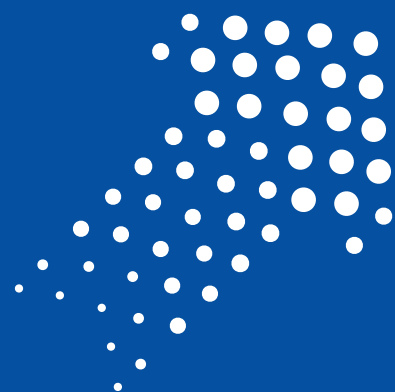




Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria e Kosovës-Vlada Kosova-Government of Kosova
MINISTRIA E ADMINISTRIMIT TË PUSHTETIT LOKAL
MINISTRATVO ADMINISTRACIJE LOKALNE SAMOUPRAVE
MINISTRY OF LOCAL GOVERNMENT ADMINISTRATION



RULES OF THE MUNICIPAL PERFORMANCE GRANT FOR THE FISCAL YEAR 2020



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Rules of the MUNICIPAL PERFORMANCE GRANT

for the fiscal year 2020

PREAMBLE



During 2019, Ministry of Local Government Administration (MLGA), Swiss Development and Cooperation Agency (SDC) and Swedish Development and Cooperation Agency (Sida) through the DEMOS Project revised the MPMS and merged grant schemes to create a single grant aimed at improving the performance of municipalities in 'local democracy', 'municipal management' and 'service delivery'.

Now the so-called "Municipal Performance Grant" will have an annual budget of around 4.5 million euros in 2020-2021. All 38 municipalities of Kosovo are eligible to participate in a municipal performance grant. This grant now is co-financed by MLGA, SDC, Sweden and Norway.

The municipal performance grant (MPG) is meant to stimulate competition amongst the municipalities in Kosovo in the understanding that all citizens in the country are entitled to benefit from equally well performing local governments. Therefore, the MPG should stimulate municipalities in two ways. First, by encouraging municipal compliance with minimum legal standards (basic standards). Second, the MPG should stimulate 'real' performance that goes beyond legal compliance ('mandatory').

The MPG is based on the following principles:

- Municipalities, for each year, must meet a number of minimum requirements to be eligible for a grant on an annual basis;
- For all municipalities that have met the minimum requirements, the amount of grant received by each municipality is based on the performance achieved in performance indicators compared to the performance of all other municipalities.

Once municipalities qualify, the size of the grant will be determined by the relative scores of municipalities on a series of performance indicators. The performance indicators are a reflection of government policy objectives that aim to realise the overall vision of municipalities as 'vibrant democratic local government institutions that deliver quality services in response to citizen's needs and priorities'. The performance indicators seek to draw municipal attention and to address specific observed weaknesses in realising this vision. All performance indicators should be and can be fulfilled by all municipalities in Kosovo, big or small, rich or poor, provided they make an effort.

This document sets out the context, the objectives and the rules for municipalities to receive the performance grant.

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FOREWORD

In 2009, Kosovo was the first country in the region to adopt a performance-based grant scheme for allocating funds to municipalities as incentives for improving municipal governance. In late 2017, the Ministry of Local Government Administration (MLGA), in partnership with the Swiss Development Cooperation (SDC), developed and agreed to co-finance an upgraded scheme for allocating a municipal performance grant to municipalities along with updated indicators.

The aim, the methodology and the plan for the implementation of the new and improved municipal performance grant is set out in this publication. It informs all relevant local-level stakeholders — including mayors of municipalities, chairpersons of municipal assemblies, directors of municipal departments, municipal civil servants, municipal performance management system (PMS) coordinators, members of municipal assemblies, and constituents within municipalities of the rules and procedures of the municipal performance grant.

The document also defines the responsibilities of actors at the central level, including: (i) members of the Technical Group (chaired by the MLGA) responsible for the performance assessment and; (ii) the Municipal Performance Grant Commission, responsible for ratifying the rules of the municipal performance grant and approving annual grant scores and allocations. The grant commission is composed of the General Secretary of the MLGA (Chair), the Budget Director from the Ministry of Finance, the Treasury Director from the Ministry of Finance, whilst the civil society organisation, the director of SDC, Sida Director Norad Director and a representative from the National Audit Office are observers in the Municipal performance grant Commission. The commission will act as an overseer of the Technical Group.

Between 2018 and 2021, at least 14 million euros will be allocated to municipalities as municipal performance grants. The municipal performance grants to municipality, starting from 2020 will be allocated in line with scores for municipal performance, based on a number of indicators centred around three key priority areas: (i) democratic governance, (ii) municipal management, and (iii) service provision. Indicators are formulated in such a way that they are equally difficult (or easy) to achieve for all municipalities, irrespective the size of population, territory, or economy.

MLGA encourage all relevant local stakeholders to consider the municipal performance grant as an opportunity through which to gain greater understanding of municipal performance (including areas of improvement and areas in need of improvement) and to engage in healthy competition with other municipalities in an effort to boost municipal capacity and efficiently and effectively provide quality public services for constituents.

The results of the performance evaluations will be publicly announced by the MLGA, and funds will be allocated to municipalities accordingly.

The municipal performance grant will serve as a reward for positive municipal change but also as a tool to stimulate further competition and economic development, to encourage continued improvement and strengthened capacity vis-a-vis municipal governance, and to enhance levels of municipal transparency.

I thank the representatives of municipalities and local officials for their commitment to advancing the system of local self-government and municipal performance and to engaging in fruitful cooperation and competition with the aim of meeting the needs of their constituents.

Emilija Redzepe
Minister of Local Government Administration

1. A MUNICIPAL PERFORMANCE GRANT - AN INTRODUCTION

1.1. Introduction

Municipalities in Kosovo, as entities of decentralised local governance, have an important role in the organisation of the public sector. Apart from the obligation to provide a range of services, the real importance of municipalities is that, on the one hand, they are the first point of contact between citizens and the state and that, on the other hand, they provide an opportunity for citizens to participate in public sector decision making.

Compared to many other countries, municipalities in Kosovo are doing relatively well. Nevertheless, the need for further improvements still remains, considering that: the legal framework is only partly implemented, civil servants are insufficiently encouraged to develop their capacities, and personal relations still prevail over equitable access for all citizens to public services. Clientelism - both in areas of recruitment as well as in areas of service provision - is an often-heard complaint. At the same time, citizens often have the feeling that they are not listened to and that their suggestions and requests are often ignored. Politicians, elected to represent citizens in the day-to-day managing of public affairs have insufficient contact with their constituencies. Finally, municipalities are too often criticised for, or associated with, corrupt practices and the related lack of transparency.

To reach the government's objective of municipalities as vibrant democratic local institutions that deliver services in response to citizens' needs and priorities, the following topics are identified as priority themes to enhance municipal performance:

- **Municipalities to function as local democratic institutions** to adhere to legal standards of transparency, where there is a strong municipal assembly that represents the citizens and that has the power to oversee the executive; whilst citizens have opportunity to raise concerns and suggestions that are seriously considered;
- **Municipalities to have an effective and efficient municipal management**, that is neutral and impartial; and
- **Municipalities to provide qualitative services** in response to citizen's priorities and needs treating all citizens in an equal manner.

1.2. Objective

The objective of the municipal performance grant is to provide municipalities with incentives that will stimulate them to further improve their performance in good governance, municipal management and service delivery.

The municipal performance grant incentivises municipalities in two ways: it, firstly, encourages municipal compliance with legal minimum standards (basic standards). Secondly, the grant stimulates 'real' performance that goes beyond ('mandatory') legal compliance.

1.3. Key topics

Given the analysis of critical factors, which are impeding municipalities to become ‘*vibrant democratic local qualitative service delivery institutions*’, the municipal performance grant will focus on the following 3 themes:

- Democratic governance
- Municipal management
- Service provision

These 3 themes are further subdivided in ten sub-themes as shown in Table 1 below. Under these ten sub-themes, 30 performance indicators are identified (as shown in Table 2), that jointly allow municipalities to score 100 points on performance. The score, as will be explained in chapter 2, determines the amount of the grant that a municipality annually gets on the basis of its performance.

Table 1: The three main themes and ten sub-themes with maximum scores

Themes and sub-themes		Points to be obtained
1. Democratic Governance		40
I	Role of the municipal assembly as oversight body	13
II	Citizen participation and consultation and inclusiveness	12
III	Transparency, access to information and integrity	15
2. Municipal Management		30
IV	Financial management	13
V	Contract management	7
VI	Human resource management	10
3. Service Provision		30
VII	Administrative services	6
VIII	Spatial planning, public transport and environment	8
IX	Pre-university education	8
X	Primary Health Care	8
Maximum number of points to be obtained		100

1.4. Geographical coverage

Municipal performance grant, as well as the accompanying technical assistance provided by DEMOS project, will be available for all municipalities in Kosovo.

1.5. Strategic orientation

The municipal performance grant shall be perceived as a grant from the Government of Kosovo. The strategic aim is to integrate the municipal performance grant into the Kosovo legislation.

The municipal performance grant that municipalities receive will flow through the governmental financial system (Treasury) and be made available to municipalities as an addition to the capital investment part of the general grant, the size of which is determined based on a grant allocation formula that has variables like population size, area size, and ethnic composition, next to a fixed base amount¹.

For the spending of the municipal performance grant, all the existing government rules (as applicable for capital investments under the general grant) apply, in terms of use of the grant, planning for the grant as well as reporting and accountability. That means municipalities do not have to submit project proposals. They can use the Kosovo tendering procedures, contracts and technical acceptance procedures. The grant will not be separately audited. The grant will be included in the audit of the National Audit Office. The municipal performance grant is hence administered as a government grant to municipalities. The only added features are the minimum conditions and the performance indicators.

The municipal performance grant for the following financial year will be communicated to municipalities by September each year². This allows municipalities to plan the use of the municipal performance grant as part of their normal planning and budgeting process.

Because the plan is to make the municipal performance grant part of the Kosovo legal framework for fiscal decentralisation in the coming years, it should be aligned as much as possible to the current Kosovo government systems and administrative procedures.

Line ministries and donors that want to delegate responsibilities and related funds to local governments will be encouraged to align their grants with the provisions for the municipal performance grant, that are based on measuring basic good governance. It would leverage both their own (sector) grant and the Municipal performance grant. For example, the same Minimum Conditions could be used, maybe in combination with a minimum percentage of the performance score. Donors that want to invest in good governance issues will be encouraged to channel their funds directly into the basket fund for the municipal performance grant.

¹ The allocation formula for the general grant is defined in the Law on Local Government Finance (Law No. 03/ L- 049)

² In a normal year, there is one performance grant only. In 2020, there will be two performance grant cycles: one cycle that will be assessed by the end of 2019 (December) where the performance of 2018 is assessed and will result into a grant to be used in 2020, and one to be assessed in summer 2020 for the performance of 2019 resulting in a grant to be used in 2021.

1.6. Structure and target audience

This document explains the policy behind the municipal performance grant and informs about the rules for the grant.

Chapter 1 – provides a short overview of the rationale of the municipal performance grant and its areas of focus. Chapter 2 - outlines the minimum conditions, the performance indicators, and the principles of grant allocation and the auditing of the municipal performance grant. Chapter 3 - presents the process of assessing the municipal performance from data collection to grant allocation. Chapter 4 - briefly discusses the link of the grant to capacity development and other issues of governance.

The annexes provide a more detailed scoring guide for the minimum conditions (annex 1) and for the performance indicators (annex 2), with a definition of what is measured, where the data come from, how it is measured and how the performance points are allocated. Annex 3 provides a template for a scorecard that will be used to communicate the performance score to municipalities. Annex 4 describes in detail the way the grant amounts for each municipality are calculated, once the performance scores are known. Annex 5 and 6 describe the ToR of the Technical Group and the Municipal performance grant Commission. Annex 7 provides contact details.

