

**Organization for Security and Co-operation in Europe
MISSION IN KOSOVO**

**2012 Budget Development Process
in Kosovo Municipalities:
An Assessment**

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EXECUTIVE SUMMARY

This report presents an assessment of the 2012 municipal budget development process in Kosovo municipalities as monitored by the Organization for Security and Co-operation in Europe Mission in Kosovo (OSCE) from May to October 2011. It outlines the compliance of Kosovo municipalities with the budget development legal framework, particularly adherence to the budget adoption deadlines and public consultation requirements. This report aims to serve as a tool for stakeholders, particularly municipalities, the relevant ministry, and civil society organizations, for formulating strategies for improving municipal compliance with the legal requirements of this important process.

Every September, Kosovo municipalities are required to adopt an annual budget for the following fiscal year. Both the executive and legislative branches of municipal government structures have legislated responsibilities vis-à-vis annual municipal budget development and adoption. Municipalities must develop and submit two key documents to the Ministry of Finance – a Medium Term Budget Framework and a budget proposal, both of which must be adopted by the municipal assembly of a municipality. Findings reveal that adherence to the adoption deadline for the latter was strong in Kosovo municipalities, but significantly weaker for the former. On the executive side, mayors in the majority of municipalities failed to meet the legal deadline for submission of the budget proposal to the municipal assembly.

Municipal budgets determine the allocation of scarce municipal financial resources; as such, public participation in the development of a municipal budget can contribute to the creation of a budget that reflects the needs and priorities of municipal residents and demonstrates municipal commitment to the good governance principles of transparency and accountability. In 2011, nearly all municipalities engaged in efforts to solicit public input on budget priorities, albeit with varying degrees of effort as well as success. In fact, although the majority of municipalities comply with the main aspects of public notification requirements, public participation at meetings on budget development remains low. In addition, municipalities do not follow the required public consultation steps in terms of when public input should be sought and by which municipal branch (executive or legislative). Finally, public consultation efforts by the legislative branch are significantly lacking in most municipalities.

The OSCE recommends that the Ministry of Finance strengthen its oversight role by more closely monitoring adherence to budget development requirements in municipalities and by requiring municipalities to regularly report on progress throughout the budget development process. Municipalities are recommended to expand public announcement of meetings on budget development in order to increase attendance of residents as such meetings, as well as engage in alternative methods of public outreach and information gathering. Methods for increasing compliance with budget development-related steps and deadlines are also offered. Finally, civil society organizations are recommended to take steps to facilitate more thorough monitoring of the budget development process and examination of draft budget documents, as well as to engage the public in deliberating municipal spending priorities.

1. INTRODUCTION

In recent years, Kosovo has transferred a number of political, fiscal, and administrative competencies from the central level to the local level of government as part of a comprehensive decentralization process. This process is in line with the principles of the Council of Europe's European Charter on Local Self-Government and its Protocols. The Charter, which requires that the principle of self-government be embedded in domestic law or the constitution, was the first international treaty to establish the principle of the transfer of competences to the local level. It underlines that "public responsibilities shall generally be exercised, in preference, by those authorities who are closest to the citizen."¹

Two levels of government exist in Kosovo: central and municipal. In 2008, the Assembly of Kosovo passed the Law on Local Self Government, which underlines that the municipality is the basic unit of self-government in Kosovo.² The law foresees fiscal autonomy for municipalities – municipalities have their own budgets and finances, regulated by the Law on Local Government Finance, for exercising their competencies.³

In efforts to support the further development of a viable and accountable democracy in Kosovo, the OSCE aims to enhance the capacity of municipal assemblies and their committees to monitor local policy implementation, support municipalities in increasing their capacity to deliver efficient services, and enhance municipal capacity for including the public in decision-making processes. In support of these objectives, in 2011, the OSCE Local Governance Section (Democratization Department) and Field Teams conducted an assessment of the municipal budget development and adoption process in Kosovo municipalities, with a particular focus on public participation aspects of this process.⁴ Public budgets determine public resource allocation, and as such serve as a reflection of a society's priorities. For this reason, involvement of the public in budget development is necessary to ensure that public priorities are taken into account, especially when public coffers are limited. Public participation in local budgeting can also build trust between the public and elected officials, legitimize government decisions, and increase oversight and therefore efficiency and effectiveness of public spending.

Data for this report was collected from monitoring and reporting activities of the OSCE Field Teams in 34 municipalities⁵ from May to October 2011. The OSCE designed a tool for tracking public participation at every municipal assembly, policy and finance committee, and communities committee meeting in which municipal budget development was an agenda item as well as public meetings called to specifically discuss budget development. The tracking tool recorded information on the quantitative and qualitative participation of residents in the aforementioned meetings, as well as public notification of and conditions for public participation in such meetings. Approximately 240 meetings were uniformly monitored using this tool. In addition, data related to municipal adherence to the mandatory budget preparation steps was collected directly from the relevant municipal officials. Information from the Ministry of Finance and other international actors also feeds into this report.

¹ Article 4, European Charter on Local Self-Government, 15 October 1985.

² Article 4.1, Law No. 03/L-040 on Local Self Government, 4 June 2008.

³ Ibid, Article 24.1.

⁴ For the purposes of this report, OSCE has examined only the municipal budget preparation *process*, not categories/allocation within a particular municipal budget proposal.

⁵ Municipalities north of the Ibar River were not included in this assessment.

This report is primarily aimed at municipal representatives, the Ministry of Finance, and civil society organizations which are engaged in enhancing transparency, accountability, and public participation in Kosovo municipalities. Through identification of specific shortcomings and strengths, these stakeholders will be better positioned to formulate strategies for improving municipal compliance with the budget development legal framework and ultimately efficiency and transparency in public resource allocation.

This report first outlines the legal framework regulating the annual municipal budget preparation and adoption process in Kosovo municipalities. The following section provides a quantitative and qualitative summary analysis of municipal adherence to the key steps in this process. Municipal efforts to gather input and feedback from residents on the budget formulation are then examined. The report concludes with recommendations for remedial action to the Ministry of Finance, municipalities, and civil society organizations.

2. LEGAL FRAMEWORK REGULATING ANNUAL MUNICIPAL BUDGET DEVELOPMENT

2.1 Required steps in the budget preparation process

The annual Appropriations Law adopted by the Assembly of Kosovo establishes appropriations for all budget organizations, including municipalities, and provides budget organizations with the authority to spend or transfer public funds, up to a set limit and for a specified purpose, during a given fiscal year.⁶ The body responsible for assisting municipalities with fulfilling their budget-related obligations is the Municipal Budget Unit of the Budget Department at the Ministry of Finance.⁷

Kosovo municipalities are entitled, within the limitations of Kosovo economic policy and the pursuit of fiscal sustainability, to their own adequate financial resources which may be spent as they see fit in order to carry out municipal competencies.⁸ The financial resources of a municipality consist of own source revenues, operating grants from the Kosovo government, grants for enhanced competencies, transfers for delegated competencies, extraordinary grants, financial assistance from Belgrade, and proceeds from municipal borrowing.⁹ The municipal assembly and administration have the right and authority to autonomously regulate and manage financial resources from central-level grants or own source revenue collection.¹⁰

Both the executive and legislative branches of municipal government structures have legislated tasks and responsibilities vis-à-vis annual municipal budget development and adoption. On the executive side, it is the responsibility of the mayor to propose the municipal budget to the municipal assembly for adoption as well as to execute the adopted budget.¹¹ On the legislative side, the policy and finance committee, a mandatory legislative committee,¹² is responsible for reviewing, *inter alia*, the annual Medium Term Budget Framework and the

⁶ Articles 1 and 20.9, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

⁷ Ibid, Article 5.3.

⁸ Article 2.1, Law No. 03/L-09 on Local Government Finance, 3 June 2008.

⁹ Ibid, Article 7.1.

¹⁰ Ibid, Article 2.3.

¹¹ Article 58, Law No. 03/L-040 on Local Self Government, 4 June 2008.

