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MINISTRIA E PUSHTETIT LOKAL
MINISTARSTVO LOKALNE SAMOUPRAVE
MINISTRY OF LOCAL GOVERNMENT



RULES OF THE MUNICIPAL PERFORMANCE GRANT FOR THE FISCAL YEAR 2021



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Rules of the MUNICIPAL PERFORMANCE GRANT

for the fiscal year 2021

January, 2021

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Foreword

In 2009, Kosovo was the first country in the region to approve a performance-based financial incentive scheme, through the allocation of funds to municipalities as an incentive to improve local governance. At the end of 2017, the Ministry of Local Government (MLG), in partnership with the Swiss Agency for Development and Cooperation (SDC), developed and agreed to co-finance a unique performance grant allocation scheme for municipalities.

Between 2018 and 2021, it was planned to allocate about EUR 14 million to municipalities, as municipal performance grants, some of which have already been allocated to the beneficiary municipalities. During 2019, the Ministry of Local Government (MLG), the Swiss Agency for Development and Cooperation (SDC) and the Swedish International Development Cooperation Agency (Sida) through the DEMOS project, reviewed the Municipal Performance Management System (MPMS) and merged the schemes creating a single grant that aims to improve the performance of municipalities in the areas of 'democratic governance', 'municipal management' and service delivery.

The Municipal Performance Grant 2021 will be awarded to municipalities in accordance with the grant calculation criteria and the score achieved in the municipal performance based on a number of indicators spread over the three main areas mentioned above.

The grant this year amounts to EUR 4.35 million. All of Kosovo's municipalities enjoy the right to participate in the municipal performance grant, according to the conditions set out in these rules. The grant is already co-funded by the Government of Kosovo represented by MLG and contributors such as Switzerland, Sweden and Norway.

The Municipal Performance Grant (MPG) aims to foster competition between municipalities, following the principle that better performance is accompanied by greater grant value. Therefore, the MPG aims to support municipalities in two ways: first, by encouraging municipal compliance with minimum legal standards (basic standards); second, by stimulating 'real' performance that goes beyond legal ('mandatory') requirements.

The MPG is based on the following principles:

- Municipalities must meet a number of minimum requirements to be eligible for a grant on an annual basis;
- For all municipalities that have met the minimum requirements, the amount of grant that each municipality receives is based on the performance achieved in the performance indicators compared to the performance of all other municipalities, as well as other elements of the evaluation criteria as defined in these rules.

Once municipalities are eligible, the size of the grant will be determined by the relative points (score) earned on the performance indicators. The indicators are a reflection of government policy objectives, which aim to realize the overall vision of municipalities as *'vibrant democratic local government institutions that provide quality services and respond to the needs and priorities of citizens'*.

This document sets out the context, objectives, rules, criteria and procedures for evaluating and awarding the municipal performance grant.

This document also informs all stakeholders about the rules and procedures of the performance grant. The document sets out the responsibilities of stakeholders at the central level, including: (i) the technical team responsible for evaluating performance grants; (ii) the performance grant committee, responsible for allocating the municipal performance grant; (iii) the appeal commission responsible for reviewing

municipal appeals and (iv) the group responsible for preparing the municipal performance grant rules and addressing them to the MPG commission for approval;

MLG and donors encourage all relevant local actors to consider the municipal performance grant as a good opportunity to better understand municipal performance (including improved areas and those where there is a need for improvement) and to be part of sound competition with other municipalities in an effort to improve municipal capacity and provide efficient and effective public services to citizens.

The results of the municipal performance evaluation will be publicly announced by the MLG and will be communicated to all municipalities.

1. Municipal Performance Grant - Introduction

1.1 Introduction

Municipalities in Kosovo, as subjects of decentralized local government, play an important role in organizing the public sector. In addition to being responsible for providing a range of services, municipalities on the one hand serve as the first point of contact between citizens and the state, and on the other hand, enable citizens to participate in decision-making.