This document targets all stakeholders in all municipalities in Kosovo, notably the mayors, directors, senior management, PMS coordinators, members of the municipal assembly and interested citizens. At the national level, the rules for the municipal performance grant are of interest for the members of Technical Group (which prepares the assessment and the grant allocation), the Municipal performance grant Commission (which approves the rules and procedures, and the annual grant), all ministries that produce policies that affect municipalities, as well as for Non-Governmental Organisations (NGOs) that work on local service delivery and local governance. This document may also serve as an overview for development partners that are contemplating to join the municipal performance grant.

2. A MUNICIPAL PERFORMANCE GRANT – DESIGN PARAMETERS

2.1. Basic principles

The municipal performance grant is based on the following principles:

- Municipalities must, for each year, meet a number of minimum conditions before they become eligible for the grant on an annual basis;
- For all the municipalities that have met the minimum conditions, the grant that each municipality gets is based on its relative scores against 30 performance indicators (its score as compared to the scores of all other municipalities).

The minimum conditions are to ensure that the available amount is only shared amongst those municipalities that are able to use it well and that are capable of spending it responsibly; have adhered to legal obligations to review the municipal acts and have reported for all MPMS indicators.

The performance indicators (and the relative scores) are meant to stimulate competition amongst municipalities for the extra financial resources but equally for the pride and the glory to be amongst the best scoring municipalities in terms of critical performance areas. Publication of the assessment results (and a public discussion around the analysis of the assessment results) is an important aspect of the municipal performance grant.

2.2. Minimum conditions

Five minimum conditions have been set for the grant:

1. Municipalities must have reported for all MPMS indicators;
2. Municipalities should have adhered to the legal obligation to review municipal acts deemed illegal by oversight bodies
3. The audit opinion must be at least unmodified with emphasis of matter;
4. Municipalities must have spent 75% or more of their capital investment; and
5. Municipalities must have signed a tripartite participation agreement (the municipality, MLGA and HELVETAS Swiss Intercooperation³).

Municipalities that did not report on one or more indicators, or did not review municipal acts, or had either a modified audit opinion or a disclaimer, or did spend less than 75% of its capital investment budget, or did not sign the participation agreement (for whatever reason) will not be eligible to receive a municipal performance grant, regardless what their performance scores may be.

³ HELVETAS Swiss Intercooperation has been contracted by SDC to support MLGA on its behalf in further developing the municipal performance grant during the period 2018-2021, whilst ensuring good use of the Swiss contribution.

The rationale of the minimum conditions is that:

- Municipalities should be willing to report data on all MPMS indicators, regardless of whether they are stimulated with a grant or not;
- The grant will be allocated to those municipalities that have complied with the legal obligations to review municipal acts deemed illegal by oversight bodies.
- In order to get the grant, municipalities should have a sufficiently sound financial management system in place as evidenced by the latest available audit report;
- The grant will only be allocated to those municipalities that have shown to have sufficient capacity to absorb additional funding as shown by the capital budget expenditure rate; and
- Municipalities, as autonomous local governments, are free to choose whether they want to participate in the scheme. None will be forced, but joining means adhering to the rules of the municipal performance grant and the participation agreement.

All five minimum conditions must be met before a municipality becomes eligible for the municipal performance grant allocation. Annex 3 has a template to communicate to each municipality the results of the assessment of the minimum conditions.

For the 2018 performance evaluation, two minimum conditions will remain frozen: minimum condition 1 - reporting for all MPMS indicators and minimum condition 2 - review of legal acts. This means that the minimum condition 3, 4 and 5 will be considered in the selection of beneficiary municipalities of the municipal performance grant.

2.3. Municipal Performance indicators

As shown in Table 2 below, a total number of 30 performance indicators are identified under three main headings and eight sub headings (see also table 1 above).

Table 2: An overview of themes of the municipal performance grant ⁴

#	Theme / Indicator area	# max. of points
I. MUNICIPAL GOVERNANCE – Role of Municipal Assembly, Citizen participation and inclusion, Transparency and Accountability		40
I	Role of the municipal assembly as an oversight body	13
1	Timely submission and approval of the Municipal Budget to the Municipal Assembly	2
2	Discussion of quarterly budget reports by the Municipal Assembly	3
3	Discussions on the municipal performance report by the municipal assembly for the past year	2
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	4

⁴ A more detailed explanation of the indicator themes and the colour can be found in the text and Annex 2.

5	Reporting of the Mayor to the Municipal Assembly	2
II	Citizen participation, consultation and inclusiveness	12
6	Citizen participation in public meetings, disaggregated by gender	4
7	Municipal acts and local policy documents consulted with the public	4
8	Public hearings for MTBF and municipal budget (proportionally to # residents)	4
III	Transparency, access to information and integrity	15
9	Assembly meetings made public and broadcast live	3
10	Municipal website is up to date as per legal (specific) requirements ⁵	4
11	Publication of public procurement documents and contracts	2
12	Publication of minutes for public consultation processes	4
13	Reporting on the implementation of the integrity plan before the Municipal Assembly	2
II. MUNICIPAL MANAGEMENT – Financial Management, Contract Management and HR Management		30
IV	Financial Management	13
14	Property tax register updated annually, pursuant to legal requirements	3
15	The level of property tax collection (debt-free, interest, fines)	5
16	Addressing audit recommendations (according to NAO)	5
V	Contract Management	7
17	Implementation of the procurement plan	3
18	Compilation and publication of the list of municipal properties planned to be used and exchanged	4
VI	Human resource management	10
19	Job openings processed through HRMIS	2
20	Women in leadership positions in education, health, culture institutions	5
21	Women appointed in political positions in the municipality	3

⁵ Për vlerësimin e performancës së vitit 2018, burim i të dhënave për këtë tregues është formulari për pranimin e të dhënave në SMPK.

III. SERVICE DELIVERY – Access and quality of service delivery – By sector		30
VII	Administrative services	6
22	Cases of administrative claims reviewed within legal deadlines	4
23	Reviewed applications for building permit	2
VIII	Spatial planning, public transport and the environment	8
24	Extension of the municipal territory included in (detailed) regulatory plans	3
25	Settlements covered by local public transport	3
26	Implementation of the local environmental action plan	2
IX	Pre-university education	8
27	Children attending kindergarten	4
28	Results in matura exam	4
X	Primary Health Care (PHC)	8
29	Space in PHC per m ² for 10,000 inhabitants	3
30	Level of fulfilment of the ratio of 1 family physician and 2 nurses per 2,000 inhabitants	5

The indicators reflect municipal performance areas that (i) are considered important for the good functioning of the municipal structures as entities of democratic local governance and (ii) are, at all levels for all municipalities, considered to have scope for improvement. It is not useful to include indicators of performance areas for which all, or at least the majority of municipalities, already have established routine of good performance (as all would score maximum points and no change is generated). Instead, the municipal performance grant will focus on areas where a large group of municipalities need and can make further improvements. The grant will create incentives to facilitate that change.

Different indicators have different maximum scores, related to their attributed weight and importance. Annex 2 has a detailed guideline on the allocation of the points within the maximum scores. The points have been calibrated such that good and acceptable levels of performance are rewarded but that, for each indicator, sub optimal performance are given very little or no points, which means that the points really stimulate good performance (instead of mediocre performance). It also means that municipalities that perform well on a number of indicators will receive substantially more points than the ones that show ordinary performance.

It is important to note that the indicators have been selected and formulated in such a way that they are more or less equally attainable by all municipalities, irrespective of the population or area size and economic strength. In principle, the indicators reflect attributes that all municipalities 'ought to have' - as they are part of good local gover-

nance, to which all citizens in Kosovo are entitled.

Finally, it is important to mention that 12 indicators (those in orange/pink in Table 2) will be ‘frozen’ for the determination of the grant for FY 2020 (and for which the assessment is done at the end of the year 2019 based on the 2018 performance). This means the score for these indicators will not be taken into account in the total score.⁶ Maximum points for the 18 indicators to be assessed at the end of 2019 (for the 2018 performance) will be 58. The reason for this is that the data for these indicators have not been collected by all municipalities in 2018 and thus are not available for the assessment at the end of the year 2019.

2.4. Sources of funding of the municipal performance grant

The municipal performance grant will be co-funded by the Government of Kosovo (out of the budget allocation of the MLGA), Swiss Government, Sweden and Norway.

The funding plan for the Municipal performance grant for 2020 is as shown in Table 3 below. It is possible that the overall grant budget may increase in the coming years with contributions from line ministries and/or other donors.

Table 3: Sources of funding of the municipal performance grant 2020 (in Euros)

	Total 2020
GoK/MLGA	2,500,000 ⁷
SDC	950,000
Sida	540,000
NORAD	910,000
Total	4,900,000€

2.5. Calculation of the municipal performance grant amount

The indicators are defined in such a way that all municipalities, independent of their size, location or economic strength, can be a good performer provided they make an effort to perform as a democratic local government serving its people. MPG is allocated in that way that 90% of total grant amount is allocated based on formula, while 10% of total grant amount is allocated for additional reward for three (3) municipalities with best performance. Ten (10) per cent of total grant amount is awarded to three first places with the best performance. The first place is awarded with 5% of the total grant amount; second place is awarded with 3% of total grant amount and third place is awarded with 2% of the total grant amount. If two or more municipalities have the same result of performance, then the reward amount for the relevant place is proportionally allocated. The amount of MPG is based on formula (90% of total grant amount of MPG) is determined by (i) the relative performance of each municipality as measured against the defined performance indicators and (ii) its weight in the general grant allocation. In fact, the municipal performance grant will be allocated on the basis of relative scores, in such a way that two municipalities that have the same score will

⁶ The maximum score for the 12 indicators that will not be assessed at the end of 2019 (for 2018 performance) will be 42.

⁷ This amount is subject to the approval of the Kosovo budget by the Assembly of the Republic of Kosovo

get an equal relative addition to the capital investment part of the general grant. This means they would both get a grant allocation that is the same percentage of their general grant (whilst the absolute amounts of the municipal performance grant will differ). The size of the absolute amount is proportional to the general grant. The justification for this is obvious: a municipality that has a much higher general grant needs a bigger amount to 'feel' the same incentive to improve its performance. Annex 4 shows how the municipal performance grant allocation is calculated.

2.6. Use of the municipal performance grant

The Municipal Performance Grant shall be distributed according to the following rules and principles:

- The municipal performance grant shall be used for capital investments only;
- The grant cannot be used for salaries, goods, services or subsidies.
- The municipality is free to decide for which investments the municipal performance grant will be used. It is recommended that, within a funding cycle, municipalities focus on concrete projects, limited in number, to avoid prolonged administrative procedures.
- The grant should be used by municipalities in accordance with the applicable legislation. If the municipality does not spend the grant in accordance with these rules and the applicable legislation, the contractual obligations towards economic operators shall be borne by the municipality itself.
- The use of the grant shall be subject to the supervision and control rules in accordance with the applicable legislation.

2.7. Audit of the municipal performance grant

The expenditures under the municipal performance grant are audited as part of the regular audit by the National Audit Office.

- The MLGA and donors may agree with the NAO to carry out a special annual audit, for a selected group of municipalities, to review certain aspects of public financial management related to the capital investment projects (including those funded within the municipal performance grant). The audit may include procurement processes, procedures for technical receipt of services, payments, etc. The details for this audit shall be specified by the NAO.
- If the violations and irregularities identified by the NAO are ascertained, the MLGA and donors may decide to exclude the municipality from the right to benefit from the grant for a certain period, pursuant to the relevant Regulation on municipal performance management.