¹² Ibid, Article 52.1. The policy and finance committee is chaired by the municipal assembly chairperson and its composition reflects the political parties/entities represented in the municipal assembly.

annual budget.¹³ Both documents must be subsequently approved by the municipal assembly, which is the highest representative body of the municipality.¹⁴ In fact, the municipal assembly may not delegate its responsibility for any decision concerning the approval of the municipal budget,¹⁵ and a municipal assembly is considered ‘non-functioning’ if it fails to adopt the proposed municipal budget within the time limit determined by law.¹⁶ Finally, while the budget-related legislation does not assign the communities committee with a review or approval role of the aforementioned budget documents, the committee is mandated to review all municipal policies, practices, and activities to ensure that the rights of non-majority communities are respected.¹⁷

The legal framework prescribes several concrete steps which must be adhered to during the development and adoption of the annual municipal budget. The Law on Public Financial Management and Accountability sets forth key requirements, while specific steps are elaborated upon in a Budget Circular issued by the Ministry of Finance. The key deadlines are as follows:

1. 30 April – By 30 April of each calendar year, the government shall submit to the Assembly of Kosovo the Medium Term Expenditure Framework covering the next fiscal year and estimates for the following two fiscal years.¹⁸ The content of the Medium Term Expenditure Framework is specified in the legislation.¹⁹
2. 15 May – The Minister must issue the first Budget Circular by 15 May of the current fiscal year to the chief finance office of each budget organization, including municipalities.²⁰ The Budget Circular includes, *inter alia*, the procedures to be followed by the municipality in preparing its proposed budget, including deadlines; the information which must be presented in the proposed budget; and information on grant level estimates and expenditure ceilings.²¹ The Budget Circular provides initial instructions, a timetable, and initial funding limits for the purpose of preparing the proposed municipal budget and estimates for the next three fiscal years. Municipal Budget Circular 2012/01 [hereinafter Budget Circular] was issued on 13 May 2011 by the Ministry of Finance.
3. 30 June – By this date, the municipal assembly must have deliberated, amended if necessary, and approved the Medium Term Budget Framework, as well as submitted a copy of the document to the Ministry of Finance and published a copy for public access. Development of the Medium Term Budget Framework, which is the responsibility of the executive branch, is the first step in the annual budget preparation process.²² The Medium Term Budget Framework sets forth the following for the next three fiscal years: economic and budgetary forecasts and assumptions; a municipal development strategy; aggregate

¹³ Ibid, Article 52.2.

¹⁴ Ibid, Article 35.1.

¹⁵ Ibid, Article 40.2.

¹⁶ Ibid, Article 50. In such cases, the Ministry of Local Government Administration shall notify the municipality of its failure to perform as well as the government of Kosovo, which may dissolve a ‘non-functioning’ municipal assembly.

¹⁷ Ibid, Article 53.

¹⁸ Article 5, Law No. 03/L-221 Amending and Supplementing Law No. 03/L-048 on Public Financial Management and Accountability.

¹⁹ Article 19, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

²⁰ Article 6.2, Law No. 03/L-221 Amending and Supplementing Law No. 03/L-048 on Public Financial Management and Accountability.

²¹ Article 20, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

²² Pages 5, 7, 8, and 22, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

estimates of revenues from all sources; aggregate targets for expenditures; and estimates of expected donor support.²³

4. 15 August – By 15 August, if necessary, the Minister shall issue a second Budget Circular to municipalities, which provides final budget instructions with final grant levels, calculated according to the Law on Local Government Finance and consistent with those specified in the Medium Term Expenditure Framework.²⁴ Municipal Budget Circular 2012/02 was issued by the Ministry of Finance on 27 June 2011.²⁵
5. 1 September – By this date, the mayor must submit the municipal budget proposal to the municipal assembly.²⁶ The proposed municipal budget shall include: economic and budgetary forecasts and assumptions; aggregate estimate of revenues from all sources, an aggregate target for expenditures on all economic categories of expenditure; estimates of expected donor support; and any other information of material importance to the budget.²⁷ In short, the 2012 municipal budget proposal should contain appropriations requests for 2012 and early estimates of appropriations requests for 2013 and 2014.²⁸ The Law on Public Financial Management and Accountability describes the legal sanctions to be taken by the central level, including appointment of a municipal financial administrator, if the mayor fails to meet this deadline.²⁹
6. 30 September – By 30 September, the municipal assembly shall have reviewed, modified if necessary, approved, and submitted to the Ministry of Finance the proposed municipal budget.³⁰ The budget proposal, which is a public document,³¹ should be published on the municipality's official website.³² The Law on Public Financial Management describes steps to be taken by the Ministry of Finance if the municipal assembly fails to approve and submit the municipal budget in a timely manner.³³

Several budget preparation steps internal to the municipality, such as preparation of the municipal programs priority review,³⁴ setting initial program specific ceilings,³⁵ and issuance of internal municipal budget circulars,³⁶ are not examined in this report.

2.2 Public consultation requirements during the budget development process

The Law on Public Financial Management and Accountability and the Budget Circular specify which forms of public consultation should take place during the municipal budget

²³ Ibid, pages 7 and 8.

²⁴ Article 6.2, Law No. 03/L-221 Amending and Supplementing Law No. 03/L-048 on Public Financial Management and Accountability.

²⁵ Municipal Budget Circular 2012/02, Ministry of Finance, 27 June 2011.

²⁶ Article 61.1, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

²⁷ Ibid.

²⁸ Page 8, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

²⁹ Article 62, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

³⁰ Ibid, Articles 20.3 and 61.3.

³¹ Article 4.2, Administrative Instruction No. 2008/09 for Transparency in Municipalities, Ministry of Local Government Administration, 15 July 2008.

³² Page 24, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

³³ Articles 62.2 through 62.5, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

³⁴ Pages 5 and 22, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

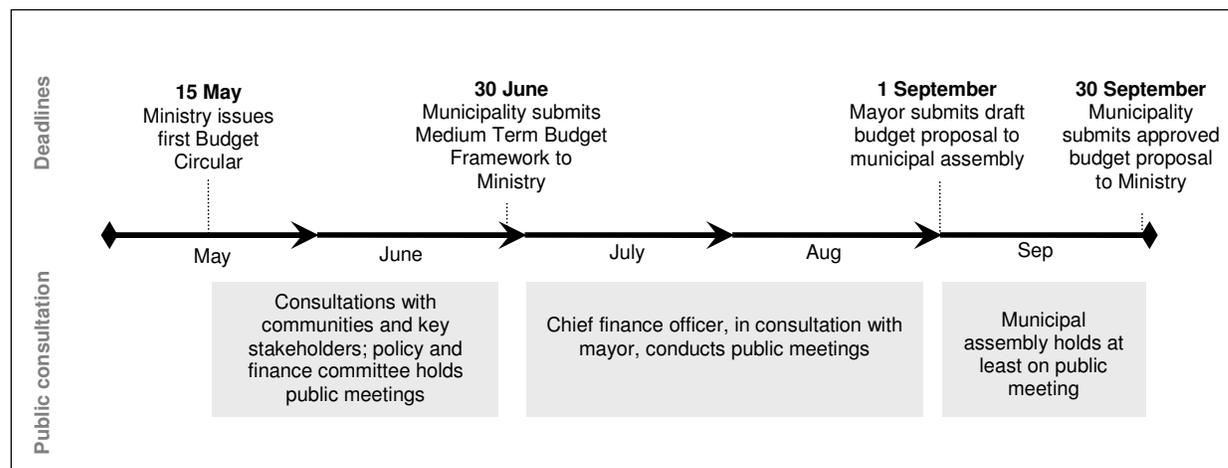
³⁵ Ibid, pages 5, 22 and 23.

³⁶ Article 60.1, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

preparation and approval process. Such public consultation is meant to contribute to the formulation of a municipal budget that reflects the needs and priorities of municipal residents as well as municipal commitment to the good governance principles of transparency and accountability:

1. During the development of the Medium Term Budget Framework, the executive branch should hold consultations with communities and key stakeholders, including public meetings to discuss priorities and strategies.³⁷
2. Prior to its approval of the Medium Term Budget Framework, the policy and finance committee should hold public meetings specifically to discuss financial priorities and strategies.³⁸
3. Prior to the submission of the municipal budget proposal to the municipal assembly, the chief finance officer, in consultation with the mayor, is to conduct public meetings for the purpose of reviewing and understanding proposed budgets from municipal departments.³⁹
4. After submission of the budget to the municipal assembly (by 1 September), the municipal assembly must hold one or more properly warned public meetings to secure public input on the budget, and consider and review it as deemed appropriate.⁴⁰

Figure 1: Annual municipal budget development-related deadlines and public consultation requirements



The legal framework provides details on exactly how municipalities should inform the public about meetings of legislative bodies (i.e., the municipal assembly and its committees) as well as specifically-called public meetings to ensure that residents are afforded the opportunity to participate in such meetings.

