which court has jurisdiction. Additionally, PRB decisions contain an instruction that the dissatisfied party can appeal to the Commercial Court, with no reference to the legal provision on which such instructions are based.

<sup>340</sup> June 2024.

<sup>341</sup> In August 2024, the Head of the PRB resigned, so the PRB Board remains incomplete.

<sup>342</sup> In July 2024, the Constitutional Court published a decision ruling that the Assembly's decision to dismiss a member of the PRB Board was not in compliance with the Constitution. <https://gjk-ks.org/en/decisions-published-in-july-2024/>

<sup>343</sup> PRB 2022 Annual Report.

Appeals can be lodged through an e-Appeals module on the e-procurement platform. The PRB's decisions are published promptly on the PRB website and are available on the e-Appeals module. However, the PRB website's search engine offers limited search criteria and does not have a free search option. The search form does not allow for selecting decisions in a user-friendly way based on the issue date, and no list of decisions appears in the order of publication. A user-friendly guide to court practice is not available.

The PRB publishes regular annual reports, but they do not provide certain key information. No data is presented on the average or median processing time of complaints, so the efficiency of the review process cannot be ascertained.

The PRB currently has 21 employees,<sup>344</sup> too few for the number of appeals lodged. As a result, it relies heavily on external review experts, as defined by the PPL. The PRB's capacity needs to be significantly increased.

In 2023, 1 071 appeals were filed, considerably higher than the 881 in 2021 and 820 in 2022. Notably, in 2021 and 2022, economic operators were discouraged from lodging appeals because the PRB Board was not operational. However, a comparable 1 184 appeals were filed in 2020.

<sup>344</sup> June 2024.



## External audit

### Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

The Constitution guarantees independence and autonomy of the NAO. The regulatory framework grants the NAO the authority to audit, in line with international standards, all financial, administrative and programme activities; this mandate covers all budget organisations and SOEs and includes a high number of mandatory financial and compliance audits. The NAO prioritises transparency through strategic planning and human resource development, and its stakeholder engagement enhances public awareness, reflected in positive survey feedback. The National Assembly issues recommendations for budget organisations based on NAO reports; however, despite the systematic monitoring carried out by NAO, the implementation rate of its recommendations needs to be improved. Quality management practices need to be effectively implemented.

Indicator 31. Adequacy of the legal framework for external audit and its effectiveness in practice		2024 indicator value	82/100
Sub-indicators		Points	
1.	Constitutional, legal, organisational and managerial independence of the SAI	15.7/20	
2.	Adequacy and coverage of the SAI mandate and its alignment with IFPP	9.4/10	
3.	Governance and management of the SAI	10/10	
4.	Compliance of audit methodology with ISSAIs / Audits are conducted in accordance with the ISSAIs	8/10	
5.	Quality management of the SAI	5.5/10	
6.	Reporting and the follow-up of audits	10/10	
7.	Implementation of audit recommendations	10.8/15	
8.	SAI external engagement and communication	4/5	
9.	Use of SAI reports by the legislature	8.7/10	

According to Article 136 of the Constitution, the NAO is the highest institution of economic and financial control. Functional and organisational independence of the NAO is established in the Constitution,<sup>345</sup> and the NAO Law<sup>346</sup> firmly establishes its autonomy, detailing its functions, budget management and reporting obligations, and ensuring access to information and premises of the audited bodies. Financial autonomy has been ensured in practice despite the submission of the NAO's budget proposals through the Government, thanks to the provisions for government alterations communicated concurrently to the National Assembly. The NAO implements its budget and performs its statutory functions independently and is free from undue direction or interference from the Legislature or the Executive in the organisation and management of its office, including individual recruitment decisions. Perception of the NAO's independence among civil servants is high, with 67.9% strongly agreeing or tending to agree that the supreme audit institution (SAI) carries out its work and activities independently of the government.<sup>347</sup>

<sup>345</sup> Judgement (KO203/19) of the Constitutional Court regarding the assessment of the constitutionality of Law No. 06/L-114 on Public Officials, published in July 2020, has confirmed the direct establishment of functional and organisational independence of the Auditor General in the Constitution, <https://gjk-ks.org/en/decisions-from-the-review-session-held-on-30-june-2020/>.

<sup>346</sup> Law 05/L-055 on the Auditor-General and the National Audit Office, adopted on 18 May 2016, Official Gazette 17/2016, 10 June 2016.

