SIGMA Monitoring Report, Kosovo*

18 January 2022, 10.00-12.00 (CET)

LAUNCH WORKSHOP

*This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo’s declaration of independence.
Opening remarks

Gregor Virant, Head of SIGMA Programme
Western Balkans 2021 – progress achieved compared to 2017

From 0 (lowest) to 5 (highest)

- Public Financial Management
- Strategic Framework of PAR
- Policy Development
- Service Delivery
- Accountability
- Public Service & HRM

○ Average, 2021  ● Average, 2017
FINDINGS – WESTERN BALKANS OVERALL

- Overall progress
- Improved data availability
- Strong and genuine political commitment in some areas (service delivery, digitalization), weaker in others
- Sound legislation mostly in place
- Significant weaknesses at the level of implementation and outcomes
- Outstanding performance of some countries in some aspects (service delivery)
1. Strategic framework of public administration reform
2. Policy development and co-ordination
3. Public service and human resource management
4. Accountability
5. Service delivery
6. Public financial management
Introduction to the SIGMA Monitoring Report 2021

Andrew Davies, SIGMA
The Principles of Public Administration

- Set out what good public governance entails in practice

- **48 Principles**, covering **six key areas:**
  1. Strategic Framework of PAR (SFPAR)
  2. Policy Development and Co-ordination (PDC)
  3. Public Service & Human Resource Management (PSHRM)
  4. Accountability
  5. Service Delivery
  6. Public Financial Management, incl. External Audit, Public Procurement

- Enhanced **methodological framework** (2017) and PAR.IS

- Data and information from various sources, including interviews (100+), surveys, admin data and samples

- Helps measuring key preconditions and enablers of reforms, actual implementation and outcomes

- **52 indicators** and **340 sub-indicators**, 1,000 criteria
  - **0-5 Indicator Values** - an indicative level of overall performance (5 is the highest/best)
  - Data not provided/available - marked with (*)
Overview of findings for Kosovo

1. Strategic framework of public administration reform
2. Policy development and co-ordination
3. Public service and human resource management
4. Accountability
5. Service delivery
6. Public financial management

Regional range, 2021  ▲ Regional average, 2021  ● Kosovo, 2021  ○ Kosovo, 2017
1. Strategic Framework for PAR and Policy Development and Coordination

Timo Ligi, SIGMA
Andrew Davies, SIGMA
Arben Krasniqi, Acting General Secretary,
Office of the Prime Minister
1. Strategic Framework of PAR

- Accountability and co-ordination in PAR
- Quality of the SFPAR
- Financial sustainability of PAR
- Effectiveness of PAR Implementation
PAR implementation in decline since 2018
Key findings & way forward

Key findings
• PAR heavily depends on donor funding
• Co-ordination of reform implementation only partially functional
• Lack of transparency in monitoring of reforms, no CSO involvement

Way forward
• Reduce number of PAR strategies to improve internal co-ordination and simplify monitoring
• Increase domestic funding to ensure sustainability and indicate level of priority
• Increase transparency by publishing monitoring reports and by engaging external stakeholders to monitoring
2. Strategic Framework for PAR and Policy Development and Coordination

Timo Ligi, SIGMA
Andrew Davies, SIGMA
Arben Krasniqi, Acting General Secretary,
Office of the Prime Minister
2. Policy Development and Coordination
2.1.1. Fulfilment of critical functions by the centre-of-government institutions
2.2.1. Fulfilment of European integration functions by the centre-of-government institutions
2.3.1. Quality of policy planning
2.4.1. Quality of policy planning for EU integration
2.5.1. Quality of government monitoring and reporting
2.6.1. Transparency and legal compliance of government decision making
2.7.1. Parliamentary scrutiny of government policy making
2.8.1. Adequacy of organisation and procedures for supporting the development of implementable policies and legislation
2.9.1. Government capability for aligning national legislation with the European Union acquis
2.10.1. Evidence-based policy making
2.11.1. Public consultation on public policy
2.11.2. Interministerial consultation on public policy
2.12.1. Predictability and consistency of legislation
2.12.2. Accessibility of legislation

0 1 2 3 4 5

Region average
Regional range, 2021
Kosovo, 2021
Kosovo, 2017
Key findings (1)

• CoG functions in place, but coordination is not consistent
  – Central co-ordination of legislative planning should be strengthened, including the preparation of EI activities, and political co-ordination forums used actively.