³⁷ Pages 8 and 22, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

³⁸ Ibid, page 8.

³⁹ Ibid, pages 5, 6, 23 and 24. Also, for clarity, the term “public meetings” is preferred to “public hearings” in this report.

⁴⁰ Ibid, pages 6 and 24 and Article 61.2, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

The Law on Local Self Government⁴¹ supplemented by Ministry of Local Government Administration Administrative Instruction 2008/09 for Transparency in Municipalities,⁴² states that meetings of the municipal assembly and its committees are open to the public. Members of the public are allowed to follow and participate in meetings of the municipal assembly according to the municipality's rules of procedure.⁴³ In fact, regular and extraordinary meetings of the municipal assembly and its committees are open to the public unless specific action, specifically a majority vote of the assembly or committee, is taken to prohibit public attendance based on either security or privacy concerns.⁴⁴

For regular meetings of the municipal assembly and its committees, a notice of the meeting must be made public seven days in advance.⁴⁵ The notification must include information on the date, time, and location of the meeting, and also include the agenda of the meeting and any related materials.⁴⁶ In addition, the notice must respect the law on languages.⁴⁷ The Administrative Instruction elaborates upon other requirements for meetings of the municipal assembly and its committees: public notification must be placed in the most frequented places within the territory of the municipality and be posted on the official municipal website and also in written and electronic local media.⁴⁸ Moreover, the chairperson of the municipal assembly or committee is responsible for ensuring that the physical conditions of the meeting venue are adequate for public participation.⁴⁹

Extraordinary legislative body meetings must follow the same procedural requirements for notification, but only three working days advance notice is required.⁵⁰ Regarding public meetings, which are distinct from open meetings of legislative bodies, the same notification requirements apply, albeit with two weeks advance notice required.⁵¹

3. ANALYSIS OF MUNICIPAL ADHERENCE TO BUDGET DEVELOPMENT REQUIREMENTS

3.1 Adherence to budget development-related deadlines in municipalities

As stated, municipalities must submit two main budget documents to the Ministry of Finance. The first, the Medium Term Budget Framework, must be passed by both the policy and finance committee and municipal assembly by 30 June. The mayor must submit the budget proposal to the municipal assembly by 1 September; the budget proposal, after review and amendment, must then be approved by the policy and finance committee and municipal assembly and submitted to the Ministry of Finance by 30 September.⁵²

⁴¹ Article 45, Law No. 03/L-040 on Local Self Government, 4 June 2008.

⁴² Article 3, Administrative Instruction No. 2008/09 for Transparency in Municipalities, Ministry of Local Government Administration, 15 July 2008.

⁴³ Article 45.1, Law No. 03/L-040 on Local Self Government, 4 June 2008.

⁴⁴ Ibid, Article 45.3.

⁴⁵ Ibid, Articles 43.3 and 45.2.

⁴⁶ Ibid, Article 43.3.

⁴⁷ Ibid, Article 43.4.

⁴⁸ Article 3.3, Administrative Instruction No. 2008/09 for Transparency in Municipalities, Ministry of Local Government Administration, 15 July 2008.

⁴⁹ Ibid, Article 3.1.

⁵⁰ Article 4, Law No. 03/L-040 on Local Self Government, 4 June 2008.

⁵¹ Ibid, Article 68.1 and Article 6.4, Administrative Instruction No. 2008/09 for Transparency in Municipalities, Ministry of Local Government Administration, 15 July 2008.

⁵² The Mission has collected information on both the date of approval of the budget proposal by the policy and finance committees and municipal assemblies, as well as the date of submission and/or receipt of the

3.1.1 Legislative approval of the Medium Term Budget Framework

The Medium Term Budget Framework was approved by the municipal assembly prior to or on the 30 June deadline in slightly less than half (16) of municipalities.⁵³ In another 16 municipalities, the document was passed by the municipal assembly after the deadline,⁵⁴ while in the remaining two municipalities, the Medium Term Budget Framework was not approved by the municipal assembly at all.⁵⁵

In four out of 34 municipalities (12 per cent), policy and finance committee approval of the document, which is mandatory, was by-passed.⁵⁶ Finally, the Medium Term Budget Framework was forwarded to the Ministry of Finance either prior to or without municipal assembly adoption in approximately 12 municipalities (35 per cent).⁵⁷

3.1.2 Mayor's submission of the 2012 draft budget proposal to the legislative branch

In only 13 out of 34 municipalities (38 per cent) did the mayor meet the 1 September deadline for submission of the draft budget proposal to the municipal assembly.⁵⁸

3.1.3 Legislative approval of the 2012 budget proposal

The 2012 budget proposal was approved by the municipal assembly prior to or on 30 September in all 34 assessed municipalities. In some instances, submission to and/or receipt of the document by the Ministry of Finance was delayed into October. According to the Ministry, approximately ten 2012 budget proposals were received in October (29 per cent).⁵⁹ On a positive note, only in two municipalities⁶⁰ was policy and finance committee endorsement of the budget proposal by-passed.

Importantly, all three key deadlines described above were met in seven municipalities, which constitute 21 per cent of the municipalities assessed.⁶¹

document by the Ministry of Finance. For the purposes of clarity, the date of approval is the focus of these monitoring findings, as receipt by the Ministry can be delayed due to logistical complications, etc.

⁵³ Fushë Kosovë/Kosovo Polje, Gjilan/Gnjilane, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Kamenicë/Kamenica, Klokot/Kllokot, Lipjan/Lipljan, Mamuşa/Mamushë/Mamuşa, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Ranilug/Ranillug, Shtimë/Štimlje, Skenderaj/Srbica, Štrpce/Shtërpçë, Suharekë/Suva Reka, Vushtrri/Vučitrn.

⁵⁴ Deçan/Deçane, Dragash/Dragaş, Ferizaj/Uroševac, Gjakovë/Đakovica, Gračanica/Gračanicë, Istog/Istok, Junik, Kaçanik/Kaçanik, Malishevë/Mališevo, Obiliq/Obilić, Pejë/Peć, Podujevë/Podujevo, Prishtinë/Priština, Prizren, Rahovec/Orahovac, Viti/Vitina.

⁵⁵ Klinë/Klina, Parteş/Partesh.

⁵⁶ Gjilan/Gnjilane, Parteş/Partesh, Ranilug/Ranillug, Shtimë/Štimlje.

⁵⁷ Deçan/Deçane, Dragash/Dragaş, Gjakovë/Đakovica, Gračanica/Gračanicë, Istog/Istok, Junik, Klinë/Klina, Malishevë/Mališevo, Parteş/Partesh, Pejë/Peć, Prishtinë/Priština, Viti/Vitina,

⁵⁸ Deçan/Deçane, Gjakovë/Đakovica, Gjilan/Gnjilane, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Istog/Istok, Klinë/Klina, Lipjan/Lipljan, Malishevë/Mališevo, Mitrovicë/Mitrovica, Podujevë/Podujevo, Skenderaj/Srbica, Vushtrri/Vučitrn.

⁵⁹ Deçan/Deçane, Dragash/Dragaş, Istog/Istok, Junik, Mamuşa/Mamushë/Mamuşa (rejected the first time), Parteş/Partesh, Prizren, Rahovec/Orahovac, Suharekë/Suva Reka, Viti/Vitina.

⁶⁰ Shtimë/Štimlje, Štrpce/Shtërpçë.

⁶¹ Gjilan/Gnjilane, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Lipjan/Lipljan, Mitrovicë/Mitrovica, Skenderaj/Srbica, Vushtrri/Vučitrn.