3. A MUNICIPAL PERFORMANCE GRANT - ASSESSMENT PROCESS

3.1. Institutional arrangements

Two entities responsible for the municipal performance grant allocation are: the Municipal Performance Grant Commission and the Technical Group.

3.1.1. Municipal performance grant Commission

The Municipal performance grant Commission is the highest decision making body for the grant that assumes final responsibility.

The tasks of the Municipal performance grant Commission are, based on advice from the Technical group:

- To set the rules and procedures of the work of the Commission;
- To review and endorse the assessment results;
- To review and endorse the grant allocations according to the proposals of the technical group based on the grant rules;
- To take decisions on appeals of municipalities.

The main function of the Municipal performance grant Commission is to guarantee integrity of the assessment. The Municipal performance grant Commission cannot alter the results of the assessment, nor the allocations, but its task is to oversee and ensure that the Technical Group has followed the criteria and procedures defined under the Municipal Performance Grant Rules.

The municipal performance grant Commission shall be composed of:

- 1 member from MLGA (Secretary General/Chairperson),
- 1 member from Ministry of Finance and Transfers (Kosovo Budget Director),
- 1 member from the Treasury, Ministry of Finance and Transfers,
- 1 observer from the National Audit Office,
- 1 observer from SDC (director),
- 1 observer from SIDA (director),
- 1 observer from NORAD (director) and
- 1 observer from the NGO sector.

For later grant cycles, representatives from line ministries and/or donors that decide to participate in the municipal performance grant may be added as members to the Municipal performance grant Commission.

3.1.2. Technical group

The tasks of the Technical Group are:

- To draft and, when necessary, make proposals to amend the rules;
- Municipal performance assessment following the rules as set in this document;
- Determine the scores and make the calculations for the subsequent grant allocation; calculation according to the points of performance results and grant amount, based on the rules set out in this document;
- Draft the grant assessment report and address it for approval to the Grant Commission;
- Inform the municipalities on the grant assessment results;
- Review appeals submitted by municipalities and send decision proposals for approval to MPGC, if any;
- Provide secretarial services to the municipal performance grant Commission.

The Technical group is composed of 7 members:

- 5 members from the MLGA (one being the Chairperson), and
- 2 members from HELVETAS Swiss Intercooperation (Demos)

3.2. Timeline

The performance assessment process starts each year when the data regarding municipal performance become available. The table below shows the timeline of the annual grant allocation cycles between 2020 and 2021.

Table 4: Tentative timeline of the assessment process for two cycles

Activity	MPG 2020	MPG 2021
Approval of rules	December, 2019	Before May 2020
Signing participation agreement	n/a	n/a
Performance assessed for FY	2018	2019
Data collection	December, 2019	May - June 2020
Assessment / scoring process	December 2019	July 2020
Approval of assessment results	March 2020	July 2020
Communication of results to municipalities	March 2020	August 2020
Period for complaints	March 2020	August 2020
Confirmation of final results and of grant amounts	March 2019	August 2020
Transfer of funds	March 2020	January 2021
Use of funds	FY 2020	FY 2021

3.3. Assessment procedures

3.3.1. Preparations

The Technical Group prepares the MPG Rules which are approved by MLGA, SDC, Sida and Norad. The rules will then be distributed to municipalities. The Technical Group will also prepare a meeting of the Municipal Performance Grant Commission that will approve the assessment results for FY 2020.

3.3.2. Data collection and assessment

The Technical Group collects the data for the assessment of the performance. These data come from the following sources: the Municipal Performance Management System (PMS) report by MLGA, the audit reports for each of the 38 municipalities as prepared by the NAO and a specific NAO report on a set of new indicators. The relevant data from these reports will be transferred to datasets per municipality⁸. Then the minimum conditions will be assessed (met/not met) which will identify the municipalities that will be eligible or not eligible (see annex 1). For the remaining municipalities the performance indicators will be assessed (see annex 2). Once that is done, the scorecard (see template in annex 3) will be filled in with scores per municipality. The total score will be entered in the grant allocation table, which will calculate the size of the municipal performance grant amount for each municipality that was eligible (annex 4).

3.3.3. Communication of results to municipalities and the procedure of complaint

After the Municipal performance grant Commission has approved the performance assessment results and the grant allocation, within 5 business days, the scorecards will be communicated to municipalities by the MLGA.

After communication of the results, municipalities have the right to appeal within five business days if, for any objective reason, they do not agree with the assessment results.

The complaint is found as grounded when:

- Municipalities have sufficient arguments that procedural errors were made during the assessment;
- Assessment results are the result of erroneous calculations, or improper use of data, as well as other circumstances that may harm the municipality due to the application of criteria and procedures that do not comply with the MPG rules.

The appeal cannot challenge the source of data used during the assessment.

Municipalities can only complain about their own score and not that of other municipalities. If a municipality, based on evidence, claims that the assessors have made errors in the assessment of their performance, the following complaint mechanism can be invoked:

⁸ If a municipality has not submitted data for the 2018 performance for some indicators, the performance for these indicators will be zero.

Steps and timelines in a complaint process

1.	<p>If, after receiving the scorecard, a municipality is of the opinion that procedural or material mistakes are made in the performance assessment, it has the opportunity to complain to the Municipal performance grant Commission.</p> <p>The complaint should</p> <ul style="list-style-type: none"> be justified with factual data. be signed by the mayor of the respective municipality. be submitted in writing (letter) to: <p>Municipal performance grant Commission Chair of the MPGC Ministry of Local Government Administration Phone: 038 200 35 567 E-mail: info.mapl@rks-gov.net</p> <p>Upon submission, a written confirmation will be provided mentioning the name of the municipality and stating the time of submission of the complaint.</p>	Within 5 business days of receiving the scorecard, before 16:00 hrs
2.	<p>The Technical Group will review the complaints (if any). It may call for a meeting with one or more appellants to get a better understanding of the complaint.</p> <p>The Technical Group will prepare the completed cases of the process of administrative review of complaints and forward them to the Municipal performance grant Commission.</p>	Within 5 business days after closure of the complaint period
3.	The municipal performance grant Commission shall take a decision on the complaints submitted by municipalities.	Within 10 business days after complaint period closure
4.	The Technical Group will inform the complainant(s) about the decision of the Grant commission	Within 5 business days after the Commission meeting

In case a complaint of one or more municipalities is successful and leads to a change in their grant allocation, this will also have an effect on the size of the grant to other municipalities (because the total budget for the municipal performance grant in a fiscal year remains the same). This change in grant allocation to other municipalities will be approved by the municipal performance grant Commission unilaterally and implemented by the Technical Group. It is not open for complaint.

3.3.4. Finalising and publishing the assessment results and grant allocation

Once the Municipal performance grant Commission has decided on complaints, the assessment results as well as the subsequent allocation of the municipal performance grant are final. Final results and grant amounts will be communicated to municipalities so that they can plan the use of the municipal performance grant.

3.3.5. Measures against possible manipulation of data and assessment

There is a risk for manipulation of data or the assessment process. That could lead to some municipalities receiving a bigger municipal performance grant than they deserve. This would diminish the trust of beneficiaries and donors in the municipal performance grant.

Such risk will be mitigated by the following mechanisms:

- Strengthening of existing mechanisms of verification of data in the MPMS;
- Ensuring grant allocation quality by external consultants.

In case fraud is detected, the MLGA and donors shall take a decision on the following measures:

- disqualification for next year(s) of the respective municipality(ies), member(s) of Technical Group or Commission;
- retrieving of (part of the) respective funds from the municipality or the budget for the municipal performance grant;
- improving on-system control mechanisms (including data quality assurance process);
- re-designing the municipal performance grant

4. MUNICIPAL PERFORMANCE GRANT – A GUIDE TO CAPACITY DEVELOPMENT

The municipal performance grant intends to facilitate change in the behaviour of municipalities (whilst respecting their own right of decision-making). They are a means to an end and not an objective in itself. In that sense the primary goal is not the assessment scores in themselves, but rather the process of discussion and reflection that the assessment provokes.

Therefore, it needs to be ensured that the results of the assessment do indeed generate debate and discussion both within the municipalities as well at national policy level, to enrich policy dialogue and better understanding of the sector. It may well be that there are some indicators in the present design that are totally not critical, e.g. because all municipalities score the number of points (in which case that indicator should be quickly replaced). In other cases, the score may show that for some indicators all municipalities score dismal, in which case some concerted action may be required or a discussion on the underlying reasons for this (it could be that there are external factors prohibiting the municipalities to fulfil the performance criteria).

As such, the results of the performance assessment not only feed into policy dialogues, they can also guide capacity development efforts, both by the municipalities themselves as well as by international projects, and their technical assistance. This link between the assessment results and the capacity development efforts cannot be easily overstated as it is in the end the most important argument to have a municipal performance grant: as a tool to incentivise change.

5. ANNEXES



ANNEX 1: SCORING GUIDE – MINIMUM CONDITIONS

#	Minimum condition	Minimum condition definition	Legal basis	Data source	Criteria MC met / not met
1	Municipalities collect and report data for municipal performance	Municipalities shall report data for their performance in all PMS indicators	Regulation no.02 / 2017 on Municipal Performance Management System	Report of MPMS, MLGA	Yes, if the municipality reported on all MPMS indicators. No, If the municipality has not reported on one or more MPMS indicators.
2	Municipalities adhere to legal obligations regarding the legality of municipal acts	Municipalities shall review their municipal acts deemed illegal by the oversight body according to legal requirements	Regulation (GRK) No-01/2016 on Administrative Review of Municipal Acts	MLGA Report on the functioning of municipalities	Yes, if the municipality has reviewed the legal acts by the municipal assembly No, if the municipality has not reviewed the legal acts by the municipal assembly
3	Municipalities have a sound financial management system	The annual audit opinion at least unmodified opinion with emphasis of matter ¹⁰	Law no.03/L-048 on Public Finance Management and Accountability (LPFMA) Regulation No.01/2017 on Annual Financial Reporting of Budget Organisations issued by the MoF. International Public Sector Accounting Standards	NAO Regularity audit reports	Yes, if municipality receives unmodified opinion or unmodified opinion with emphasis of matter; No, if municipality receives qualified or adverse opinion, and if NAO disclaims an opinion.

9 NAO provides several types of opinions:

- **Unmodified opinion:**

- If it is concluded that the financial statements are prepared, in all material aspects, in accordance with the applicable financial framework

- **Qualified opinion:**

- If having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- If the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive

- **Adverse opinion:**

- If having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements

- **Disclaim an opinion:**

- If having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

- **Emphasis of the matter:**

- If the auditor considers it necessary to draw the user's attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

4	Municipalities have sufficient capacity to absorb additional funding	At least 75% of the budget for capital investments spent	LPFMA Financial Rule no.01-2013 on Public Funds Expenditure	NAO reports	<p>Total expenditures on capital investment / Final budget for capital investments (general grant + own source revenues + donations)</p> <p>Yes, if municipality has spent at least 75% or more of the final budget for the capital investment.</p> <p>No, if municipality has spent less than 75% of the final budget for the capital investment.</p>
5	The municipalities accept and adhere to the rules of municipal performance grant	The tripartite participation agreement (between municipality, MLGA and HELVETAS) signed	<p>Framework agreement concerning Technical and Financial Co-operation and Humanitarian Aid between the Swiss Federal Council and the Government of the Republic of Kosovo</p> <p>Agreement between MLGA, MoF and SDC concerning the Decentralisation and Municipal Support project (DEMOS), phase II</p>	MLGA	<p>Yes, if the participation agreement is signed and submitted to MLGA before the deadline;</p> <p>No, if participation agreement is not signed and submitted to MLGA before the deadline</p>

ANNEX 2: SCORING GUIDELINE - PERFORMANCE INDICATORS

The table below shows the 30 performance indicators. The way how indicators from the MPMS are measured, is described in the MPMS documents. Table below contains brief definitions on how indicators are measured. The indicators highlighted in rose/orange are excluded from the assessment in 2018.