• Strategic planning is hampered by a lack of clarity in the hierarchy of planning documents
  – The Government should take steps to establish an integrated planning system, starting with a revision of the strategic planning framework.

• Scrutiny of plans and progress by Parliament and transparency to public could be strengthened
Policy planning over-ambitious?

Large number of commitments carried over...

Planned commitments carried forward in the legislative plan of the Government (%)

- 2021 assessment: 73%
- 2017 assessment: 45%

Planned sectoral strategies carried forward (%)

- 2021 assessment: 87%
- 2017 assessment: 22%
Key findings (2)

• Evidence-based policymaking in place but important policies are not covered
  – Impact assessment should be extended to secondary legislation and sectoral strategies

• Public consultation guidelines in place: but could still be strengthened
  – Consultation should be ensured early in the process
3. Public Service and HRM

Lech Marcinkowski, SIGMA
Fahrije Ternava, General Secretary,
Ministry of Internal Affairs
3. Public Service and HRM
Specific timing of our assessment

Legislation is good, its implementation is missing
Key findings (1)

- The scope of the CS is comprehensive and adequate: vertical, horizontal and material
  - the caveat of 8 independent institutions
- DMPO – lack of capacities to implement LPO
  - Secondary legislation issued (help of TA project)
  - Insufficient staff meet new obligations
  - Very limited support to HR units
  - Limited use of data, despite advanced HRMIS
- IOBSC – not functioning in practice
Key findings (2)

- Recruitment to CS
  - centralised career-based system with limited external recruitment to be implemented
- New, comprehensive system for senior positions
  - not implemented by the time of the assessment; acting positions in place
- Conclusions:
  - Too early to say if the rigid system introduced meets the expectations
Key findings (3)

• Salary reform pending (after the CC’s decision)
  ▪ No guarantee of equal pay for equal jobs
  ▪ Competitive employer, but lack of exact data
• Internal transfers to increase mobility
• Professional development important for career-based system
• Performance appraisal – 65% very good +
• Training system, the role of KIPA – still to be defined.
Key recommendations

- Full implementation of LPO and its adjustment to CC’s decision
- Drafting new salary law (data collection)
- Restoring of the functional IOBSC, strengthening of DMPO
- Recruitment of top managers (in line with LPO)
- Capacity building of HRM units in PA to properly implement HR instruments from LPO
- Better data available on the civil service
4. Accountability

Jesper Johnson, SIGMA
Fahrije Ternava, General Secretary,
Ministry of Internal Affairs
4. Accountability
The area average for accountability is the lowest in the region and less than in 2017 because access to public information and the performance of oversight institutions have both deteriorated.
Better legal framework for organisation of central government since 2017, and less centralised decision-making, but LOFSAIA still not implemented in practice.

“[…] none of the agencies and ministries have yet applied the performance management system established by the LOFSAIA in practice. Further, the harmonisation of the special laws regulating the status of each agency with the LOFSAIA has not been completed yet. Finally, Kosovo continues to stand out in the region with the highest number of classical executive bodies reporting to the legislature instead of the Government.”

- Kosovo 2021 Monitoring Report, page 99
“[…] public bodies are less proactive and transparent in publishing information, and businesses are less satisfied with the handling of information requests by the public administration.”

- Kosovo 2021 Monitoring Report, page 101
Recommendations from oversight institutions are not implemented

“The responsiveness of state administration bodies towards the recommendations of the Ombudsperson is deteriorating and at its lowest level since 2015. In 2020, only 19% of the recommendations were implemented […] The implementation rate for the NAO’s recommendations was 40%, the highest for Kosovo since 2017 but still below the regional average of 55%.”

- Kosovo 2021 Monitoring Report, page 92
Trust in oversight bodies and perceived levels of independence have fallen since 2017

“Public confidence in oversight bodies has decreased since 2017. Only 31% of Kosovars trust the courts. This is a significant drop from 47% in 2017, and Kosovo is now below the 34% regional average. For reference, the EU average level of trust in the justice system is 52%. In relative terms, trust in the Ombudsperson institution fell most over the period, from 60% in 2017 to 39% in 2021. Trust in the Assembly dropped from 41% to 27%.”