Table 1: Adherence to key budget development-related deadlines in municipalities

Requirement/deadline	Number of municipalities in compliance	As % of 34 municipalities
Legislative approval of Medium Term Budget Framework by 30 June	16	47%
Submission of budget proposal by mayor to municipal assembly by 1 September	13	38%
Legislative approval of 2012 budget proposal by 30 September	34	100%
Adherence to all three deadlines	7	21%

The shortcomings identified in this section call into question to what extent the Ministry of Finance is overseeing municipal adherence to the budget development-related deadlines. For example, even though the majority of mayors did not submit the budget proposal to the municipal assembly by the deadline, the Ministry did not fulfil its legal obligation to appoint a municipal financial administrator in any of the affected municipalities.⁶² According to the law, the municipal financial administrator would assume all financial rights and responsibilities assigned to the mayor by the relevant legislation.⁶³

Instances of non-compliance in some municipalities, such as late legislative approval of the Medium Term Budget Framework, submission of the document to the Ministry of Finance without prior legislative approval, or lack of policy and finance committee approval of either the Medium Term Budget Framework or budget proposal, arise from either the executive branch's delayed submission of the aforementioned documents to the legislative branch, the failure of the legislative branch to demand timely submission of the documents from the executive branch, or from lack of adherence to the deadlines by the legislative branch. Similarly, while late submission of the budget proposal by the mayor to the municipal assembly could be regarded as a failure on the part of the mayor to adhere to the deadline, such instances also highlight an insufficient willingness or ability of a municipal assembly to exercise its oversight role over the municipal executive branch.

3.2 Meetings of municipal legislative bodies on budget development

3.2.1 Overview of legislative body meetings on budget development

The majority of municipalities (59 per cent)⁶⁴ held exactly two policy and finance committee meetings on budget during the reporting period – generally, one meeting in which the Medium Term Budget Framework was approved and another in which the budget proposal was approved. Only two policy and finance committees⁶⁵ required more than two meetings to discuss and endorse either document. Finally, policy and finance committees in twelve municipalities convened only once to review the budget documents.⁶⁶ In these municipalities, the committee's approval of either the Medium Term Budget Framework or budget proposal

⁶² See Section 2.1.

⁶³ Article 62.1, Law No. 03/L-048 on Public Financial Management and Accountability, 3 June 2008.

⁶⁴ 20 municipalities: Dragash/Dragaš, Fushë Kosovë/Kosovo Polje, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Junik, Kaçanik/Kaçanik, Kamenicë/Kamenica, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Mamuşa/Mamushë/Mamuşa, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Obiliq/Obilić, Podujevë/Podujevo, Shtimë/Štimlje, Skenderaj/Srbica, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vučitrn.

⁶⁵ Deçan/Dečane (3) and Ferizaj/Uroševac (4).

⁶⁶ Gjakovë/Đakovica, Gjilan/Gnjilane, Graçanica/Graçanicë, Istog/Istok, Malishevë/Mališevo, Partesh/Partesh, Pejë/Peć, Prishtinë/Priština, Prizren, Rahovec/Orahovac, Ranilug/Ranillug, Štrpce/Shtërpçë.

was not sought; the committee approved both documents at one meeting; or both documents were passed as one “package”, all in violation of the procedures set forth in the Budget Circular.

In a larger majority⁶⁷ of municipalities (71 per cent), municipal assemblies convened twice to review and/or approve the two budget documents. Nine municipalities (26 per cent) met only once;⁶⁸ in such cases, the Medium Term Budget Framework and 2012 budget proposal were approved on the same day or as one “package”.

It should be noted that the communities committee, the other mandatory legislative committee, reviewed either the Medium Term Budget Framework or budget proposal in only seven municipalities (21 per cent).⁶⁹

3.2.2 Public notification of legislative body meetings on budget development

Timely public notification (seven days in advance) for regular meetings of the main legislative bodies⁷⁰ poses no great challenge for municipalities. It can be observed that municipalities tend to be more diligent with timely public announcement of municipal assembly meetings than policy and finance committee or communities committee meetings. Out of the 59 policy and finance committee meetings examined for the purpose of this report, approximately 59 per cent were publicly announced seven days or more in advance. For the 60 municipal assembly meetings monitored, the percentage is substantially higher at 85 per cent.

The majority of municipalities did not publicly announce meetings of the policy and finance committee⁷¹ and municipal assembly⁷² in both⁷³ official languages (62 per cent and 59 per cent of municipalities, respectively). Those which did announce every policy and finance committee meeting (11 municipalities, or 32 per cent)⁷⁴ and municipal assembly meeting (10

⁶⁷ In 24 municipalities: Deçan/Deçane, Dragash/Dragaš, Ferizaj/Uroševac, Fushë Kosovë/Kosovo Polje, Gjilan/Gnjilane, Glogoc/Glogovac, Gračanica/Gračanicë, Hani i Elezit/Đeneral Janković, Kaçanik/Kaçanik, Kamenicë/Kamenica, Klokot/Kllokot, Lipjan/Lipljan, Mamuša/Mamushë/Mamuša, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Obiliq/Obilić, Parteš/Partesh, Podujevë/Podujevo, Ranilug/Ranillug, Shtimë/Štimlje, Skenderaj/Srbica, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vuçitrn.

⁶⁸ Gjakovë/Đakovica, Istog/Istok, Junik, Klinë/Klina, Malishevë/Mališevo, Pejë/Peć, Prishtinë/Priština, Prizren, Rahovec/Orahovac.

⁶⁹ Dragash/Dragaš, Fushë Kosovë/Kosovo Polje, Gračanica/Gračanicë, Hani i Elezit/Đeneral Janković, Lipjan/Lipljan, Mamuša/Mamushë/Mamuša, Suharekë/Suva Reka.

⁷⁰ Here: municipal assembly, policy and finance committee, and communities committee.

⁷¹ In 21 municipalities: Deçan/Deçane, Ferizaj/Uroševac, Gjakovë/Đakovica, Glogoc/Glogovac, Gračanica/Gračanicë, Hani i Elezit/Đeneral Janković, Istog/Istok, Junik, Kaçanik/Kaçanik, Malishevë/Mališevo, Mamuša/Mamushë/Mamuša, Mitrovicë/Mitrovica, Parteš/Partesh, Podujevë/Podujevo, Prishtinë/Priština, Rahovec/Orahovac, Shtimë/Štimlje, Skenderaj/Srbica, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vuçitrn.

⁷² In 20 municipalities: Deçan/Deçane, Ferizaj/Uroševac, Gjakovë/Đakovica, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Istog/Istok, Junik, Kaçanik/Kaçanik, Kamenicë/Kamenica, Mamuša/Mamushë/Mamuša, Malishevë/Mališevo, Mitrovicë/Mitrovica, Parteš/Partesh, Podujevë/Podujevo, Prishtinë/Priština, Rahovec/Orahovac, Shtimë/Štimlje, Skenderaj/Srbica, Suharekë/Suva Reka, Viti/Vitina.

⁷³ In the cases of Prizren and Mamuša/Mamushë/Mamuša, all three official languages of the municipality.

⁷⁴ In 11 municipalities: Dragash/Dragaš, Gjilan/Gnjilane, Kamenicë/Kamenica, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Novo Brdo/Novobërde, Pejë/Peć, Prizren, Ranilug/Ranillug, Štrpce/Shtërpçë. In Fushë Kosovë/Kosovo Polje and Obiliq/Obilić, some policy and finance committee meetings were announced in both official languages.

municipalities, or 29 per cent)⁷⁵ in both official languages include mainly the newly created or expanded municipalities or those with sizable non-majority community populations.⁷⁶

The most commonly used forms of public notification for meetings of the main legislative bodies were announcement on the municipal website, notices posted on municipal buildings and/or public information boards, or a combination thereof. Other forms of public notification employed by municipalities include announcement on public video screens, displaying of posters or notices in public places, distribution of flyers, airing of radio announcements, and sending of invitations directly to civil society and media organizations. As described above,⁷⁷ municipalities are required to place public notification of legislative body meetings in the most frequented places within the municipality, on the municipal website, and in written and electronic media. While municipal websites are commonly used to announce meetings of legislative bodies, no examples of usage of written and electronic media to announce such meetings were reported. Moreover, while municipal buildings, on or near which notices for legislative body meetings are often posted, are regularly frequented, drawing conclusions as to what extent public notices are posted in the most frequented places within a municipality proves difficult.