Local administration is considered one of the main pillars of the state and promoter of social and economic development. Compared to many other countries, the municipalities in Kosovo stand relatively well in service delivery. However, there is still a need for improvements in the exercise of municipal's own competencies, given the high unemployment rate in the country and the low rate of economic development. Consequently, there is a need to improve financial control and management, as well as greater investment through strategic projects. Local institutions should encourage public servants to continuously develop their capacities, to create a modern local administration capable of providing efficient services to all citizens without distinction.

The findings from local and credible international institutions reports still highlight problems with public administration reform. This remains one of the country's main strategic priorities, for which special attention is required. Local governments need to increase the intensity of their work and provide a new governance approach that would increase citizens' trust in their local institutions. Naturally, success or failure will depend on the joint commitment in building a functioning administration and the commitment of municipal institutions to respond to these problems.

Having this in mind, the Municipal Performance Grant sets a number of objectives for local government to increase institutional capacity to exercise its competencies and effectively address issues that affect the lives of citizens.

In this regard, the following topics have been identified as priority objectives for improving municipal performance, as follows:

- § **Municipalities should function as local democratic institutions** - respecting the legal standards of transparency, with a strong municipal assembly that represents the citizens and has the power to oversee the executive, while the citizens have the opportunity to express their concerns and suggestions;
- § **Municipalities should have an effective and efficient municipal management** - which is neutral and impartial; and
- § **Municipalities should provide qualitative services** - in response to the priorities and needs of citizens, treating everyone equally.

1.2 Legal basis

Municipal Performance Grant (MPG) rules are regulated by Regulation 01/2020 on Municipal Performance Management System and the Municipal Performance Grant Scheme.

Other material and procedural aspects are subject to treatment in the MPG Rules set out in this document.

1.3 Purpose

The MPG is provided in the form of financial support to municipalities and aims to stimulate them to improve performance in certain areas, namely democratic local governance, good municipal management and service delivery.

1.4 Key topics

Taking into account the analysis of critical factors that may prevent municipalities from becoming 'vibrant democratic local government institutions that provide quality services', the MPG will focus on the following three topics:

- § Democratic governance;
- § Municipal management;
- § Provision of services.

These three topics are further divided into ten sub-topics as presented in Table 1. Within these sub-topics, 30 performance indicators have been identified (as presented in Table 2), which jointly allow municipalities to receive 100 points in the performance evaluation¹. The points, as will be explained in Chapter 2, determine the amount of grant a municipality receives based on its performance.

Table 1: Three main topics and ten sub-topics with maximum points

Topics and sub-topics		Maximum possible points
1. Democratic governance		40
I	Role of the municipal assembly as an oversight body	13
II	Participation, citizen consultation and inclusion	12
III	Transparency, access to information and integrity	15
2. Municipal management		30
IV	Financial management	13
V	Contract management	7
VI	Human resource management	10
3. Provision of services		30
VII	Administrative services	6
VIII	Spatial planning, public transport and the environment	8
IX	Pre-university education	8
X	Primary health care	8
Maximum number of points that can be obtained		100

1.5 Geographical coverage

The MPG is a financial instrument created for all municipalities in Kosovo. Access to the MPG is available to all municipalities that meet the minimum requirements set out in this document.

1.6 Strategic orientation

The MPG is an additional grant to municipalities provided for in the Annual Law on Budget of Kosovo. The strategic goal is to integrate the municipal performance grant in the Law on Local Government Finances of Kosovo, and regulation by a special law.

¹ In this evaluation cycle, 29 indicators are taken into account with a total of 96 points

The MPG is awarded through the government financial system (treasury) and is made available to municipalities as an addition to the capital investment part of the general grant, the amount of which is determined based on the grant allocation formula with variables such as: population size, geographical size, ethnic composition calculated on the basis of the fixed amount², as well as performance points.