#	Indicator name	Brief definition
1	Timely submission and approval of the Municipal Budget by the Municipal Assembly	Indicator measure the level of compliance of municipal bodies' legal obligation to draft and submit the municipal budget proposal for approval, and its approval by the municipal assembly. The annual municipal budget proposal for year n+1 has to be submitted to the MA on September 1st, latest. The budget proposal has to be approved by MA and submitted to the Ministry of Finance on September 30th, the latest. The legal basis related to drafting and approval of the annual budget proposal is provided by the Law on Public Financial Management and Accountability. Performance measurement of this indicator is based on the measurement of: i) timely submission of the municipal budget proposal to MA and ii) timely submission of the approved municipal budget proposal to the Ministry of Finance.
2	Discussion of quarterly budget reports by the Municipal Assembly	<p>Indicator measures compliance of municipal authorities with the legal obligation of presenting and discussing quarterly budget reports in the municipal assembly. Budget reports should be submitted for discussion on a quarterly basis to the municipal assembly, i.e., reports should be submitted to the municipal assembly by the mayor.</p> <p>Legal basis for preparing and presenting quarterly budget reports to the MA is provided in the Law of Public Financial Management and Accountability.</p> <p>Performance measurement of this indicator is based on the measurement of timely presentation of quarterly reports (within 30 days after the end of the quarter) by the mayor, to the MA, for each quarter; observing compliance with dates: 31 January, 30 April, 31 July, and 31 October of the assessed fiscal year.</p>
3	Discussions on the previous year municipal performance report by the Municipal Assembly	<p>Indicator measures municipal compliance with legal obligations to present and discuss the results of the annual municipal performance from the Municipal Performance Management System (MPMS) in the MA. For assessment purposes, the Municipal Performance Report (year n-1) has to be an agenda point in one of the MA meetings before June (year n).</p> <p>Through this indicator, the MA is able to annually discuss and hold the executive into account for the municipal performance. Performance measurement of this indicator is based on the measurement of timely presentation of report, specifically it is required to prove as evidence that the PMS report has been included as a reporting heading in the municipal assembly's agenda after the publication of the report; with the calendar year when report is published.</p>

#	Indicator name	Brief definition
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	<p>For the grant scheme, this indicator aggregates readings from two PMS indicators 3.2.4 and 3.2.5;</p> <p>Indicator 3.2.4 measures municipal performance regarding compliance to submit the National Audit Report to MA for discussion, including the action plan. Legal basis for this submission is given in the Law on NAO, imposing the obligation on behalf of municipal authorities to report to MA on planned and executed activities related to findings and recommendations of the NAO specified in their Annual Regularity Audit Reports; Measurement of performance is based on the following criteria: i) discussion of the NAO report in the MA and ii) discussion of the action plan to address NAO recommendations; specific evidence is required to confirm fulfilment of the criteria within stipulated time frame.</p> <p>Indicator 3.2.5 measures municipal performance regarding compliance to submit and discuss the report of the Internal Audit to the MA, including the action plan related to findings. Measurement of performance is based on the following criteria: i) discussion of the Internal Audit report in the MA and ii) discussion of the action plan to address Internal Audit report recommendations; specific evidence is required to confirm fulfilment of the criteria within stipulated time frame.</p>
5	Reporting of the Mayor to the Municipal Assembly	<p>Indicator measures municipal performance with respect to Mayors obligation to report to the MA, measuring mayors' attendance in 10 regular (legally required minimum) MA proceedings as forums for mayors reporting. Municipal mayor is required to report to the MA at least twice a year, whereas more frequent reporting or presence of the mayor in the MA improves coordination, transparency, and accountability, by the fact that mayor is available to answer to the municipal assembly. At least two reporting's of the municipal mayor to the MA are legally required. Measurement of performance is based on the evidence that prove the presence of mayor in the working sessions of the MA, specifically attendance lists or reports of the MA meetings.</p>
6	Citizen participation in public meetings, disaggregated by gender	<p>For the grant scheme, this indicator aggregates readings from two PMS indicators 3.1.2 and 16.1.3;</p> <p>Indicator 3.1.2. measures the level of citizen participation in all municipal public consultations relative to the number of inhabitants in the municipality. The municipality's ranking score for this indicator (percentage of its performance) is calculated as a percentage relative to the best performing municipality (100%). Comparing in the context ensures that municipalities are ranked by performance. Measurement of performance for this indicator takes into account for following: all public consultation activities, including public meetings, budget hearings and consultations on municipal acts. Gender disaggregation of participants is also included in the indicator. Documentary evidence is required for the public consultation activities and the number of participants.</p> <p>Indicator 13.1.3 measures participation of women in public consultations as a percentage of all participants in the public consultation activities; It is a gender equality indicator, derived from the general citizen participation in public consultations.</p>

#	Indicator name	Brief definition
7	Municipal acts and local policy documents consulted with the public	Indicator measures performance with regards to the level fulfilment of the municipal assembly's obligation in terms of public consultation after the drafting of general acts. For the purpose of this indicator, based on the stipulation in Article 8 of Administrative Instruction 01/2015), public is consulted with respect to general acts adopted by MA. Measurement of performance for this indicator is based on the evidence on the following: (i) number of general acts and policy documents passed during the year, and (i) number of general acts and policy documents passed during the year that were subject to public consultations. Fulfilment of the criteria for measurement are subject to documentary evidence.
8	Public hearing on MTBF and municipal budget (proportional to # residents)	Indicator measures performance of municipal authorities to organize MTBF and budget hearings, using 10,000 inhabitants as a reference for the municipality population size, that is to put the number of hearings in the context to population size. For municipalities with 10.000 inhabitants or less, minimum number of hearings is set to 2. Legal context for this indicator is drawn from the Law on Public Financial Management and Accountability, and Administrative Instruction for Minimum Standards of Public Consultations in Municipalities MLGA 06/2018. Measurement of performance for this indicator is based on the documentary evidence for the following criteria: (ii) number of public consultations for the annual municipal budget (ii) number of public consultations for MTBF; (iii) number of inhabitants in the municipality
9	Assembly meetings made public and broadcasted live	Indicator measures performance of the municipal authorities to timely announce MA meetings, and to provide live broadcast of MA meetings and of its committees. Online streaming is also considered a broadcast for the purposes of this indicator, stipulating that streaming is available in the official website of the municipality. Proper notification on the forthcoming MA meeting is subject to criteria that regulate publication, content, timeliness, and language. Legal basis for this indicator is given in the Administrative Instruction of MLGA 04/2018 On the Transparency in Municipalities. Performance level of the indicator is based on the documentary evidence regarding the following criteria: (i) number of MA meetings; (ii) number of notifications for the MA meetings ;(iii) number of MA meetings that were broadcasted live.
10	Regular update of the municipal website according to (specific) legal requirements	Indicator measures the level of performance of the responsible municipal authorities to manage the website, by providing specified content and regularity of updates. Criteria for the municipal website content is given in the Administrative Instruction of the MPA 01/2015, specifying the necessary content (population of website) for Public Institution Websites as well as in the Administrative Instruction MLGA 04/2018; For the purposes of this indicator, performance measurement is subject to documentary evidence of fulfilment a stipulated list of 8 criteria.
11	Publication of public procurement documents and contracts	Indicator measures performance of municipal authorities with regards to compliance with the required regulations for publication of public procurement documents, the annual procurement plan, report on implementation of procurement plan in the foreseen period, public contracts; Indicator is calculated by awarding points for compliance with each of the 3 categories (publication of documents). This is an important indicator for transparency, allowing for public oversight and accountability regarding management of public funds by the municipal authorities. Performance of this indicator is based on the evidence available to establish compliance regarding: (i) publication of the annual public procurement plan; (ii) publication of the report on the implementation of public procurement plan; (iii) publication of public contracts.

#	Indicator name	Brief definition
12	Publication of minutes of public consultation processes	Indicator measures performance of municipal authorities regarding preparation and publication of transcripts or reports from the public consultation sessions; Specifically, this indicator measures the percentage of public consultation transcripts or reports that are published in the website of the municipality at least 30 days since the public consultation session. Indicator is important to monitor the accountability of the municipal authorities towards their constituency, allowing citizens to monitor their inputs, and keeping municipal authorities accountable. Performance of the indicator is measured on two criteria: (i) number of public consultations during the year; and (ii) number of public consultations where report has been uploaded in the municipal website within 30 days;
13	Reporting on the annual plan of the Integrity Plan at the Municipal Assembly	Indicator measures performance of the municipal authorities with regards to fulfilment of the obligation to report on the implementation of the integrity plan during the assessed year. Inherently ensuring transparency and accountability for anti-corruption measures foreseen by the integrity plan as a preventive instrument against corruption. Performance of this indicator is assessed based on the evidence that informs that the Annual implementation report of the Integrity Plan has been presented and discussed by the MA during the year up to December 31
14	Property tax register updated annually, according to legal requirements	Indicator measures performance of the municipal authorities regarding the implementation of obligation related to the revaluation of buildings for property tax purposes within the calendar year. The revaluation of buildings for property tax purposes refers to the obligation to identify and record changes to the existing buildings, in order to enable property tax billing as required by law, and it must be performed on annual basis. Law stipulates that 20% of properties (buildings) must be re-visited for verification purposes, to ensure consistency between registration and actual state of the property. Legal basis for this indicator is the Law on Property Tax 06-L005. Performance of the indicator is calculated based on the obtained information regarding: (i) number of properties (buildings) in the municipality; (ii) number of properties (buildings) in the municipality that have been verified.
15	Level of property tax collection (no debt, interest, penalties)	Indicator measures the performance of municipal authorities in enforcing their legal obligation regarding the collection of property tax, expressed as a percentage of the total invoiced property tax within one year. It calculates the rate of collection in one year, excluding debts from last year's bills, interest payments and penalties. The measurement of the level of property tax collection refers to the evaluated year. This indicator assesses municipal authorities by measuring the level of property tax collection compared to the tax invoiced during the evaluated year. Legal basis for this indicator is the Law on Property Tax 06-L005. Performance of the indicator is calculated based on the obtained information regarding: (i) invoiced sum for property tax total for the year (ii) collected sum for invoiced property tax total for the year. Indicator does not measure the total property tax collected value, as the total amount may also include older debts carried over from previous years, interest payments and penalties; specifically it only measures the level of tax collected during the reporting year.