Finally, some meetings of legislative bodies were not publicly announced at all. While this practice is not widespread for municipal assembly meetings (only three municipalities, or nine per cent, failed to publicly announce one or more meetings of the municipal assembly⁷⁸), it is observed to be more common for policy and finance committee meetings (11 municipalities, or 32 per cent, failed to announce on or more meetings of this committee).⁷⁹ Regarding announcement of communities committee meetings, slightly less than half of the meetings, which took place in seven municipalities, were not announced publicly.⁸⁰

3.2.3 Public participation in meetings of legislative bodies on budget development

In the overwhelming majority of municipalities, conditions (space) in meeting venues do not pose an obstacle to public participation. More specifically, only in nine municipalities (26 per cent)⁸¹ were policy and finance committee meetings held in rooms which were too small to accommodate members of the public; that number drops to only two municipalities (six per cent) for municipal assembly meetings.⁸²

Provision of interpretation also does not appear to obstruct participation: in nearly all cases when requested, interpretation was provided, or municipalities provide interpretation regardless of specific requests. In four municipalities (12 per cent),⁸³ interpretation was

⁷⁵ In 10 municipalities: Dragash/Dragaš, Gjilan/Gnjilane, Klinë/Klina, Klokot/Kllokot, Pejë/Peć, Novo Brdo/Novobërde, Prizren, Ranilug/Ranillug, Štrpce/Shtërpçë, Vushtrri/Vučitrn. In Fushë Kosovë/Kosovo Polje, Gračanica/Gračanicë, Lipjan/Lipljan, and Obiliq/Obilić, some municipal assembly meetings are announced in both official languages.

⁷⁶ For the purpose of this report, non-majority refers to any community that is in a numerical minority in any given municipality.

⁷⁷ See Section 2.2.

⁷⁸ Gjakovë/Đakovica, Klokot/Kllokot, Štrpce/Shtërpçë.

⁷⁹ Deçan/Deçane, Ferizaj/Uroševac, Fushë Kosovë/Kosovo Polje, Glllogoc/Glogovac, Istog/Istok, Junik, Klokot/Kllokot, Lipjan/Lipljan, Skenderaj/Srbica, Viti/Vitina, Vushtrri/Vučitrn.

⁸⁰ In Fushë Kosovë/Kosovo Polje, Gračanica/Gračanicë, Lipjan/Lipljan.

⁸¹ Dragash/Dragaš, Gjakovë/Đakovica, Glllogoc/Glogovac, Istog/Istok, Junik, Pejë/Peć, Podujevë/Podujevo, Viti/Vitina, Vushtrri/Vučitrn.

⁸² Glllogoc/Glogovac, Junik.

⁸³ Dragash/Dragaš, Gjilan/Gnjilane, Novo Brdo/Novobërde, Štrpce/Shtërpçë.

always provided for policy and finance committee and municipal assembly meetings, while interpretation was provided in some of these meetings in seven municipalities (21 per cent).⁸⁴

Regarding public notification of legislative body meetings, while it is difficult to conclude that broader announcement of such meetings results in higher attendance by the public, it was observed that no public notification results in zero public attendance. Nonetheless, some conclusions can be drawn about the attendance of members of the public at policy and finance committee and municipal assembly meetings:

First, public participation occurred with much greater frequency at municipal assembly meetings than at policy and finance committee meetings on budget development or approval. For example, residents were sometimes or always present at policy and finance committee meetings in nine municipalities (26 per cent),⁸⁵ i.e., no members of the public attended such meetings in 25 municipalities (74 per cent).⁸⁶ The reverse trend was observed for municipal assembly meetings on budget development or approval: residents were always or sometimes present in meetings in 25 municipalities,⁸⁷ and never present in municipal assembly meetings in nine municipalities.⁸⁸ Greater attendance at municipal assembly meetings on budget development and approval could be attributed to stronger adherence to public notification requirements for municipal assembly meetings than policy and finance committee meetings, as described above; it is also possible that public interest and awareness in the municipal assembly, as the highest representative body in the municipality, is greater.

Second, presence of the media at meetings of legislative bodies, which can enhance public awareness of legislative decisions and ensure that elected officials are held to a greater standard of transparency and accountability, displayed similar patterns to those of residents' presence, although media presence was greater. Media representatives were present at all or some policy and finance committee meetings in 14 (41 per cent)⁸⁹ municipalities and at all or some municipal assembly meetings in 28 municipalities (82 per cent).⁹⁰

⁸⁴ Fushë Kosovë/Kosovo Polje, Gračanica/Gračanicë, Kamenicë/Kamenica, Klokot/Kllokot, Lipjan/Lipljan, Mamuşa/Mamushë/Mamuşa, Ranilug/Ranillug.

⁸⁵ Deçan/Deçane, Gjiilan/Gnjilane, Hani i Elezit/Đeneral Janković, Kaçanik/Kaçanik, Kamenicë/Kamenica, Lipjan/Lipljan, Prishtinë/Priştina, Rahovec/Orahovac, Viti/Vitina.

⁸⁶ Dragash/Dragaş, Ferizaj/Uroševac, Fushë Kosovë/Kosovo Polje, Gjakovë/Đakovica, Gillogoc/Glogovac, Gračanica/Gračanicë, Istog/Istok, Junik, Klinë/Klina, Klokot/Kllokot, Malishevë/Mališevo, Mamuşa/Mamushë/Mamuşa, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Obiliq/Obilić, Partesh/Partesh, Pejë/Peć, Podujevë/Podujevo, Prizren, Ranilug/Ranillug, Shtimë/Štimlje, Skenderaj/Srbica, Štrpce/Shtërpçë, Suharekë/Suva Reka, Vushtrri/Vučitrn.

⁸⁷ Deçan/Deçane, Dragash/Dragaş, Ferizaj/Uroševac, Gjakovë/Đakovica, Gjiilan/Gnjilane, Gillogoc/Glogovac, Gračanica/Gračanicë, Junik, Kaçanik/Kaçanik, Klinë/Klina, Lipjan/Lipljan, Malishevë/Mališevo, Mamuşa/Mamushë/Mamuşa, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Pejë/Peć, Prishtinë/Priştina, Prizren, Rahovec/Orahovac, Ranilug/Ranillug, Shtimë/Štimlje, Štrpce/Shtërpçë, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vučitrn.

⁸⁸ Fushë Kosovë/Kosovo Polje, Hani i Elezit/Đeneral Janković, Istog/Istok, Kamenicë/Kamenica, Klokot/Kllokot, Obiliq/Obilić, Partesh/Partesh, Podujevë/Podujevo, Skenderaj/Srbica.

⁸⁹ Deçan/Deçane, Gjakovë/Đakovica, Gjiilan/Gnjilane, Gillogoc/Glogovac, Hani i Elezit/Đeneral Janković, Kaçanik/Kaçanik, Kamenicë/Kamenica, Klinë/Klina, Malishevë/Mališevo, Pejë/Peć, Prishtinë/Priştina, Prizren, Rahovec/Orahovac, Viti/Vitina.

⁹⁰ Deçan/Deçane, Dragash/Dragaş, Ferizaj/Uroševac, Gjakovë/Đakovica, Gjiilan/Gnjilane, Gillogoc/Glogovac, Hani i Elezit/Đeneral Janković, Istog/Istok, Junik, Kaçanik/Kaçanik, Kamenicë/Kamenica, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Malishevë/Mališevo, Mitrovicë/Mitrovica, Partesh/Partesh, Pejë/Peć, Podujevë/Podujevo, Prishtinë/Priştina, Prizren, Rahovec/Orahovac, Shtimë/Štimlje, Skenderaj/Srbica, Štrpce/Shtërpçë, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vučitrn.

Third, even when members of the public do attend meetings of these legislative bodies, recorded figures tend to be low. The highest number of observed individuals for a policy and finance committee meeting was 15;⁹¹ in all other instances, attendance stood at 5 individuals or less. For most municipal assembly meetings in which public attendance was recorded, only one to four members of the public attended.⁹² Only six – mainly larger – municipalities⁹³ witnessed attendance by ten or more members of the public at municipal assembly meetings, with the highest recorded number of members of the public being 12.⁹⁴

Finally, neither members of the public nor media attended any of the communities committee meetings on budget development. This could be partly due to the fact that, as mentioned,⁹⁵ only slightly more than half of the communities committee meetings in which budget was discussed were announced publicly.