With regard to spending of the municipal performance grant, all existing government rules (which apply to capital investments within the general grant), shall apply in terms of grant use, planning, reporting and accountability. This means that municipalities can use legal tendering, contracting and technical acceptance procedures. The grant may be included in the regular audit of the National Audit Office. Thus, the MPG is administered as a government grant to municipalities. The only features added here are the minimum requirements and performance indicators.

The MPG for the financial year 2021 will be communicated to municipalities in advance so that they can plan in due time the use of the municipal performance grant in capital projects.

Since the plan is for the MPG to become part of the legal framework for local finances in the coming years as well as the specific law on municipal performance and performance grant, it should be harmonized as much as possible with current government systems and administrative procedures of Kosovo.

Line ministries and donors wishing to delegate related responsibilities and funds to local governments will be encouraged to align their grants with the MPG provisions, which are based on the measure of good governance. This would also create an advantage for their (sectoral) grant and MPG. For example, the same minimum conditions can be used, maybe in combination with a minimum percentage of performance points (score). Donors wishing to invest in issues related to good governance will be encouraged to channel their funds directly into the joint MPG fund.

1.7 Structure and targeted audience

This document explains the criteria, rules and procedures for managing a Municipal Performance Grant:

Chapter 1 - provides a brief overview of the MPG justification and areas where it focuses.

Chapter 2 - defines the minimum requirements, performance indicators, and principles for grant allocation and MPG auditing.

Chapter 3 - introduces the process of evaluating municipal performance from data collection to grant allocation.

Chapter 4 - briefly discusses the link between grant and capacity development and other governance issues.

The annexes provide more detailed evaluation guidelines (scoring) for the minimum requirements (annex 1) and for performance indicators (annex 2), which provide definitions of what is measured, where the data come from, how it is measured and how are performance points given. Annex 3 - provides the template for the scorecard to be used to communicate performance points (score) to municipalities. Annex 4 - describes in detail how grant amounts are calculated for each municipality once the performance scores are known. Annexes 5 and 6 describe the Terms of Reference of the technical group and the municipal performance grant commission. Annex 7 provides contact information.

This document aims to inform all actors of Kosovo municipalities, including mayors, directors, senior leaders, Municipal Performance Management System (MPMS) coordinators, members of municipal assemblies, as well as civil society and citizens interested.

MPG rules are of interest to all ministries that develop influential policies for municipalities, as well as

² Formula of the general grant allocation is defined in the Law on Local Government Finance (Law no. 03 / L-049)

non-governmental organizations (NGOs) that address local service delivery and local governance. This document can also serve as a summary for development partners who are considering joining a municipal performance grant.

2. Municipal Performance Grant - Design Parameters

2.1 Basic principles

The MPG is based on the following principles:

- § Municipalities must meet a number of minimum requirements each year to be eligible for a grant on an annual basis (pursuant to Section 30.2 of the Regulation on MPMS and the Municipal Performance Grant Scheme);
- § For all municipalities that have met the minimum requirements, the additional grant received by each municipality is based on its relative score achieved in the municipal performance indicators (its points compared to those of all other municipalities) as well as other criteria. The allocation formula, in accordance with Section 30.3 of the Regulation on MPMS and the Municipal Performance Grant Scheme.

The minimum conditions are intended to ensure that the amount available is allocated only to municipalities that are able to use the funds efficiently, effectively and economically; are capable to absorb funds and spend them responsibly; have reviewed municipal acts deemed illegal by the supervisory authority, reported in a timely manner to the MPMS, and signed tripartite grant participation agreements.

Municipal performance indicators (and relative scores) aim to incentives competition between municipalities to ensure additional financial resources, but also the goal of being among the municipalities with the highest scores in key performance areas. Publication of evaluation results (and public discussion regarding the analysis of evaluation results) is an important aspect of the MPG.