#	Indicator name	Brief definition
16	Addressing audit recommendations (according to NAO)	Indicator measures performance of the municipal authorities with regard to full implementation and addressing of the high and medium level recommendations, explicitly presented in the NAO audit report. In the NAO audit report (n-2), which refers to the fiscal year (n-3), are presented recommendations for implementation or addressing, which should be fully implemented and addressed in the year (n-1). Indicator is an important measure of the responsiveness of the municipal authorities with regards to recommendations given by the NAO. Indicator performance is assessed based on the evidence of addressing of the listed recommendations, as a percentage of addressed recommendations with respect to listed recommendations.
17	Implementation of the procurement plan	Indicator measures performance of the municipal authorities with respect to implementation of the annual municipal procurement plan, assessing performance based on the level of spending of the planned budget via procurement activities. Specifically, indicator uses financial information to assess performance between the planned, and executed budget via procurement. Indicator is an important measure of effectiveness and efficiency of municipal authorities to plan and execute budget via public procurement unit, ensuring compliance with the procurement laws, rules and regulations. Performance of the indicator is assessed based on the available documentary evidence on the following: (i) total budget spent via procurement; (ii) total budget planned for procurement activities;
18	Compilation and publication of the list of municipal properties planned to be used and exchanged	Indicator measures performance of the municipal authorities in discharging their obligations in the domain of Local Economic Development, specifically to prepare and publish the list of properties planned for lease to the interested parties on commercial basis, to be used for business purposes. Local Economic Development Strategy 2019-2023 specifies and stipulates preparation and publication of the list with municipal properties that are planned to be leased for business purposes. Performance of the indicator is based on the evidence that inform the following criteria: (i) prepared list with municipal assets planned for lease in the concerning year; (ii) publication of the list with municipal assets planned for lease in the official website of the municipality.
VI	10	
19	Vacancies processed through HRMIS	Indicator measures performance of the municipal authorities to ensure compliance with the management of human resources in the municipality, ensuring that all employment vacancies are processed via electronic system HRMIS (human resources management information system). Performance of the indicator is assessed based on the provided information for : (i) total number of new employments of civil servants during the year in municipality and its subordinate institutions; (ii) total number of new employments of civil servants during the year in municipality and its subordinate institutions processed via HRMIS.

20	Women in leadership positions in education, health, culture institutions	Indicator measures the level of performance of municipal authorities with regards to achieved levels of gender equality in the leadership positions for the leaders in the subordinated intuitions of the municipality in the areas of education, healthcare, culture, and sports. Indicator measures percentage of compliance with the gender equality target, measuring percentage of women in high management position in municipal bodies, and subordinated institutions. Legal basis for this indicator is the Law on Gender Equality, 05/L -020, and Kosovo Gender Equality Program. Performance of the indicator is established based on the evidence: (i) total employees in the higher management positions in the municipal bodies and subordinated institutions, (ii) number of women in the high management positions in the municipal bodies and subordinated institutions.
21	Women appointed in political positions in the municipality	Indicator measures the level of performance of municipal authorities with regards to achieved levels of gender equality in the politically nominated positions in the municipality structures. Indicator measures percentage of compliance with the gender equality target, measuring percentage of women in politically nominated positions in the municipal authorities. Indicator measures the appointments in political positions such as the position of deputy mayor, municipal director, political advisor and other politically mandated positions. Legal basis for this indicator is the Law on Gender Equality, 05/L -020, and Kosovo Gender Equality Program. Performance of the indicator is established based on the evidence: (i) total persons in politically nominated positions in the municipality (ii) number of women in the politically nominated positions in the municipality.
22	Cases of administrative requests reviewed within legal deadlines	Indicator measures effectiveness of the municipal authorities in reviewing requests submitted by citizens and organizations in the course of the evaluated year. Accordingly, municipal authorities are obliged to review all citizens' applications within specific deadlines, depending on the nature/domain of the request. Only cases registered (submitted) via Municipal Citizen Centre are considered and accounted for measurement purposes. Indicator measures the percentage of cases reviewed with respect to overall cases managed by the municipal system. Legal basis for the indicator is the law on the General Administrative Procedure 05/L -031, and a broad set of laws and bylaws that regulate specific durations of procedures. Performance of the indicator is assessed by obtaining information on: (i) number of cases reviewed by municipality during the year; (ii) number of cases reviewed by municipality within legal time limits.
23	Reviewed requests for a building permit	Indicator measures performance of municipal authorities with regards to effectiveness of reviewing requests for building permits. Specifically, this indicator measures the percentage of reviewed applications, without prejudicing positive or negative outcome of the building permit application, since eligibility or compliance of each or any of the applications for building permit may not be prejudiced. Percentage of reviewed submissions is based on the number submitted in the course of the reported year. Legal basis for this indicator is the Law on Construction 04/L - 110, and the Law on Local Self-Government. Performance of the indicator is assessed based on the evidence available for the following criteria: (i) number of applications for construction permit in the course of the year; (ii) number of applications reviewed in the course of the year.

24	Extension of the municipal territory included in (detailed) regulatory plans	Indicator measures performance of the municipal authorities in their discharge of mandate to produce and implement legal instruments that regulate land use, such as detailed regulatory plans. Specifically, indicator measures percent of municipal territory that is covered with detailed regulatory plans or zonal maps as legal instruments that regulate use of land. Performance is measured as percentage of territory that is covered with either zonal maps or detailed regulatory plans. Legal basis for this indicator is the Law on Spatial Planning 04/L-174. Performance level of the indicator is based on the evidence provided for the following criteria: (i) total area of the municipality in ha; (ii) total area of the municipality that is covered with planning instruments Detailed Regulatory Plan or Zonal Map in ha.
25	Settlements covered by local public transport	Indicator measures the performance of municipality with regards to organizing public transportation services for each and every settlement in the municipality, and for the benefit of its citizens. Performance is measured as the percentage of settlements that are included in the public transport system in relation to the total number of settlements in the municipality. Legal basis for this indicator is given in the Law for Local Self-Government, and the Law on Road Transportation 04/L-179. Performance of the indicator is assessed based on the evidence regarding the following criteria: (i) number of settlements in the municipality; (ii) number of settlements provided/covered with public transportation.
26	Implementation of the local environmental action plan	Indicator measures the performance of the municipality in preparing and implementing local action plans, which represent the necessary local action plans for environmental protection. Performance is measured by the implementation of the annual activities specified in the plan. Consequently, performance measurement in developing the planning document for the environmental protection action plan is also measured through implementation. The legal basis for this indicator is provided in the Law for Environment Protection 03/L-025. Indicator performance is assessed based on the information available for the following criteria: (i) number of planned activities in the environmental local action plan for the considered year; (ii) number of implemented activities from the list of planned for environmental local action plan in the given year.
27	Children attending kindergarten	Indicator measures the performance of the municipal authorities to increase the number of children that attend kindergartens as part of the early education. Indicator provides percentage of children of age 0-3 that attend kindergartens, measured for all children of the age in the municipality and for children in rural areas. Challenge for the municipality is to build, and run kindergartens to meet the demand of the population. Indicator also collects disaggregated data on gender of children/attendance of girls. Performance of the indicator is assessed from the evidence for the following criteria: (i) number of children of age 0-3 in total, rural, and girls; (ii) number of children of age 0-3 that are enrolled in kindergarten in total, rural, and girls.

28	Matura test results	Indicator measures performance of the municipal authorities with regards to fulfilment of their obligation to provide school facilities, and teachers, by measuring performance of students that complete the pre-university program. In the end of grade 12, students sit for a state Matura exam, with the threshold for passing set at 40%, students that pass have the right to continue in upper education. Legal basis for this indicator is the Law on Final Exam and State Matura 05/L-018. Performance of the indicator is assessed at percentage of students that have scored above 40% of the points in the test. Specifically, evidence is needed for the following criteria: (i) number of students that have completed 12 grade, disaggregated by gender; and (ii) number of students that have completed the test with a score 40% or higher, disaggregated by gender.
29	PHC spaces in m ² per 10,000 inhabitants	Indicator measures performance of the municipal authorities with regards to building and running facilities for the Primary Health Care, based on the population count in the municipality. Specifically, indicator measures total available area of PHC in sq. per 10,000 inhabitants, providing the density ratio of the available infrastructure against the population size. Legal basis for the municipal competencies on primary healthcare is given in the Law on Health 04-L-124. Performance on this indicator is assessed based on evidence on these criteria: (i) total areas in the municipality of PHC facilities; (ii) population in the municipality.
30	Report fulfilment level, 1 family physician and 2 nurses per 2,000 inhabitants	Indicator measures performance of the municipal authorities to ensure compliance with regards to the targeted ratio of 1 medical family team (1 family medicine doctor and 2 nurses) per 20,000 people. Indicator is measured as a percentage of compliance of the current ratio of available family medicine teams compared to the targeted ratio. Specific target ratio is established by the Ministry of Health and is given in the Administrative Instruction 07/2017. Indicator performance value is determined based on the evidence for the following criteria: (i) number of family medicine teams in the municipality; (ii) population size in the municipality.

ANNEX 3: TEMPLATE FOR SCORECARD

Assessment of the Performance Grant 2018 - Municipality of XXX		
#	Minimum Condition	Assessment
1	Municipal performance data reported in all indicators of PMS	
2	Review of all municipal acts deemed illegal by the supervisory authorities according to legal obligations	
3	The annual audit opinion at least unmodified opinion with emphasis of matter	
4	At least 75% of the budget for capital investments spent	
5	The tripartite participation agreement (between municipality, MLGA and HELVETAS) signed	
The municipality is qualified/not qualified for the performance grant		
#	Fields and sub fields of performance indicators	Assessment
I	Role of the municipal assembly as an oversight body	0
II	Citizen participation, consultation and inclusiveness	0
III	Transparency, access to information and integrity	0
Score for municipal governance		0
IV	Financial Management	0
V	Contract Management	0
VI	Human Resource Management	0
Score for municipal management		0
VII	Administrative services	0
VIII	Spatial planning, public transport and the environment	0
IX	Pre-university education	0
X	Primary Health Care (PHC)	0
Score for service delivery		0
Final Score		0

Assessment of minimum conditions for 2018 municipal performance grant - Municipality XXX						
#	Minimum condition	Scoring guideline	Value according to source	Assessment	Source of data	Comments
1	Municipalities shall report data for their performance in all PMS indicators	Yes, if the municipality reported on all MPMS indicators. No, if the municipality has not reported on one or more MPMS indicators.			Report of MPMS, MLGA	
2	Municipalities shall review their municipal acts deemed illegal by the supervisory authorities according to legal requirements	Yes, if the municipality has reviewed the legal acts by the municipal assembly No, if the municipality has not reviewed the legal acts by the municipal assembly			MLGA Report on the functioning of municipalities	
3	The annual audit opinion at least unmodified opinion with emphasis of matter	Yes, if municipality receives unmodified opinion or unmodified opinion with emphasis of matter; No, if municipality receives qualified or adverse opinion, and if NAO disclaims an opinion.			NAO regularity audit report	
4	At least 75% of the budget for capital investments spent	Yes, if municipality receives unmodified opinion or unmodified opinion with emphasis of matter; No, if municipality receives qualified or adverse opinion, and if NAO disclaims an opinion.			NAO regularity audit report	
5	The tripartite participation agreement (between municipality, MLGA and HELVETAS) signed	Yes, if the participation agreement is signed and submitted to MLGA before the deadline; No, if participation agreement is not signed and submitted to MLGA before the deadline	DATE		MLGA	
						* Result is referred in the version in Albanian language of the source data ** NAO - National Audit Office
	Municipality has fulfilled/did not fulfilled all minimum conditions kushtet minimale			YES/NO		

Performance Assessment for 2018 - Municipality XXX

#	Indicator	Assessment guidelines	Value as in the source	Max. score	Assessment	Data Source	Comments
1	Democratic governance			40	0		
I	Role of the Municipal Assembly as an oversight body			13	0		
1	Timely submission and approval of the Municipal Budget by the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%, • 2 points if the result in MPMS is 100%. 		2	0	MPMS Report*	- This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
2	Discussion of quarterly budget reports by the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% -74.99%, • 3 points if the result in MPMS is 75%-100%. 	0.00%	3	0	MPMS report Indicator 2.3.2	
3	Discussions on the previous year municipal performance report by the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is lower than 100%, • 2 points if the result in MPMS is 100%. 	0.00%	2	0	MPMS Report Indicator: 2.3.3	

4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the average of two indicators in MPMS is lower than 49.99%, • 2 points if the average of two indicators in MPMS is 50%-99.99%, • 4 points if the average of two indicators in MPMS is 100% 	0.00%	4	0	NAO, performance indicators for local government level, 2018	
5	Reporting of the Mayor to the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is 49.99%, • 1 point if the result in MPMS is 50%-89.99%, • 2 points if the result in MPMS is equal to or higher than 90% 	0.00%	2	0	MPMS Report Indicator: 2.3.4	
II	Participation, consultation and inclusion of citizens			12	0		
6	Citizen participation in public meetings, disaggregated by gender	<ul style="list-style-type: none"> • 0 points if the average of two indicators of the result in MPMS is lower than 39.99%, • 1 point if the average of two indicators in MPMS is from 40%- 69.99%, • 2 points if the average of two indicators in MPMS is from 70%-89.99%, • 4 points if the average of two indicators in MPMS is equal to or higher than 90%. 	0.00%	4	0	Form for receiving data in MPMS	
7	Municipal acts and local policy documents consulted with the public	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40%-69.99%, • 2 points if the result in MPMS is 70%-89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS Report, Indicator: 2.1.2	

8	Public hearing on MTBF and municipal budget (proportional to # residents)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40%-69.99%, • 2 points if the result in MPMS is 70%-89.99%, • 4 points if the result in MPMS is higher or equal to 90%. 		4	0	MPMS Report	- This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
III	Transparency, access to information and integrity			15	0		
9	Assembly meetings made public and broadcasted live	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40%-59.99%, • 2 points if the result in MPMS is 60%-89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 		3	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
10	Regular update of the municipal website according to (specific) legal requirements	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40%-59%, • 2 points if the result in MPMS is 60%-89.99%, • 4 points if the result in MPMS is higher or equal to 90%. 	0.00%	4	0	MPMS Report, Indicator: 2.2.6	
11	Publication of public procurement documents and contracts	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-89.99%, • 2 points if the result in MPMS is equal to or higher than 90%. 		2	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.