<sup>347</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

The NAO Law grants the SAI authority to audit all financial, administrative and programme activities, tracing public funds to final beneficiaries across budget organisations and publicly owned enterprises.<sup>348</sup> The NAO carries out statutory regularity audits which include financial and compliance aspects, as well as the evaluation of financial management systems, internal audit functions and internal control systems. It is also empowered to conduct performance and other types of audits. The NAO fulfils its mandate by conducting 103 mandatory financial and compliance audits annually, achieving full coverage. Additionally, it performs performance audits across various sectors, demonstrating the breadth of its mandate and its alignment with the INTOSAI Framework of Public Pronouncement requirements.

The NAO has a robust organisational planning system involving strategic and operational elements. Performance audit strategic planning guidelines outline steps for assessing external environments, identifying risks and preparing plans. The 2023-2026 Strategic Plan, with an Operational Plan,<sup>349</sup> sets clear objectives and indicators, ensuring effective implementation through regular monitoring and reporting. The NAO prioritises human resource development, focusing on staff retention through professional training and needs-based sessions.

The NAO respects the international standards of Supreme Audit Institutions (ISSAIs) in its audit operations. For financial and compliance audits, it uses the Regularity Audit Manual (2020), aligned with ISSAI standards. The Performance Audit and Procurement Audit Manual from 2016 also follows ISSAI guidelines. While Engagement Quality Reviews (EQRs) and inspections ensure ISSAI compliance, no EQRs or inspections occurred for performance audits in 2023.

The NAO has policies and procedures for quality management in place, but they are based on outdated ISSAI versions,<sup>350</sup> and a comprehensive approach on quality management across all its operations is lacking.

Even if the quality management policies outline the arrangements for monitoring and remediation, including the requirement for inspections, the arrangements have not been implemented in practice, and no reviews have been conducted for completed engagements. The current monitoring policies and processes at NAO are insufficient and require further development to ensure effective quality management practices.

The Quality Assurance Department and peer reviews, such as the SIGMA peer review carried out in 2023, emphasise quality control, but formalising Engagement Quality Control Review policies for performance audits is needed. The Code of Ethics, updated in 2022, stresses ethical conduct and independence, monitored through conflict-of-interest registers and signed declarations. Quality control procedures follow audits throughout the cycle, using checklists, and addressing eventual issues before the finalisation of audit reports. However, the NAO has not implemented a system to obtain feedback from audited entities on the quality of its audit work.

The NAO introduced the SITA audit management software system in 2020, which standardises audit documentation and enhances efficiency, consistency and quality across all audits. Draft reports are promptly sent to audited institutions, meeting legal deadlines for submission to relevant bodies and the National Assembly, and are published online. Audited entities must respond within 30 days, with semi-annual progress reports required. The Performance Audit Manual and the Guideline for Follow-Up of Performance Audit Recommendations provide guidance on following up on performance audit recommendations, although specific requirements are not specified in the NAO Law. Annual audit plans include follow-up audits. According to the SIGMA survey of public servants, 91% of respondents found SAI reports easy to understand<sup>351</sup> and 90.9% found them to contain relevant and useful recommendations,<sup>352</sup> indicating a high level of clarity and utility.

<sup>348</sup> Law on the Auditor-General and the National Audit Office, Article 18.

<sup>349</sup> Documents available on the NAO website: <https://zka-rks.com/en/per-ne/dokumentet-strategjike/>

<sup>350</sup> Audit Quality Management Guide and Regularity Audit Quality Control Guide.

<sup>351</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

<sup>352</sup> SIGMA Survey of Public Servants on the functioning of the public administration 2024.

Recommendations issued in 2021, 2022 and 2023 (Table 7) were fully accepted by auditees.

**Table 7. Number of recommendations issued**

Year	Number of recommendations
2021	806
2022	865
2023	705

Source: NAO's Annual Performance Reports

Financial and compliance audit recommendations are reviewed annually, while performance audit recommendations are assessed during follow-up audits. The NAO's Annual Performance Report for 2022, published in 2023, evaluated financial/compliance audit recommendations, achieving an overall implementation rate of 59%<sup>353</sup> (Table 8):