3.3 Public meetings on municipal budget development

3.3.1 Overview of public meetings on municipal budget development

The OSCE Field Teams monitored and reported on approximately 100 public meetings called to discuss development of the budget and gather public input on budget priorities. These public meetings were called by either the executive or legislative branches of municipal governments. In approximately half of the 34 assessed municipalities, the number of public meetings called by either branch was one or two.⁹⁶ The other half called between three and seven public meetings, and one municipality called 15 public meetings.⁹⁷ Only one municipality did not hold any public meetings to solicit public input on the budget.⁹⁸

Importantly, public meetings were called only by the executive branch in slightly over half of municipalities (53 per cent).⁹⁹ Policy and finance committees and municipal assemblies, which are required by legislation to call public meetings, did so only in twelve (35 per cent)¹⁰⁰

⁹¹ Prizren.

⁹² 22 meetings.

⁹³ Dragash/Dragaš, Gjilan/Gnjilane, Lipjan/Lipljan, Mitrovicë/Mitrovica, Prizren, Suharekë/Suva Reka.

⁹⁴ At one municipal assembly meeting each in Lipjan/Lipljan and Prizren.

⁹⁵ See Section 3.2.2.

⁹⁶ *One public meeting:* Dragash/Dragaš, Gjilan/Gnjilane, Hani i Elezit/Đeneral Janković, Junik, Obiliq/Obilić, Pejë/Peć, Skenderaj/Srbica, Suharekë/Suva Reka;

Two public meetings: Glogoc/Glogovac, Kaçanik/Kaçanik, Kamenicë/Kamenica, Klinë/Klina, Malishevë/Mališevo, Podujevë/Podujevo, Štrpce/Shtërpçë, Vushtrri/Vučitrn.

⁹⁷ *Three public meetings:* Fushë Kosovë/Kosovo Polje, Klokot/Kllokot, Mamuša/Mamushë/Mamuša, Novo Brdo/Novobërde, Partesh/Partesh, Ranilug/Ranillug, Shtimë/Štimlje;

Four public meetings: Gračanica/Gračanicë;

Five public meetings: Deçan/Deçane, Mitrovicë/Mitrovica, Rahovec/Orahovac, Viti/Vitina,;

Six public meetings: Istog/Istok, Prishtinë/Priština;

Seven public meetings: Lipjan/Lipljan, Prizren;

15 public meetings: Ferizaj/Uroševac.

⁹⁸ Gjakovë/Đakovica.

⁹⁹ In 18 municipalities: Dragash/Dragaš, Ferizaj/Uroševac, Hani i Elezit/Đeneral Janković, Junik, Kaçanik/Kaçanik, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Malishevë/Mališevo, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Obiliq/Obilić, Pejë/Peć, Prishtinë/Priština, Ranilug/Ranillug, Skenderaj/Srbica, Suharekë/ Suva Reka, Viti/Vitina.

¹⁰⁰ Deçan/Deçane, Fushë Kosovë/Kosovo Polje, Gjilan/Gnjilane, Glogoc/Glogovac, Istog/Istok, Kamenicë/Kamenica, Mamuša/Mamushë/Mamuša, Prizren, Rahovec/Orahovac, Shtimë/Štimlje, Štrpce/Shtërpçë, Vushtrri/ Vuçitrn.

and six (18 per cent)¹⁰¹ municipalities, respectively. The legal requirement for municipal assemblies to call one or more public meetings after receipt of the budget proposal from the mayor was fulfilled in only three municipalities (9 per cent),¹⁰² representing a gross violation of the legal framework.

Table 2: Public meetings conducted by municipal legislative and executive branches

Public meetings called by municipalities	Number of municipalities	As percentage of municipalities
Public meetings called by only the executive branch	18	53%
Public meetings called by the policy and finance committee	12	35%
Public meetings called by the municipal assembly	6	18%
Public meetings called by the municipal assembly after receipt of the budget from the mayor	3	9%

The sequence of public consultation outlined in the Budget Circular – public meetings on the Medium Term Budget Framework called by the executive branch, followed by public meetings on the Medium Term Budget Framework called by the policy and finance committee, then followed by public meetings on the budget proposal called by the executive branch, and concluded with a public meeting on the budget proposal conducted by the municipal assembly – was not followed in any municipalities. Moreover, content of public discussion at public meetings focused more generally on priorities for residents in terms of capital investments and other needs rather than on scrutiny of the details of the Medium Term Budget Framework and budget proposal as codifications of these priorities. This could in part be due to the fact that few municipalities distributed copies of these documents to the public at public meetings.

3.3.2 Public notification of public meetings on municipal budget development

The relevant legislation states that public meetings must be announced two weeks in advance.¹⁰³ Of all public meetings held during the reporting period, 30 per cent were announced two weeks in advance,¹⁰⁴ 14 per cent ten days in advance,¹⁰⁵ 44 per cent six to seven days in advance,¹⁰⁶ and 12 per cent three to five days in advance.¹⁰⁷ Put in other terms, 50 per cent of municipalities announced one or more public meetings with two weeks advance notice.¹⁰⁸

The number of municipalities which issued all notices for public meetings in both official languages¹⁰⁹ was 10 (29 per cent), slightly less than that for policy and finance committee and

¹⁰¹ Deçan/Deçane, Gračanica/Gračanicë, Istog/Istok, Mamuša/Mamushë/Mamuša, Parteš/Partesh, Podujevë/Podujevo.

¹⁰² Mamuša/Mamushë/Mamuša, Istog/Istok, Podujevë/Podujevo.

¹⁰³ Article 68.1, Law No. 03/L-040 on Local Self Government, 4 June 2008 and Article 6.4, Administrative Instruction No. 2008/09 for Transparency in Municipalities, Ministry of Local Government Administration, 15 July 2008.

¹⁰⁴ 13 meetings.

¹⁰⁵ 14 meetings.

¹⁰⁶ 45 meetings.

¹⁰⁷ 12 meetings.

¹⁰⁸ Ferizaj/Uroševac, Fushë Kosovë/Kosovo Polje, Gjilan/Gnjilane, Glogoc/Glogovac, Gračanica/Gračanicë, Junik, Kaçanik/Kaçanik, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Malishevë/Mališevo, Parteš/Partesh, Podujevë/Podujevo, Prizren, Skenderaj/Srbica, Suharekë/Suva Reka, Vushtrri/Vučitrn.

¹⁰⁹ In the cases of Prizren and Mamuša/Mamushë/Mamuša, all three official languages of the municipality.

municipal assembly meetings.¹¹⁰ Five municipalities (15 per cent) issued a portion of announcements for public meetings in both official languages.¹¹¹ The remaining half of municipalities¹¹² did not issue any public notifications for public meetings on budget development in both official languages. In this sense, municipalities tend to be somewhat more diligent with issuing public notifications in both official languages for public meetings on budget development than for legislative body meetings.¹¹³

As with meetings of legislative bodies, the most commonly used forms of public notification for public meetings were announcement on the municipal website, notices posted on municipal buildings and/or public information boards, or a combination of these two forms. Use of radio and television announcements and placing of posters/notices in public places were more frequently observed for public meetings than for meetings of legislative bodies. Only one municipality¹¹⁴ announced public meetings in print media (newspapers). As with legislative body meetings, direct invitations to village leaders, civil society, and/or media were also used as a form of notification. Moreover, as described above,¹¹⁵ municipalities are required to place public notification of public meetings in the most frequented places within the municipality, on the municipal website, and in written and electronic media. While municipal websites are commonly used to announce public meetings, only one example of usage of written media to announce such meetings was reported. Also, as with meetings of legislative bodies, drawing conclusions as to what extent public notices are posted in the most frequented places within a municipality proves difficult.