12	Publication of minutes of public consultation processes	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 59.99%, • 2 points if the result in MPMS is 60%- 89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 		4	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
13	Reporting on the implementation of the Integrity Plan before the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is lower than 100%, • 2 points if the result in MPMS is 100%. 	0.00%	2	0	MPMS Report	
2	Municipal Management			30	0		
IV	Financial management			13	0		
14	Property tax register updated annually, according to legal requirements	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 9.99%, • 1 point if the result in MPMS is 10%- 29.99%, • 3 points if the result in MPMS is equal to or higher than 30%. 	0.00%	3	0	NAO, performance indicator for local government level, 2018	
15	Level of property tax collection (no debt, interest, penalties)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40%- 59.99%, • 3 points if the result in MPMS is 60% - 84.99%, • 5 points if the result in MPMS is equal to or higher than 85%. 	0.00%	5	0	NAO, performance indicator for local government level, 2018	
16	Audit issues, addressed (according to NAO opinion)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30%- 49.99%, • 2 points if the result in MPMS is 50%- 84.99%, • 5 points if the result in MPMS is equal to or higher than 85%. 	0.00%	5	0	NAO, performance indicator for local government level, 2018	

V	Contract management			7	0		
17	Implementation of the procurement plan	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 59.99%, • 1 point if the result in MPMS is 60%-89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 	0.00%	3	0	NAO, performance indicator for local government level, 2018	
18	Compilation and publication of the list of municipal properties planned to be used and exchanged	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50%, • 4 points if the result in MPMS is 100%. 		4	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
IV	Human Resources Management			10	0		
19	Vacancies processed through HRMIS	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-89.99%, • 2 points if the result in MPMS is equal to or higher than 90% 	0.00%	2	0	MPMS Report, Indicator: 3.3.2	
20	Women in leadership positions in education, health, culture institutions	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50%-79.99%, • 5 points if the result in MPMS is equal to or higher than 80%. 		5	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
21	Women appointed in political positions in the municipality	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30%-49.99%, • 3 points if the result in MPMS is equal to or higher than 50%. 	0.00%	3	0	MPMS Report, Indicator: 3.1.5	

3	Service provision			30	0		
VII	Administrative services			6	0		
22	Cases of administrative requests reviewed within legal deadlines	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-69.99%, • 2 points if the result in MPMS is 70%-89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS Report, Indicator: 1.1.2	
23	Reviewed requests for a building permit	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-89.99%, • 2 points if the result in MPMS is equal to or higher than 90%. 		2	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
VIII	Spatial planning, public transport and environmental protection			8	0		
24	Extension of the municipal territory included in (detailed) regulatory plans	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30%-69.99%, • 3 points if the result in MPMS is equal to or higher than 70%. 	0.00%	3	0	MPMS Report, Indicator: 6.1.1	
25	Settlements covered by local public transport	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-79.99%, • 3 points if the result in MPMS is equal to or higher than 80%. 	0.00%	3	0	MPMS Report, Indicator: 9.1.2	
26	Implementation of the local environmental action plan	<ul style="list-style-type: none"> • 0 points if the result in MPMS is 49.99%, • 1 point if the result in MPMS is 50%-90%, • 2 points if the result in MPMS is equal to or higher than 90%. 	0.00%	2	0	MPMS Report, Indicator: 14.1.1	

IX	Pre-University Education			8	0		
27	Children attending kindergarten	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50%-79.99%, • 4 points if the result in MPMS is equal to or higher than 80%. 	-	4	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
28	Passing rate in the national matura exam in 12 th grade (disaggregation by gender)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50%-89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	-	4	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
X	Primary health care			8	0		
29	PHC spaces in m2 per 10,000 inhabitants	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50%-89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 	-	3	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
30	Report fulfilment level, 1 family physician and 2 nurses per 2,000 inhabitants	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30%-59.99%, • 3 points if the result in MPMS is 60%-89.99%, • 5 points if the result in MPMS is equal to or higher than 90%. 	-	5	0	MPMS Report	This indicator is not scored. For more explanations, please refer to the Municipal performance grants Rules for Fiscal Year 2020.
				100	0		
** Score refers to the Albanian language version of the data source							

ANNEX 4: TEMPLATE FOR CALCULATION OF ALLOCATED GRANT AMOUNTS

The allocation of the Municipal Performance Grant, which is provided as an addition to the capital investment part of the general grant, is determined by the relative performance of each municipality as measured against the defined performance indicators. At the same time, the performance is allocated in such a way that two municipalities that have a same score will get an equal relative additional grant (meaning that with the same score, they would both get say 5 or 10% more, whilst the absolute amounts of the additional grant will differ).

In order to achieve this, the following steps are required to calculate the allocations:

- Firstly, the assessment scores for each municipality are weighted with the share of the General grant that each Municipality receives for that year (on the basis of a compounded allocation formula, taking into account various expenditure needs based variables as defined by government). This is the weighted score.
- Secondly, the relative share of each municipality in this weighted score is calculated.
- Thirdly, this latter relative share in the weighted performance score is multiplied by the total amount available for the grant for the year 2020.
- Fourth, the municipal performance grant allocates additional remunerations to the highest performing municipalities. Ten (10) percent of the total grant amount is allocated to the top three highest performing places. First place receives 5% of the total grant amount; the second place receives 3% of the total grant amount and the third place receives 2% of the total grant amount. If two or more municipalities are having the same performance score, then the amount of reward for the designated place is proportionally divided.

This may seem complicated, but the example below may help to clarify.

The table on the next page shows an example of the calculation of the municipal performance grant allocation, using the general grant allocation for 2020 as per the government's budget circular, under the following assumptions (as example) that (i) all municipalities have met the minimum conditions and (ii) that all municipalities achieved exactly the same score of 75 (which is unlikely in reality, but which allows to treat every municipality equally in this example).

The following steps are taken to calculate the allocations:

- The share of the municipal grant in the general grant is determined by dividing the municipal general grant (column 3) by the total general grant (total column 3). That is a percentage called 'relative share general grant' (column 4);
- Then the weighted performance score is calculated as shown in column (7) by multiplying the performance assessment score (column 6) with the relative share in the general grant and the results of meeting the minimum conditions (reflected in column 5), which is either 1 if the minimum conditions are met or "0" if the minimum conditions were not met (column 5). A municipality that does not meet the minimum conditions is excluded from further calculations (and columns 6 to 10 will show a "0");

- The municipal 'calculated weighted score' (in column 7) is then divided by the total of the 'calculated weighted score' (i.e. the total of column 7), to obtain the 'relative share weighted score' (column 8);
- Finally, this 'relative share weighted score' is multiplied with the total amount of funds available for municipal performance grant in a year (total amount municipal performance grant). This leads to the municipal performance grant allocation as reflected in column 9.

								Total value of MPG		4900000		
		Reward for the first municipality with maximum points:		50%		245000						
		Reward for the second municipality with maximum points:		30%		147000						
		Reward for the third municipality with maximum points:		20%		98,000		(490000)				
		Available amount for allocation based on formula				490,000		4400000				
#	Municipality	Total grant allocation for 2019	Relative percentage of the total grant	Evaluation outcome MN Met=1 Not met=0	Evaluation points	Calculated and weighted score (4)*(5)*(6)	Relative percentage of the weighted score	Calculated value of the MP Grant	MPG - as % of the total grant	Reward	Total value of MPG	MPG -as % of the total grant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(10)
1	Dečan/Dečane	4,299,188	219%	1	58	127	2.2%	96,591	2.25%	12,895	109,486	2.55%
2	Dragash/Dragaš	4,562,764	2.32%	1	58	135	2.3%	102,513	2.25%	12,895	115,408	2.53%
3	Ferizaj/Uroševac	1,083,416	5.65%	1	58	328	5.6%	249,015	2.25%	12,895	261,910	2.36%
4	Fushë Kosovë/ Kosovo Polje	3,789,529	1.93%	1	58	112	1.9%	85,141	2.25%	12,895	98,035	2.59%
5	Gjakovë/Đakovica	1,013,611	5.16%	1	58	299	5.2%	227,675	2.25%	12,895	240,570	2.37%
6	Gjilan/Gnjilane	9,273,087	4.72%	1	58	274	4.7%	208,342	2.25%	12,895	221,236	2.39%
7	Glogovac/Glogovac	6,014,566	3.06%	1	58	178	3.1%	135,131	2.25%	12,895	148,026	2.46%
8	Gračanica/ Gračanice	2,142,986	1.09%	1	58	0.63	1.1%	48,147	2.25%	12,895	61,042	2.85%
9	Hani i Elezit/ Elez Han	1,126,829	0.57%	1	58	0.33	0.6%	25,317	2.25%	12,895	38,212	3.39%
10	Istog/Istok	4,531,903	2.31%	1	58	134	2.3%	101,820	2.25%	12,895	114,715	2.53%
11	Junik/Junik	798,766	0.41%	1	58	0.24	0.4%	17,946	2.25%	12,895	30,841	3.86%
12	Kaçanik/Kaçanik	3,550,455	1.81%	1	58	105	1.8%	79,769	2.25%	12,895	92,664	2.61%
13	Kamenicë/ Kamenica	4,129,292	2.10%	1	58	122	2.1%	92,774	2.25%	12,895	105,669	2.56%
14	Klinë/Klina	4,203,809	2.14%	1	58	124	2.1%	94,448	2.25%	12,895	107,343	2.55%
15	Klokot Vrbovac/ Klokot Vërbovc	472,058	0.24%	1	58	0.14	0.2%	10,606	2.25%	12,895	23,501	4.98%
16	Leposavić/ Leposaviq	2,897,359	1.48%	1	58	0.86	1.5%	65,096	2.25%	12,895	77,991	2.69%
17	Lipjan/Lipljan	6,156,012	3.14%	1	58	182	3.1%	138,309	2.25%	12,895	151,204	2.46%
18	Malishevë/Mališevo	5,673,385	2.89%	1	58	168	2.9%	127,466	2.25%	12,895	140,361	2.47%
19	Mamushë/Mamuša	1,061,369	0.54%	1	58	0.31	0.5%	23,846	2.25%	12,895	36,741	3.46%
20	Mitrovicë e jugut/ Južna Mitrovica	7,463,466	3.80%	1	58	221	3.8%	167,684	2.25%	12,895	180,579	2.42%
21	Novo Brdo/ Novobërdë	1,169,354	0.60%	1	58	0.35	0.6%	26,272	2.25%	12,895	39,167	3.35%
22	Obiliq/Obilić	2,394,220	1.22%	1	58	0.71	1.2%	53,792	2.25%	12,895	66,686	2.79%
23	Partesh/Partesh	452,335	0.23%	1	58	0.13	0.2%	10,163	2.25%	12,895	23,058	5.10%
24	Pejë/Peć	10,419,744	5.31%	1	58	308	5.3%	234,104	2.25%	12,895	246,998.65	2.37%
25	Podujevë/Podujevo	9,292,820	4.73%	1	58	275	4.7%	208,785	2.25%	12,895	221,680	2.39%
26	Prishtinë/Prishtina	19,925,554	10.15%	1	58	5.89	10.2%	447,674	2.25%	12,895	460,569	2.31%
27	Prizren/Prizren	19,460,528	9.91%	1	58	5.75	9.9%	437,226	2.25%	12,895	450,121	2.31%
28	Rahovec/Orahovac	5,843,393	2.98%	1	58	173	3.0%	131,285	2.25%	12,895	144,180	2.47%
29	Ranilug/Ranillug	830,951	0.42%	1	58	0.25	0.4%	18,669	2.25%	12,895	31,564	3.80%
30	Severna Mitrovica/ Mitrovicë e verit	2,132,431	1.09%	1	58	0.63	1.1%	47,910	2.25%	12,895	60,805	2.85%
31	Shtime/Štimlje	2,932,782	1.49%	1	58	0.87	1.5%	65,892	2.25%	12,895	78,787	2.69%
32	Skenderaj/Srbica	5,390,499	2.75%	1	58	1.59	2.7%	121,110	2.25%	12,895	134,005	2.49%
33	Štrpce/Štërpçë	1,235,911	0.63%	1	58	0.37	0.6%	27,768	2.25%	12,895	40,662	3.29%
34	Suharekë/ Suva Reka	6,246,611	3.18%	1	58	185	3.2%	140,345	2.25%	12,895	153,239	2.45%
35	Viti/Vitina	4,919,202	2.51%	1	58	145	2.5%	110,521	2.25%	12,895	123,416	2.51%
36	Vushtrri/Vučitrn	7,217,599	3.68%	1	58	213	3.7%	162,160	2.25%	12,895	175,055	2.43%
37	Zubin Potok/ Zubin Potok	1,588,131	0.81%	1	58	0.47	0.8%	35,681	2.25%	12,895	48,576	3.06%
38	Zvečan/Zvečan	1,469,019	0.75%	1	58	0.43	0.7%	33,005	2.25%	12,895	45,900	3.12%
Total/Average		196,284,934	100.00%	38	58	58.00	100.0%	4,410,000	2.25%	490,000	4,900,000	2.50%