- Kosovo 2021 Monitoring Report, page 105
Administrative justice is still evasive

“The average duration of administrative judicial proceedings is more than three years. This hinders access to justice. A new, advanced case management system has recently been introduced but this system alone is insufficient to reduce the extraordinarily large backlog of cases. A deeper structural problem that must be tackled is that there are no mechanisms for citizens to seek compensation for excessive length of proceedings.”
- Kosovo 2021 Monitoring Report, page 109
Recommendations

Short-term recommendations (1-2 years)

- Implement the Action Plan for the Rationalisation of Agencies, harmonise all laws regulating individual agencies with the LOFSAIA, and ensure consistent application of the performance management system for public agencies.
- The new Law on Access to Public Documents should be evaluated ex post to review whether the Information and Privacy Agency has the necessary supervisory powers to work effectively.
- The Assembly should enhance its co-operation with the Ombudsperson Institution, to increase the responsiveness of the public administration in implementing its recommendations.
- The MoJ, in co-operation with the KJC, should develop and urgently implement an action plan for reducing the backlog of administrative cases in the Basic Court of Pristina.

Medium-term recommendations (3-5 years)

- The MoJ should develop a legislative proposal providing an effective remedy against excessive length of judicial proceedings, including measures to speed up proceedings, and ensuring the right to compensation for violation of the right to a judicial hearing within reasonable time.
- Monitor cases (both court cases and out-of-court settlements) that result in a liability of the State, with the goal of improving administrative procedures and decisions and thus reducing public liability cases in the future.
5. Service Delivery

Nick Thijs, SIGMA
Fahrije Ternava, General Secretary,
Ministry of Internal Affairs
5. Service Delivery
5. Service Delivery (2021 vs 2017)

Advances in 2019 were reversed on average in 2021. The quality and accessibility of public services are below the regional average.
5. Service Delivery – Key Findings (1)

- Service delivery modernisation is hindered by the lack of a stable **institutional set-up**. Who is taking the lead?

- What is the **plan / vision** for service delivery (incl. administrative simplification and digitalization)? (expired strategies and action plans)

- In the absence of a comprehensive approach, individual service delivery remains **cumbersome** – although generally better for businesses than for citizens – and at a low digital maturity level.

- And **islands** of excellence / improvement and well-performance
# Level of digitisation - citizens

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<thead>
<tr>
<th></th>
<th>ID</th>
<th>Vehicle registration</th>
<th>Personal Income Tax</th>
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<tr>
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<td>Appointment</td>
<td>Pre-filling forms</td>
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<td>Pay</td>
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</table>

- **Albania**: All tasks are completed.
- **Kosovo**: None of the tasks are completed.
- **Montenegro**: None of the tasks are completed.
- **North Macedonia**: All tasks are completed.
- **Serbia**: All tasks are completed.

*Improvement since 2017 SIGMA assessment*
## Level of digitisation – business

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<th>Albania</th>
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<th>Montenegro</th>
<th>North Macedonia</th>
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</thead>
<tbody>
<tr>
<td>Starting a business – OSS/fully digital</td>
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<tr>
<td>Digital uptake corporate income tax</td>
<td>100</td>
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<td>/</td>
<td>96,32</td>
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<td>VAT digital uptake</td>
<td>100</td>
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</table>
Satisfaction with digital public services is falling even more steeply for citizens than for businesses

Note: The percentage of respondents who answered “tend to be satisfied” or “strongly satisfied” in relation to “Accessibility to public services via a digital channel” and “Digital services currently provided by the public administration for businesses”. Satisfaction with digital public services by citizens’ data is not available for 2020.

5. Service Delivery – Key Findings (2)

Law on General Administrative Procedures
- LGAP important milestone (positively reflected in citizens’ perception).
- Harmonisation slow and behind targets.
- Separate reform initiatives simplification and ABR lack co-ordination.

Interoperability
- Number systems exchanging data over the interoperability platform (the Government Gateway) has substantially increased,
- ‘once only’ principle has not materialised in practice.

Digital signature not compatible with eIDAS and e-payment solutions are still not available.