**Table 8. NAO recommendations implemented in 2023.**

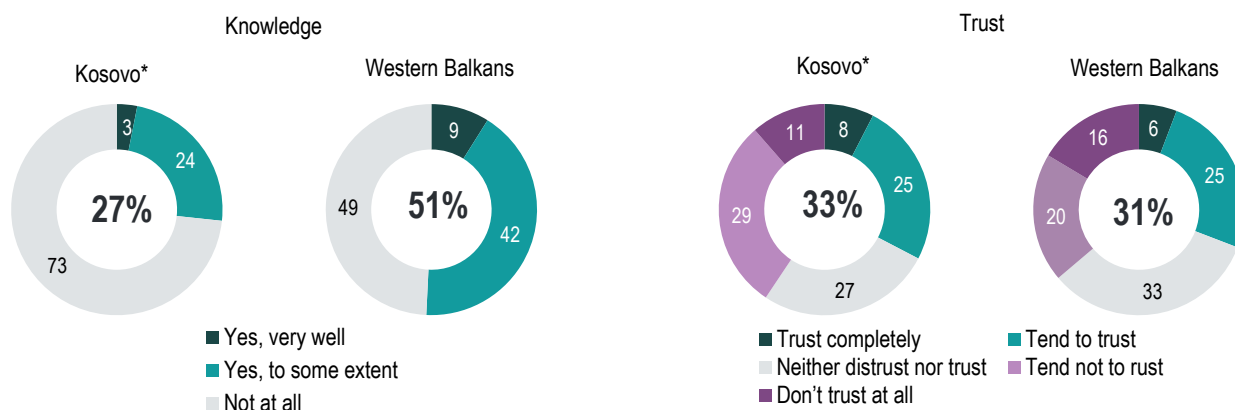
Category	Budget organisations	State enterprises	Overall
Fully implemented	318 (49%)	108 (57.7%)	426 (51%)
Partially implemented	58 (8.9%)	74 (39.6%)	132 (15.8%)
Not implemented	273 (42.1%)	5 (2.7%)	278 (33.2%)
<b>Total</b>	<b>649</b>	<b>187</b>	<b>836</b>

Source: NAO's Annual performance report for 2022, published in 2023.

To increase awareness and understanding of its roles and activities, the Auditor General implemented the NAO's 2023-2026 Communication Strategy, which included hosting four media conferences, six roundtables, and publishing over a hundred online news items in 2023. Despite this strategic approach, only 27% of respondents to the SIGMA Survey of Citizens said they know very well or are somewhat familiar with the SAI and its work. This percentage is much lower than the Western Balkan average. However, the citizens in Kosovo\* expressed a similar level of trust in the SAI than the regional average (Figure 46).

<sup>353</sup> According to SIGMA's methodology, partially implemented recommendations are counted at a weight of 50%.

**Figure 46. Citizens' knowledge and trust in the SAI**



Notes: Percentage of valid responses to the questions: 1. "Are you familiar with the supreme audit institution and what it does?" 2. "How much trust do you have in Supreme Audit Institution?" The percentage in the middle is the share of the respondents who answered "yes, very well" or "yes, to some extent" to the question about knowledge and "trust completely" or "tend to trust" to the trust question.  
 Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The National Assembly's Committee for Oversight of Public Finances reviews NAO reports within three months and conducted five public hearings with auditees in 2023. After assessing 32 audit reports, the committee issued 11 recommendations for budget organisations. Additionally, the Committee on Budget, Labour and Transfers reviewed a NAO report on rental income at the Kosovo\* Privatisation Agency from 2012-2021. The NAO monitors the implementation of the committee's recommendations through a follow-up mechanism during regular audits, as detailed in its Annual Performance Report on 2022, published in 2023.

## Financing of local governments

### Principle 32: Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

Overall, the autonomy of local governments for spending allocation is low. Although the proportion of local spending to total public expenditures is the highest in the Western Balkans, a very small share of local budgets originates from own revenues and a large part of budgets is based on specific-purpose grants. Equalisation of financial capacity works more efficiently than in the rest of the Western Balkans. The level of payment arrears is significant in most municipalities.

Indicator 32. Fiscal autonomy of local governments		2024 indicator value	60/100
Sub-indicators		Points	
1.	Legislative guarantees for fiscal autonomy and diverse sources of revenues of local governments	16/19	
2.	Rules for fiscal equalisation to mitigate disparities among local governments	9.6/10	
3.	Mechanisms for financial oversight of local governments	12/12	
4.	Local governments' right to raise and manage own finances	4.4/23	
5.	Rules for conditional and unconditional grants to local governments	3.4/10	
6.	Financial balance and fiscal sustainability of local governments	14.3/26	

Legislative guarantees for fiscal autonomy of local governments are in principle secured in the legislation. Several regulations have been passed as a direct consequence of the ratification of the European Charter of Local Self-Government. The framework for local government financing is built upon three laws: the Law on Local Self-Government,<sup>354</sup> Law on Local Government Finance<sup>355</sup> and Law on Public Financial Management and Accountability.<sup>356</sup> An atypical feature of the local government revenue structure is the lack of a tax-sharing instrument, which is common in many European systems.