Column 10 shows the grant allocation for each municipality as a percentage of its general grant allocation (column 3). In this example, it shows that all municipalities get a 2.25 % increase to the general grant allocation.¹⁰

Column 11 shows the remuneration allocation assuming that all municipalities have the same performance.

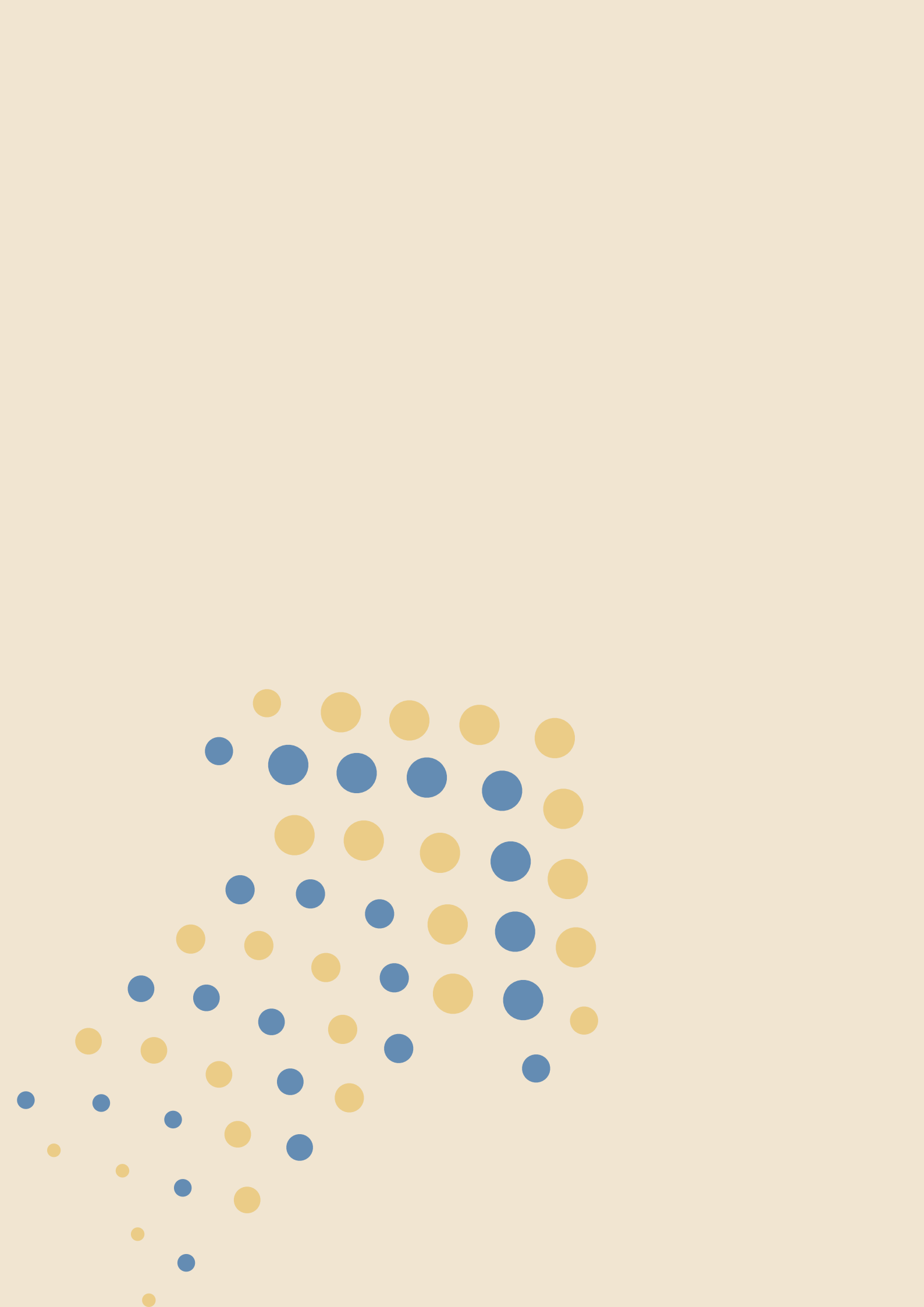
Column 12 shows the total value of the municipal performance grant for each municipality after the remuneration allocation. So to column 9 - calculated value for MPG, the amount of award is added and gives us the total value of MPG for each municipality.

Column 13 shows the grant allocation for each municipality as a percentage of the total grant allocation (column 3). In this example, this shows that all municipalities receive a 2% -5% increase in overall grant allocation.

In reality, and as not all Municipalities will meet the three minimum conditions, it is anticipated that, through the municipal performance grant, municipalities with a score above average will see a noticeable increase in their capital budget.

The above table is available as an excel spreadsheet for those interested.

¹⁰ Obviously, given the assumptions, the calculations show a same relative increase of the general grant for all municipalities as all have the same score. The 2.25% is precisely the performance grant amount as share of the general grant (4,410/196,3). In reality, because some municipalities will not meet the MCs, whilst also the scores differ, the relative increase will be (much) higher depending on the relative performance. In fact, the actual allocation a municipality gets is dependent on its relative score and on the Municipalities that have (or notably those that have not met) the minimum conditions.



ANNEX 5: TERMS OF REFERENCE - TECHNICAL GROUP



Republika e Kosovës

Republika Kosova-Republic of Kosovo

Qeveria e Kosovës-Vlada Kosova-Government of Kosova

MINISTRIA E ADMINISTRIMIT TË PUSHTETIT LOKAL

MINISTRATVO ADMINISTRACIJE LOKALNE SAMOUPRAVE

MINISTRY OF LOCAL GOVERNMENT ADMINISTRATION

Terms of Reference for the Technical Group (TG)

December 2019

1. Brief summary

The Ministry of Local Government Administration (MLGA), in cooperation with SDC and the Ministry of Finance (MoF), have decided to establish a municipal performance grant as a top-up to the general grant. This municipal performance grant will be available for 38 municipalities of the Republic of Kosovo.

The funds will flow through the government financial system and are made available to municipalities as a top-up to the general grant.

This document clarifies the role and the function of the Technical Group (TG).

2. Roles of the Technical Group (TG):

The main functions of the TG are the following:

- Draft the rules of the municipal performance grant;
- Ensure application of the rules without any exception;
- Process data collection for those data that are not yet part of the existing database;
- Assess municipal performance according to the defined rules;
- Determine points and make the calculation for the following allocation of the grant based on the municipal performance grant rules;
- Ensure the data are correct and undertake remedy measures if necessary;
- Draft the grant assessment report and address it for approval to the Grant Commission;
- Review appeals submitted by municipalities and send decision proposals for approval to the MPGC, if any;
- Provide secretarial services to the Municipal performance grant Commission;
- Propose recommendations to the Municipal performance grant Commission how to further advance the municipal performance grant.