Accessibility (on and offline)
- e-Kosovo portal shows potential, but 36 services online
- One-stop-shops behind schedule
- People with special needs: implementation gap
### 5. Service Delivery – Key Findings (3)

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<tbody>
<tr>
<td>In person standards</td>
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<td>✗</td>
<td>✗</td>
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<tr>
<td>Inventory of services</td>
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<td>✔️</td>
<td>✗</td>
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<td>Responsibility for monitoring</td>
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<td>✗</td>
<td>✗</td>
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<tr>
<td>Performance metrics on total</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
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<tr>
<td>Performance metrics on cost</td>
<td>✔️</td>
<td>✗</td>
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General lack of service standards, systematic and methodological support for service providers, and central monitoring of service delivery against established metrics.

*Improvement since 2017 SIGMA assessment*
5. Service Delivery – Key Recommendations

✓ Leading institution assigned and develop, implement and monitor comprehensive service delivery strategy

✓ The e-Kosovo portal evolve into the central one-stop shop for digital service delivery

✓ LGAP progress and coordination

✓ uptake digital signature (user-friendly application) and e-payment solutions

✓ public service accessibility for people with disabilities (incl. e-services and government websites in general)
6. Public Financial Management and Procurement

Alastair Swarbrick, SIGMA
Enis Spahiu, Acting General Secretary, Ministry of Finance, Labour and Transfers
6. Public Finance Management
Kosovo 2021 vs 2017

- Effectiveness of the external audit
- Independence of the supreme audit institution
- Availability and quality of support
to audit institutions
- Efficiency, non-discrimination, transparency
- Independence, timeliness and competence
- Central institutional and administrative
- Quality of legislative framework
- Functioning of internal audit
- Functioning of Internal control
- Adequacy of the operational framework
- Quality of the annual budget process
- Reliability of budget execution and accounts
- Quality of public debt management
- Transparency and comprehensiveness of fiscal data

○ Kosovo, 2021
○ Kosovo, 2017
6. Public Finance Management

6.1.1. Quality of the medium-term budgetary process...
6.2.1. Quality of the annual budget process and its execution...
6.3.1. Reliability of budget execution and accounting...
6.4.1. Quality of public debt management
6.5.1. Transparency and comprehensiveness of...
6.6.1. Adequacy of the operational framework for...
6.7.1. Functioning of internal control
6.8.1. Adequacy of the operational framework for...
6.9.1. Functioning of internal audit
6.10.1. Quality of legislative framework for public...
6.11.1. Central institutional and administrative...
6.12.1. Independence, timeliness and competence of...
6.13.1. Efficiency, non-discrimination, transparency...
6.14.1. Availability and quality of support to...
6.15.1. Independence of the supreme audit institution
6.16.1. Effectiveness of the external audit system

Area average

Regional range, 2021  △ Regional average, 2021  ● Kosovo, 2021  ○ Kosovo, 2017
Solid and improving quality of budget management ahead of the regional average

- **6.1.1.** Quality of the medium-term budgetary framework
- **6.2.1.** Quality of the annual budget process and budget credibility
- **6.3.1.** Reliability of budget execution and accounting practices
- **6.4.1.** Quality of public debt management
- **6.5.1.** Transparency and comprehensiveness of budget reporting and scrutiny

**Graph:**

- BM average
- Regional range, 2021
- Kosovo, 2021
- Kosovo, 2017
- Regional average, 2021
Budget Management – Key findings (1)

Medium-term budgetary framework and annual budget process

+ MTEF, fiscal rules, alignment with annual budget.
+ Improved transparency in budget information,
+ Clear budget calendar which is respected

- Room for improvement in forecasting accuracy
- Linkage of financial plans with sector strategies
- No fiscal council
- More time could be provided for parliamentary debate.
Budget Management - Key findings (2)

Budget execution and accounting practices
+ Well established treasury system with clear rules
- Data reporting and analysis on arrears insufficient.

Quality of public debt management
+ Solid legal basis and debt management strategy
+ Low debt levels.

Transparency and comprehensiveness of budget reporting and scrutiny
+ Quality of financial reporting, and timeliness of parliamentary discussion.
- Reporting on fiscal risks and reporting on the financial performance of POEs
Public Internal Financial Control (PIFC)

Leading regional position for Internal Control and Internal Audit but internal control implementation is challenging

6.6.1. Adequacy of the operational framework for internal control

6.7.1. Functioning of internal control

6.8.1. Adequacy of the operational framework for internal audit

6.9.1. Functioning of internal audit

PIFC average

Regional range, 2021
PIFC – Internal Control - Key findings

**Key findings**

+ Legal framework and operational framework, plans and monitoring arrangements largely in place.