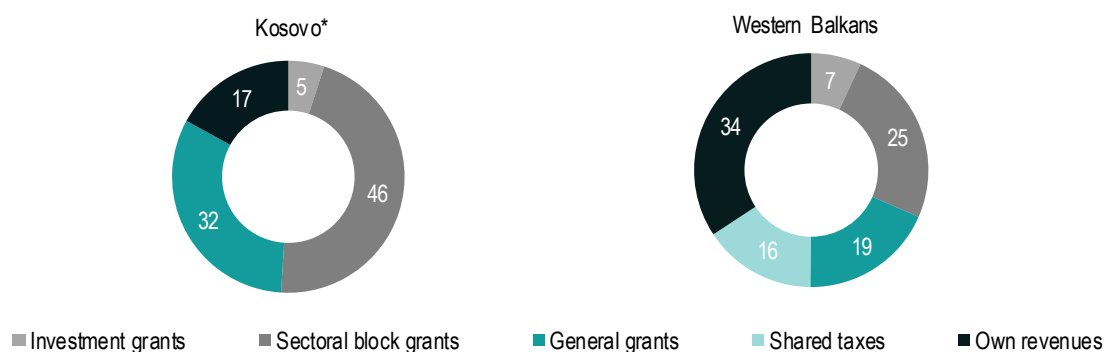
A small fraction of revenues (around 17%) originates from own sources of local governments, the smallest proportion among all Western Balkan administrations (Figure 47). The largest share of revenues from own sources is provided by the property tax (almost 7% of total revenues, or over 40% of local own revenues) and fees for building permits (over 4% of total revenues or almost one-fourth of local own revenues). Property tax, the main local tax, can be regulated by local governments within the limits set at the central level, but there is no central monitoring of the level of the actual variation of tax rates among municipalities. Altogether, local governments' revenues from taxation on property amount to around 0.5% of GDP annually.

<sup>354</sup> Law on Local Self-Government, No. 03/L-040 (2008).

<sup>355</sup> Law on Local Government Finance, No. 03/L-049 (2008).

<sup>356</sup> Law on Public Financial Management and Accountability, No. 03/L-048 (2008).

Figure 47. Composition of local government revenue in the Western Balkans, 2021



Source: NALAS (Network of Associations of Local Authorities of South-East Europe) (2024), *Fiscal Decentralisation Indicators for South-East Europe*, 9th Edition, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>.

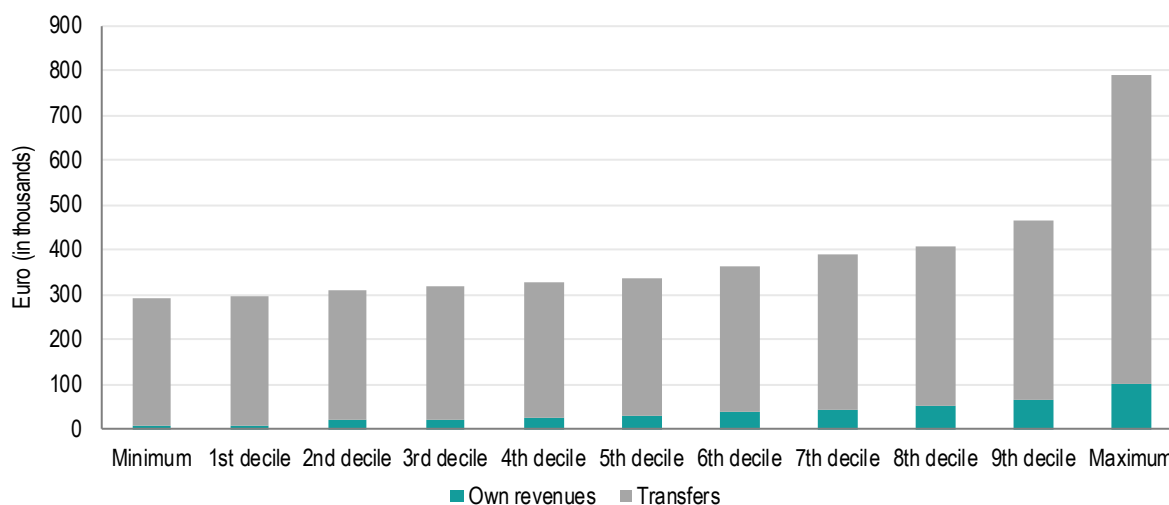
Financial spending autonomy is reduced by the fact that over half of total local government revenues originate from specific-purpose grants.<sup>357</sup> This proportion is higher than in other Western Balkan administrations.