3.3.3 Public participation in public meetings on municipal budget development

All municipalities were successful in ensuring that conditions (space) were adequate to accommodate members of the public for public meetings. Findings reveal that provision of interpretation at public meetings is similar to such provision at legislative body meetings: it was provided in all public meetings in three municipalities (9 per cent),¹¹⁶ and at some meetings in six municipalities (18 per cent).¹¹⁷

A noteworthy percentage (41 per cent)¹¹⁸ of municipalities conducted one or more public meetings in alternative locations, i.e., outside of the main municipal town/village. While evidence does not suggest that meetings located in alternative locations draw a greater number of residents, it can be assumed that such meetings do indeed draw in individuals who

¹¹⁰ Dragash/Dragaš, Gjilan/Gnjilane, Kamenicë/Kamenica, Klinë/Klina, Klokot/Kllokot, Novo Brdo/Novobërde, Obiliq/Obilić, Pejë/Peć, Štrpce/Shtërpçë, Vushtrri/Vučitrn.

¹¹¹ Fushë Kosovë/Kosovo Polje, Gračanica/Gračanicë, Lipjan/Lipljan, Prizren, Ranilug/Ranillug.

¹¹² 17 municipalities: Deçan/Dečane, Ferizaj/Uroševac, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Junik, Kaçanik/Kaçanik, Malishevë/Mališevo, Mamuša/Mamushë/Mamuša, Mitrovicë/Mitrovica, Parteš/Partesh, Prishtinë/Priština, Podujevë/Podujevo, Suharekë/Suva Reka, Shtimë/Štimlje, Skenderaj/Srbica, Rahovec/Orahovac, Viti/Vitina.

¹¹³ See Section 3.2.2 for figures on the percentage of municipalities which issued public notification in both official languages for legislative body meetings.

¹¹⁴ Prishtinë/Priština.

¹¹⁵ See Section 3.2.2.

¹¹⁶ Dragash/Dragaš, Gjilan/Gnjilane, Štrpce/Shtërpçë.

¹¹⁷ Fushë Kosovë/Kosovo Polje, Kamenicë/Kamenica, Klokot/Kllokot, Lipjan/Lipljan, Novo Brdo/Novobërde, Prizren.

¹¹⁸ Ferizaj/Uroševac, Gračanica/Gračanicë, Istog/Istok, Kamenicë/Kamenica, Lipjan/Lipljan, Mitrovicë/Mitrovica, Novo Brdo/Novobërde, Parteš/Partesh, Prishtinë/Priština (in neighbourhoods), Prizren, Rahovec/Orahovac, , Ranilug/Ranillug, Shtimë/Štimlje, Viti/Vitina.

otherwise would not have participated in public meetings held in the main municipal town/village, which were usually held in the municipal assembly hall.

Attendance at public meetings varied greatly from meeting to meeting. Ten to 19 residents in attendance is the most frequently observed range of attendance,¹¹⁹ followed by 20 to 29 residents,¹²⁰ and then 30 – 39 residents.¹²¹ Attendance by 100 or more residents was observed in public meetings in three municipalities: 100 (Kačanik/Kaçanik), 130 (Gračanica/Gračanicë), and 140 (Podujevë/Podujevo).

Presence of the media in public meetings is similar to that of municipal assembly meetings, albeit slightly less: in 25 municipalities (74 per cent),¹²² media representatives were present for some or all public meetings.

Identifying methods which are successful in attracting greater numbers of residents to public meetings proves challenging. Certainly, the more public meetings called by a municipality, especially if conducted in various locations, the greater the number of residents that will be targeted. Evidence is inconclusive on whether or not longer advance notice of public meetings leads to greater attendance. For example, of the 18 public meetings which attracted 50 or more residents, nine were announced six or seven days in advance, six were announced two weeks in advance, two were announced three days in advance, and one was announced five days in advance. However, for those same public meetings which attracted 50 or more people, the reach of notification tended to be greater, with affected municipalities employing additional methods such as radio announcements, posters/notices in public places throughout the municipality, and other forms of notification. This suggests that broader reach of public notification can attract a greater number of residents to public meetings.

In an effort to promote transparency, municipalities are required to post both the Medium Term Budget Framework and the budget proposal on the municipal website.¹²³ As of mid-November 2011, less than half of municipalities had posted one or the other document on its municipal website.¹²⁴

3.3.4 Other municipal initiatives to gather public input on the budget

In addition to conducting public meetings, some municipalities engaged in other activities to solicit public input on budget development or notify the public about the provisions of the draft budget documents. Examples of such activities include radio or television appearances by the director of finance to inform the public about the budget development process¹²⁵ and

¹¹⁹ In 26 meetings.

¹²⁰ In 23 meetings.

¹²¹ In 18 meetings.

¹²² Deçan/Deçane, Dragash/Dragaš, Ferizaj/Uroševac, Gjilan/Gnjilane, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Istog/Istok, Kačanik/Kaçanik, Kamenicë/Kamenica, Klinë/Klina, Klokot/Kllokot, Lipjan/Lipljan, Malishevë/Mališevo, Mitrovicë/Mitrovica, Parteš/Partesh, Pejë/Peć, Podujevë/Podujevo, Prizren, Rahovec/Orahovac, Ranilug/Ranillug, Shtimë/Štimlje, Skenderaj/Srbica, Suharekë/Suva Reka, Viti/Vitina, Vushtrri/Vučitrn.

¹²³ Pages 8 and 24, Municipal Budget Circular 2012/01, Ministry of Finance, 13 May 2011.

¹²⁴ In 15 municipalities: Ferizaj/Uroševac, Gjilan/Gnjilane, Glogoc/Glogovac, Hani i Elezit/Đeneral Janković, Kačanik/Kaçanik, Kamenicë/Kamenica, Malishevë/Mališevo, Mitrovicë/Mitrovica, Podujevë/Podujevo, Prizren, Shtimë/Štimlje, Skenderaj/Srbica, Štrpce/Shtërpçë, Suharekë/Suva Reka, Vushtrri/Vučitrn.

¹²⁵ Ferizaj/Uroševac, Istog/Istok, Parteš/Partesh.

consultative meetings with special interest groups/stakeholders on budget priorities.¹²⁶ Municipal representatives also co-ordinated with external actors to carry out the activities described in the next section.

3.3.5 Support provided by external actors to increase public participation in meetings on budget development

For several years, in addition to monitoring and reporting efforts conducted by the OSCE Field Teams, which serve to raise awareness amongst municipal officials of the legal requirements related to the budget development process and thereby improve compliance with these requirements, the OSCE has supported a structured dialogue forum between the central level, particularly the Ministry of Finance, and municipalities on municipal budget development.¹²⁷

In 2011, in some municipalities, the OSCE supported municipal representatives in reaching out to the public during the budget preparation process in a variety of ways: by providing logistical or organizational support for workshops and/or consultative meetings on budget;¹²⁸ financing of printing of budget documents for dissemination to residents;¹²⁹ organization of a mock municipal assembly for youth to debate the budget proposal;¹³⁰ financing of daily radio announcements on public budget meetings and a televised debate on municipal budget preparations between municipal directors of economy and finance;¹³¹ and conducting of televised street interviews in which residents expressed their concerns and comments on the budget preparation process.¹³² Moreover, as part of a project aimed at increasing municipal accountability, the OSCE produced and financed the airing of television and radio announcements on municipal budget planning throughout Kosovo. These announcements were aired in three languages during the month of September and focused on the right of residents to review, comment, and propose municipal budget priorities as well as the right to participate in public meetings on budget development.¹³³ The campaign was launched with a series of press events in all five regions of Kosovo, at which both municipal officials and journalists were present. The OSCE financed the design and printing of two sets of posters: one to encourage public participation in the municipal budget preparation process,¹³⁴ and another to encourage residents to attend municipal assembly sessions,¹³⁵ which were distributed to all municipalities for their use. Finally, findings from this report will be used to evaluate the top five performing municipalities in terms of participatory budgeting, who will participate in a best practice exchange activity in 2012.

The Swiss Agency for Development and Cooperation-financed Kosovo Local Governance and Decentralization Support (LOGOS) project, implemented by Helvetas Swiss-Inter-

¹²⁶ Junik, Klinë/Klina.

¹²⁷ In the framework of the Local Governance Section project, Support to central - local level dialogue for effective local governance reform – Municipal Leadership Forums 2011.

¹²⁸ Deçan/Deçane.

¹²⁹ Mitrovicë/Mitrovica, Shtimë/Štimlje, Suharekë/Suva Reka.

¹³⁰ Suharekë/Suva Reka.

¹³¹ Mitrovicë/Mitrovica, Skenderaj/Srbica, Vushtri/Vučitrn.