- Implementation is still a significant issue
  - Managerial accountability,
  - Risk management practices, reporting on irregularities,
  - Management of arrears,
  - Alignment of management and budget structures needing improvement.
PIFC - Internal Audit - Key findings

Key Findings

+ Operational framework is broadly in line with international standards,

+ Improvement in operational capacity of internal audit units (IAU).
  - Still a number of IAUs with only 1 auditor and not able to comply with international standards.

+ Strategic and annual audit plans in place.

- Audits address systematic weaknesses in internal control systems.
  - Value for money issues not addressed and impact is limited
External Audit

External audit is the strongest area in PFM but just below the regional average

6.15.1. Independence of the supreme audit institution

6.16.1. Effectiveness of the external audit system

- Regional range, 2021
- Kosovo, 2021
- Kosovo, 2017
- Regional average, 2021
External Audit

Key Findings

+ Constitutional and legal framework in place.
  - Perception of SAI’s independence has decreased and is low.
+ Good audit coverage of audit mandate.
+ Improved implementation of international standards
  - Quality assurance system still being developed
+ Parliament’s use of the SAI’s reports.
  - Implementation of recommendations has improved but is still low
Kosovo is slightly below average in the area of public procurement.

6.10.1. Quality of legislative framework for public procurement and PPPs/concessions

6.11.1. Central institutional and administrative capacity to develop, implement and monitor public procurement policy effectively and...

6.12.1. Independence, timeliness and competence of the complaints handling system

6.13.1. Efficiency, non-discrimination, transparency and equal treatment practiced in public procurement operations

6.14.1. Availability and quality of support to contracting authorities and economic operators to strengthen professionalisation...
Legislative framework

+ PPL covers classical procurement and utilities.
+ Reflecting the fundamental EU Treaty principles
  - 2014 Directives still to be transposed.
  - Temporary domestic preferential treatment introduced in December 2020 - not in line with the SAA.

Drafting of the new PPL initiated, but the process is moving slowly.
Institutional setup

+ Sound institutional basis (Public Procurement Regulatory Commission, MoF, PRB, CPA).
+ National Public Procurement Strategy 2017-2021 (but not covering PPP/concessions)
  ✓ No updated Action Plans after 2019
+ PPRC’s website well structured (but lack of guidelines providing examples of best practice)
+ Upgraded e-procurement platform (E-Prokurimi)
  - No new strategic framework adopted.
  - PPRC’s Monitoring Department requires strengthening.
  - Number of staff at the CPA should be increased.
  - No functioning PRB Board since March 2021.
Review system

+ Review procedures at high extent in line with acquis.
+ Independent PRB.
+ e-Appeals module on the e-procurement platform.
+ Decisions published.
+ Published annual PRB reports (but not providing certain key information – e.g. duration of procedure)

- Composition of the PRB was incomplete for the period July 2017-March 2021.
- No functioning PRB Board since March 2021.
Procurement Operation

+ Upgraded e-procurement platform – e-submission, e-evaluation, etc.
+ Fairly high average number of tenders submitted per competitive procedure

- Procurement plans not publicly available.
- Systemic shortcomings in the procurement planning process.
- Dominant lowest-price award criterion.
Support & Professionalisation

+ Guidelines & manuals available, but mostly focusing on specific stages of procurement procedures and the use of the e-procurement platform.
+ Good instructions for the e-procurement platform.
+ Training programmes developed and implemented, but affected by COVID.

- Guidelines with practical examples of best practice on specific topics needed (e.g. award criteria, technical specifications).
- No comprehensive and regular training for economic operators.
- High number of cancelled procedures – weaknesses in procurement planning.
Key Recommendations

- Include objectives/targets in the MTEF aligned to sectoral policy objectives and the Government’s overall policy planning.
- The Assembly’s role in scrutiny of the MTEF should be strengthened including consideration of the establishment of an independent fiscal council.
- Forecasting of fiscal projections strengthened.
- Focus on the implementation of internal control and managerial accountability.
- NAO identify and address the root causes for the non-implementation recommendations.
- The process of drafting of the new Public Procurement Law in line with the 2014 Directives should be continued.
- Urgent appointment of the PRB Board members required.