As in several other Western Balkan administrations, borrowing is formally allowed by legislation,<sup>358</sup> but it requires approval from the central government. However, borrowing is not typically used to finance municipal investments. Since borrowing by local governments is low or non-existent, debt in the form of bonds or credits is not an issue in any municipality.

The mechanism for financial equalisation is effective. The general-purpose grant constitutes almost one-third of total budget revenues and contributes to considerable flattening of the level of per capita revenues in municipalities. The Gini coefficient of per capita total revenues is at a very moderate level of 0.124, and the 9th to 1st decile ratio drops from over 8.9 in the case of own revenues per capita to 1.57 for total budget revenues (Figure 48). The process of equalisation is the most effective of all Western Balkan administrations (both the Gini coefficient and the 9th to 1st decile ratio after amalgamation are at the lowest level).

<sup>357</sup> The largest proportion of these grants are grants for education (EUR 239 million in 2024) and grants for primary health care (EUR 76.5 million in 2024). Several other, smaller specific grants are sometimes directed to a few municipalities or to a single municipality only.

<sup>358</sup> Law on Local Government Finance, Article 30.

**Figure 48. Per capita revenues of local governments in Kosovo\* before and after equalisation, 2023**

Note: Data in the figure do not include Pristina and three municipalities with extended functions.

Source: Calculations based on data provided by the MoF.

Basic regulations concerning financial oversight of local governments are following required standards, and most local governments are audited on an annual basis by the Kosovo\* National Audit Office.<sup>359</sup>

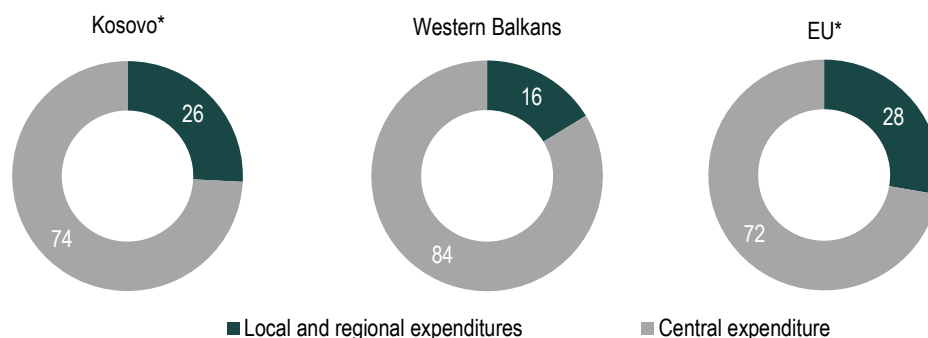
The Law on Local Government Finance guarantees that new functions may be delegated to municipalities only in parallel with new revenue sources,<sup>360</sup> although it is not clear if the same guarantee applies when new own competences are transferred to local governments. Drafts of new regulations are discussed by working groups, and the Association of Local Governments is regularly invited to participate in such discussions.

The share of local government expenditures in total public expenditures is the highest among all Western Balkan administrations (currently almost 26%, Figure 49), although it is still slightly lower than the European Union (EU) average.

<sup>359</sup> Law on the Auditor General and the National Audit Office of the Republic of Kosovo\*, No 05/L-055 (2016).

<sup>360</sup> Article 26.

Figure 49. Share of local and regional government expenditures in total public expenditure, 2022



Note: EU\* is the simple average of 22 EU Member States included in the NALAS fiscal decentralisation database. See the Annex for the complete list.

Source: <https://www.oecd.org/tax/federalism/fiscal-decentralisation-database/>, NALAS fiscal decentralisation indicators (<http://www.nalas.eu/category/publications/>) and data provided by Ministries of Finances in the Western Balkan administrations.

As regards financial management at the local level, cases of late annual local budget approval are extremely rare. In 2023, there were three such cases, but the delay was limited to 2-3 weeks only. Cases of operating deficit are also rare (only 3 cases, which is less than 10% of all municipalities in 2023). However, this positive information may be misleading to some extent because most municipalities have considerable arrears in payments (only 9 municipalities out of 38 had no or negligible amounts of overdue payments). It means that discipline in the financial management practices of municipalities is not always ensured and financial stress is often not reflected in the budget deficit but rather in arrears.



# Public administration in Kosovo\* 2024

This report provides analysis on how Kosovo\* performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.