3. Membership of the Technical group:

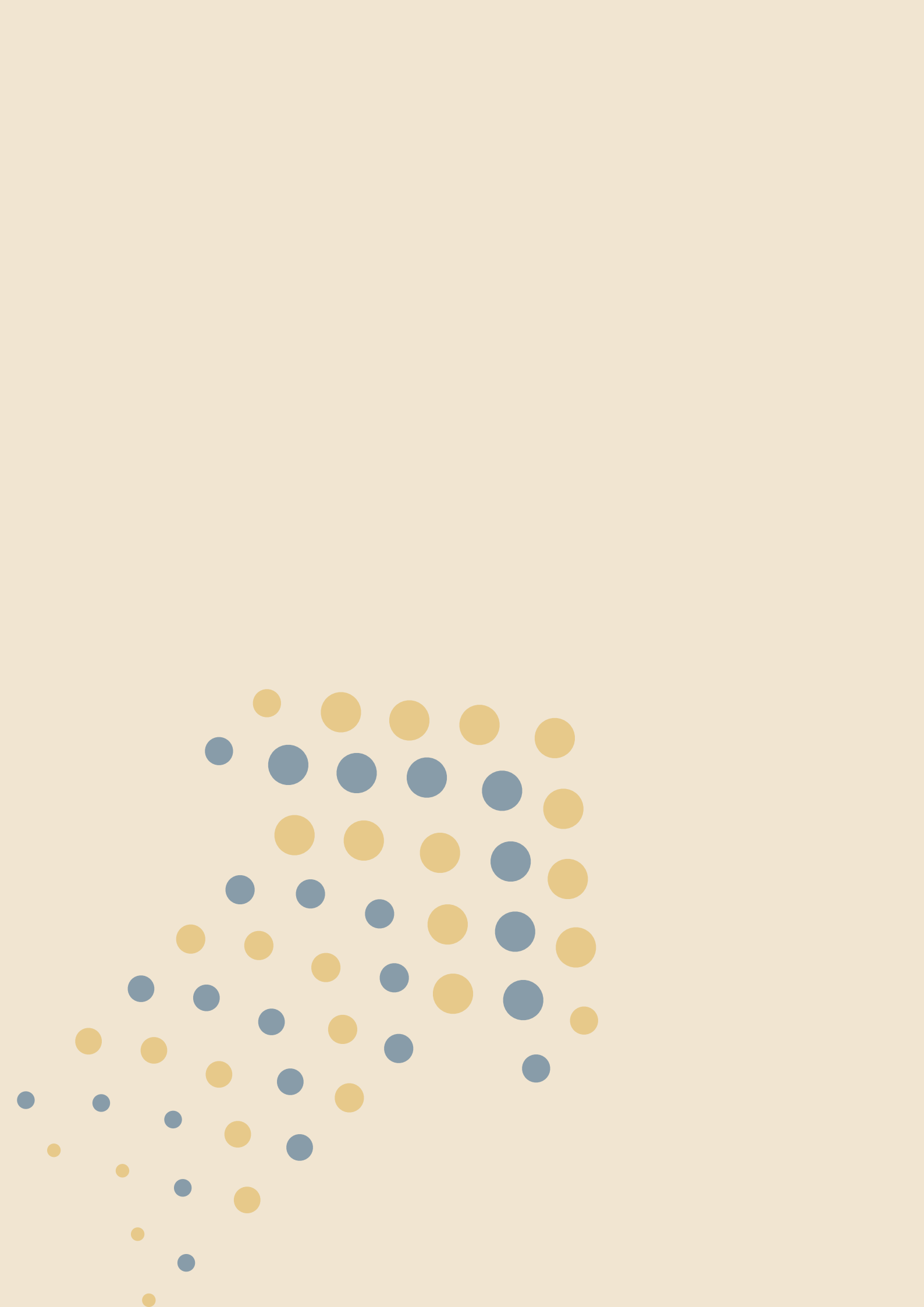
The table below provides the names, institution and positions of the TG members:

	Role in TG Institutions & position	Name and surname Contact details
1	Chair MLGA/PMS Head of Department	Diellor Gashi Tel: 038 200 35 559 Email: diellor.gashi@rks-gov.net
2	Member MLGA/Municipal Performance Officer	Lazar Mitić Tel: 038 200 35 641 Email: lazar.mitic@rks-gov.net
3	Member MLGA/Senior officer for Municipal Performance	Haxhi Krasniqi Tel: 038 200 35 503 Email: haxhi.krasniqi@rks-gov.net
4	Member MLGA /Senior officer for capacity building	Ganimete Salihu Tel: 038 200 35 619 Email: ganimete.salihu@rks-gov.net
5	Member MLGA/Senior officer for HRMR	Zijadin Biqkaj - anëtar Tel: 038 200 35 563 Email: zijadin.biqkaj@rks-gov.net
6	Member SDC/DEMOS Deputy Project Manager	Ilire Daija Buza Tel: 038 517 715 Email: ilire.buza@helvetas.org
7	Member SDC/DEMOS Senior intervention manager	Shqiponja Vokshi Tel: 038 517 715 Email: shqiponja.vokshi@helvetas.org

The mandate of the TG members is for a period of 2 years.

4. Administration of the TG

- The TG will provide secretarial services to the Municipal performance grant Commission. The secretariat is responsible for preparations of meetings including distribution of documents and proposals to the Municipal performance grant Commission.
- Members of the TG should preferably understand and speak English. If not, translation will be provided.
- The chairperson will prepare the agenda for each meeting.
- Notice of meetings should be sent out at least one week before the meeting. The agenda and relevant documents should be attached to the notice.
- Minutes will be prepared for every meeting by the chairperson and approved by all members.
- Any member may jointly call other meetings in coordination with the chairperson.



ANNEX 6: TERMS OF REFERENCE - MUNICIPAL PERFORMANCE GRANT COMMISSION



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria e Kosovës-Vlada Kosova-Government of Kosova

MINISTRIA E ADMINISTRIMIT TË PUSHTETIT LOKAL
MINISTRATVO ADMINISTRACIJE LOKALNE SAMOUPRAVE
MINISTRY OF LOCAL GOVERNMENT ADMINISTRATION

Terms of Reference for the Municipal performance grant Commission

December 2019

1. Brief summary

The Ministry of Local Government Administration (MLGA), in cooperation with SDC and the Ministry of Finance (MoF), have decided to establish a municipal performance grant as a top-up to the general grant. This municipal performance grant will be available for 38 municipalities of the Republic of Kosovo.

The funds will flow through the government financial system and will be made available to municipalities as a top-up to the general grant.

This document clarifies the role and the functions of the Municipal performance grant Commission. The main function of Municipal performance grant Commission is to guarantee integrity to the assessment system by formally assuming responsibility for the assessment results and the ensuing calculations for the allocations of the determined rules. The Commission cannot alter the results of the assessment but only ensure that the Technical group (TG) has followed the rules.

2. Role and functions of the Municipal performance grant Commission

The main function of the municipal performance grant commission is to guarantee the integrity of the assessment. The municipal performance grant commission may not change the assessment results nor the allocations, but its task is to oversee and ensure that the technical team follows the criteria and procedures set out in the Municipal Performance Grant Rules. The main functions of the Municipal performance grant Commission are the following:

- Establish the rules and procedures of the Commission's work;
- Review and endorse the results of the annual municipal performance assessment;
- Review and endorse grant allocations according to technical group proposals based on municipal performance grant rules;
- Approve the responses to municipal complaints reviewed by the TG,

3. Membership of the Municipal performance grant Commission

The table below shows the membership and the voting rights per member:

	Institutions	Number of members	Number of votes
1	Ministry of Local Government Administration (MLGA) - Chair	1	1
2	Ministry of Finance and Transfer (MFT) - Budget	1	1
3	Ministry of Finance and Transfer (MFT) - Treasury	1	1
4	National Auditor office (NAO)	1	Observer
5	Swiss Development Cooperation (SDC)	1	Observer
6	Sweden (Sida)	1	Observer
7	Norway (Norad)	1	Observer
8	GAP Institute	1	Observer

The mandate of the Municipal performance grant Commission members is for a period of two years.

The TG will provide secretarial services to the Municipal performance grant Commission. It is responsible for preparations of meetings, including distribution of documents and proposals to the Municipal performance grant Commission.

4. Administration of the Municipal performance grant Commission

- Members of the Municipal performance grant Commission should preferably understand and speak English. If not, translation will be provided by the TG.
- The chairperson will prepare the agenda for each meeting based on proposals from the TG.
- Notice of meetings should be sent out by the chairperson at least one week before the meeting. The agenda and relevant documents should be attached to the notice.
- Minutes will be prepared for every meeting by the TG and approved/endorsed by the Municipal performance grant Commission.
- Decisions of the Municipal performance grant Commission should be made by consensus where possible. If not, the decisions will be taken by simple majority. Minority recommendations should always be noted in the minutes when requested.
- Any Municipal performance grant Commission member may jointly invoke other meetings in coordination with the chairperson.

ANNEX 7: CONTACT DETAILS

Municipal performance grant Commission members

6. Rozafa Ukimeraj – Chairperson

MLGA/General Secretary

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7. Salvador Elmazi - member

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9. Naser Arllati - Observer

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10. Katharina Stocker- Observer

SCO/Director

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11. Nasrin Pourghazian – Observer

SIDA/Director

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12. Jenny Stenberg Sørvoid – Observer

Deputy Head of Mission, Norad

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13. Bekim Salihu – Observer

Senior researcher, GAP Institute

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Technical Group members

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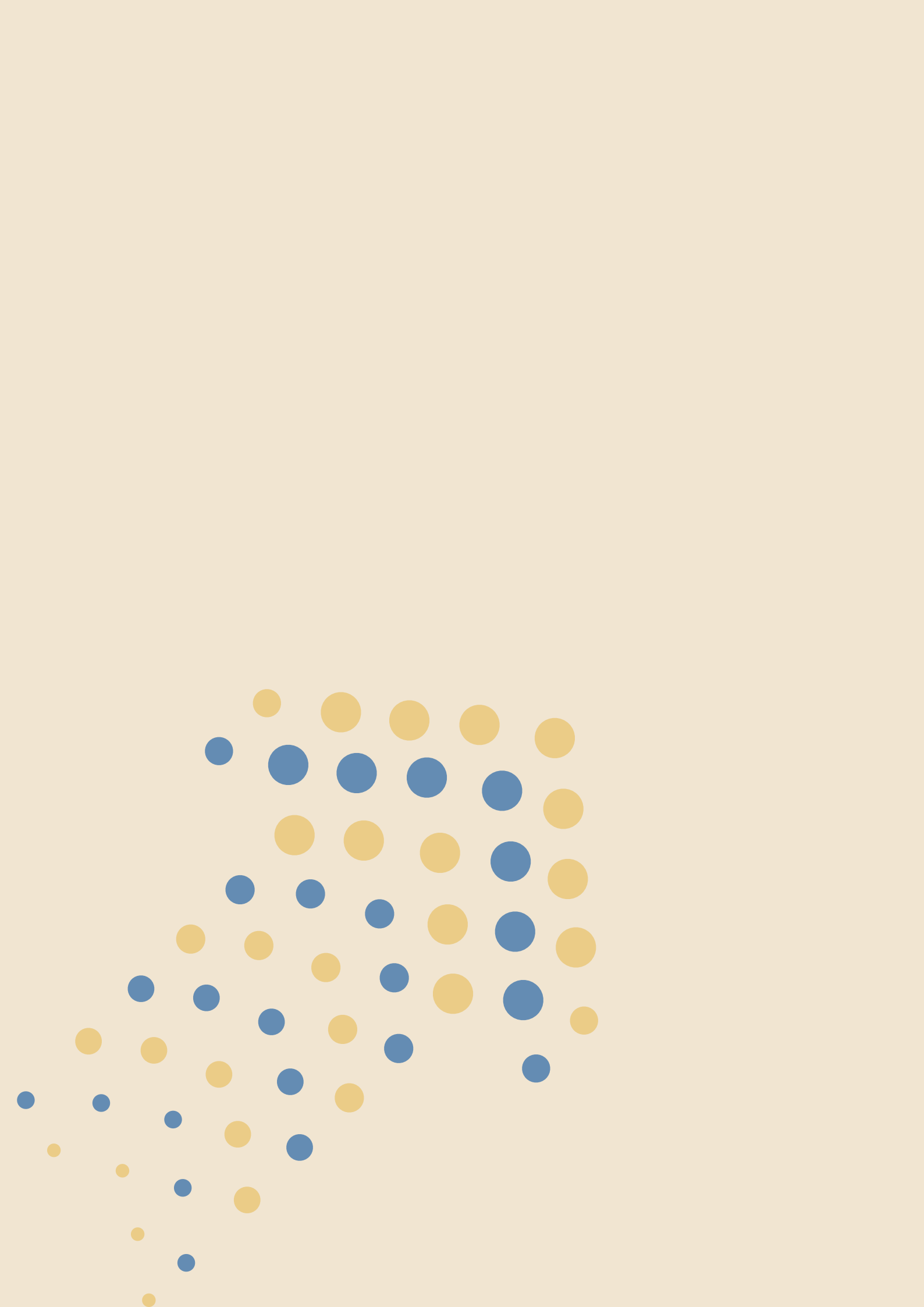
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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

**Swiss Agency for Development
and Cooperation SDC**



Sweden
Sverige



Norwegian Embassy
Prishtina