¹³² Mitrovicë/Mitrovica, Skenderaj/Srbica, Vushtri/Vučitrn.

¹³³ The announcements were aired for 21 days, during which time approximately 196 minutes of television announcements and 523 minutes of radio announcements were aired throughout Kosovo.

¹³⁴ 6,000 posters [4,000 in Albanian, 1,500 in Serbian, 500 in Turkish].

¹³⁵ 4,400 posters [3,000 in Albanian, 1,000 in Serbian, 400 in Turkish].

cooperation, provided direct support to municipal officials in announcing, organizing, and conducting public meetings in eight municipalities in the Gjilan/Gnjilane region.¹³⁶

Finally, the United States Agency for International Development's Democratic Effective Municipalities Initiative (DEMI) ran an "Inclusive and Transparent Budgeting Process" initiative this year with its partner municipalities.¹³⁷ This initiative consisted of several activities, such as organization of workshops with policy and finance committee members and civil society organizations on inclusive budgeting, which resulted in the drafting of coordinated action plans; financing and publication of notification materials, such as leaflets, posters, radio shows, etc.; as well as other efforts to increase public participation in the municipal budget preparation process.

4. CONCLUSION

Based on the findings described above, several trends, representing areas both in need of improvement and areas in which municipalities satisfactorily adhere to legal requirements of the budget development process can be identified.

First, regarding adherence to the three key budget-related deadlines, all municipal assemblies exercised adherence to the requirement to adopt the municipal budget proposal by 30 September; compliance was observed to be significantly weaker when it comes to municipal assembly approval of the Medium Term Budget Framework by the 30 June deadline, and even weaker yet concerning the mayor's obligation to submit the municipal budget proposal to the municipal assembly by 1 September. Other observed shortcomings were the by-passing of policy and finance committee endorsement of the Medium Term Budget Framework and, in a small number of cases, the budget proposal, as well as submission of the Medium Term Budget Framework to the Ministry of Finance without legislative adoption.

Second, while in the majority of municipalities, policy and finance committees and municipal assemblies convened twice to approve the Medium Term Budget Framework and the budget proposal, in some municipalities, each legislative body met only once to discuss and approve both documents, in contradiction to the requirements described in the Budget Circular. This practice also calls into question the extent to which members of legislative bodies thoroughly deliberated spending priorities. For the most part, communities committees were uninvolved in the municipal budget development process.

Third, compliance with timely notification of legislative body meetings on budget review or approval was good in most municipalities, particularly for municipal assembly meetings, as was provision of adequate space for public participation and interpretation, if requested. Municipalities most commonly announced meetings of legislative bodies on the municipal website and/or through notices on the municipal building and information boards, but other methods are also employed. Nonetheless, attendance at meetings of legislative bodies, which are open to residents, was observed to be low.

¹³⁶ Hani i Elezit/Đeneral Janković, Kačanik/Kaçanik, Kamenicë/Kamenica, Klokot/Klllokot, Novo Brdo/Novobërde, Parteš/Partesh, Ranilug/Ranillug, Viti/Vitina.

¹³⁷ Dečan/Dečan, Fushë Kosovë/Kosovo Polje, Gjilan/Gnjilane, Gračanica/Graçanicë, Istog/Istok, Junik, Kačanik/Kaçanik, Kamenicë/Kamenica, Klokot/Klllokot, Malishevë/Mališevo, Mamuša/Mamushë/Mamuša, Mitrovicë/Mitrovica, Novo Brdo/Novobërdë, Parteš/Partesh, Pejë/Peć, Prizren/Prizren, Ranilug/Ranillug, Štrpce/Shtërpçë, Suharekë/Suva Reka, Vushtrri/Vuçitrn.

Fourth, on a negative note, no municipalities fulfilled all public consultation requirements as outlined in the Budget Circular in terms of both executive and legislative calling of public meetings on the Medium Term Budget Framework and the budget proposal. One of the greatest identified shortcomings was the failure of the vast majority of municipal assemblies to call at least one public meeting on the municipal budget proposal prior to its adoption. However, on a more positive note, nearly all municipalities did hold public meetings on the budget preparation process this year.

Fifth, regarding timely public notification of public meetings, adherence to the two-week advance notification requirement is in need of improvement. Municipalities generally use broader public notification methods for public meetings than for legislative meetings, in terms of both geographic placement of public notices and greater use of alternative methods such as radio announcements. All municipalities ensured that space was adequate for public participation at meeting venues and interpretation was provided if requested, and slightly less than half of municipalities conduct public meetings in locations outside of the main municipal town/village, which can be identified as a good practice.

Finally, attendance at public meetings called to discuss budget priorities varies greatly from municipality to municipality, even from meeting to meeting within one municipality. Broader public notification of public meetings using alternative notification methods such as radio and television announcements may attract more residents to public meetings. The quality of discussion at public meetings could be enhanced with more frequent distribution of copies of the budget documents to residents. In general, however, it can be concluded that the majority of municipalities should make greater efforts to solicit public input and feedback during the annual municipal budget process.

5. RECOMMENDATIONS

To Ministry of Finance

- Strengthen oversight of municipal adherence to the legal deadlines during the annual budget development and approval process by instructing municipalities to regularly report on all budget-related deadlines and public consultation efforts. To that end, the development of a tracking tool for frequent completion and submission to the Ministry by municipalities would facilitate comprehensive and regular reporting.
- Adhere to ministerial legal obligations if municipal institutions fail to meet certain deadlines, e.g. appointment of municipal financial administrators.
- Present public consultation requirements for both municipal executive and legislative branches more precisely in future municipal Budget Circulars.
- Emphasize the role of communities committees, as a mandatory legislative committee responsible for reviewing all municipal policies, practices, and activities, to ensure that the rights and interests of communities are fully respected in future municipal Budget Circulars.
- To promote municipal transparency and accountability, monitor and enforce publication of the Medium Term Budget Framework and budget proposal on municipal websites.

To municipalities

To increase public attendance at legislative body and public meetings on budget development:

- Prepare and publicly announce a schedule of meetings, in accordance with the Law on Public Financial Management and Accountability and the Budget Circular, at the onset of the annual budget development process in order to allow ample time for public notification of meetings; this would simultaneously facilitate civil society's efforts to monitor the entire budget development process.
- Increase residents' awareness of meetings by broadening public notification geographically throughout the municipality and employing alternative notification methods such as radio and print media announcements, posters/notifications in public places throughout the entire municipality, etc.
- Ensure that public notification of meetings targets all communities by issuing public notifications in all official languages of Kosovo/the municipality, as required.
- Hold meetings after regular working hours to facilitate public attendance and hold some meetings outside of the main municipal town/village to ensure outreach to a greater number of residents.

To improve outreach to the public on budget development through other means:

- Employ alternative efforts to solicit public input and feedback on the municipal budget, such as televised debates and consultative meetings with special interest groups such as women's groups, youth groups, etc.
- Provide written materials, specifically draft copies of the Medium Term Budget Framework and budget proposal, to residents at all budget-development meetings. Also ensure that both documents are available on the municipal website in a timely manner.
- Issue regular updates on the budget development process through media outlets and on the municipal website.

To improve compliance with budget-development related steps and deadlines:

- The legislative branch should exercise its oversight role by requiring the executive branch to regularly report on its progress in developing the Medium Term Budget Framework and budget proposal. This would increase compliance with the budget approval deadlines outlined in the legal framework.
- The legislative branch should ensure that policy and finance committee and communities committee review and endorsement of the Medium Term Budget Framework and the budget proposal is not bypassed.

To civil society organizations

- Review annual Budget Circulars to ensure familiarization with budget development-related deadlines and public consultation obligations in order to increase capacity for effective monitoring and evaluation of the budget development process.
- Request a schedule of budget-development related meetings from the municipality at the onset of the annual budget development process in order to adequately plan monitoring and/or consultation initiatives.
- Request copies of the Medium Term Budget Framework and budget proposal from the municipality; scrutinize all aspects of municipal spending plans outlined in both documents and submit comments to the executive and legislative branches in the municipality.
- Conduct public debates/roundtables on the budget development process, including the Medium Term Budget Framework and budget proposal, to gather information on

public spending priorities and highlight public interest in and commitment to increasing local government transparency and accountability.