2.2 Minimum conditions

The MPG sets five minimum conditions as follows:

1. Municipalities must have reported the data to the MPMS by the deadline;
2. Municipalities must have complied with the legal obligation to review municipal acts deemed illegal by the supervisory authority³;
3. The audit opinion should be at least unmodified with an emphasis on the matter;
4. Municipalities must have spent 75% or more of the final budget on capital investments; and
5. Municipalities must have signed the tripartite participation agreement (municipalities, MLG and HELVETAS Swiss Intercooperation⁴).

Municipalities that fail to meet all 5 of the above criteria cannot receive a municipal performance grant.

The rationale for the minimum requirements is that:

- § Municipalities must have reported data to the MPMS on the performance of 2019, according to the deadline.
- § The grant will be awarded to those municipalities that have complied with the legal obligation to review municipal acts deemed illegal in 2019 by the supervisory authority⁵. For the fulfilment of this criterion, for the purposes of the MPG, the municipalities have

³ Review for the purposes of the MWG is a procedural criterion, which implies the obligation of the municipality to review in the Municipal Assembly acts deemed illegal in 2019 by the supervisory authority, without presupposing the final content of the reviewed act.

⁴ HELVETAS Swiss Intercooperation has been contracted by SDC to support MLG for the further development of the municipal performance grant during the period 2018-2021.

⁵ Supervisory authority means the MLG and line ministries

been given a deadline for reconsideration until 22 January 2021, based on the notification letter of the MLG and donors with No. 454-666/11 dated 28 December 2020.

- § To receive the grant, municipalities must have a sufficiently sound financial management system, as evidenced by the individual regularity audit reports for 2019, published by the NAO;
- § The grant will be awarded only to those municipalities that have demonstrated that they have sufficient capacity to absorb the additional funds, as indicated by the rate of expenditure of the final budget for capital investments in the individual regularity audit reports for 2019, published by NAO; and
- § Municipalities are free to decide if they want to participate in the Performance Grant scheme. Municipalities must sign trilateral agreements in advance for participation in the MPG.

All five minimum requirements must be met before the municipality qualifies for the Municipal Performance Grant. Annex 3 provides the template to communicate to each municipality the results of the minimum condition assessment.

Data sources for the 5 minimum conditions are defined in annex 1 of these rules.

2.3 Municipal performance indicators

The main source of data for the MPG is the MLG Municipal Performance Management System (MLSP). During the assessment, additional resources may be used as provided in these rules, in case the MPMS is unable to provide such data. For the 2019 performance, another source of data for the MPG is the annual regularity audit reports for each municipality published by the NAO.

As seen in Table 2 below, a total of 30 municipal performance indicators were identified (1 frozen in this evaluation) within the three main topics and ten sub-topics (see Table 1 above).

Table 2: Summary of municipal performance grant topics⁶

#	Topic / Indicator field	#max. of points
I. DEMOCRATIC GOVERNANCE		40
I	The role of the municipal assembly as an oversight body	13
1	Timely approval of the annual municipal budget proposal	2
2	Discussion of quarterly budget reports by the Municipal Assembly	3
3	Discussion on the municipal performance report by the Municipal Assembly for the previous year	2
4	Discussion of the external auditor's report and action plan for addressing the recommendations as well as discussion of the findings and recommendations from the internal audit in the Municipal Assembly	4
5	Municipal Assembly meetings with the participation of the Mayor	2
II	Citizen participation, consultation and inclusiveness	12
6	Citizen participation in public meetings, disaggregated by gender	4
7	Municipal acts and local policy documents consulted with the public	4
8	Public hearings on the Medium Term Budget Framework (MTEF) and municipal budget	4
III	Transparency, access to information and integrity	15
9	Assembly meetings made public and broadcasted live online	3
10	Meeting the criteria of the official website of the municipality	4

⁶ A more detailed explanation of the topics, indicators and colors can be found in the text and in annex 2.

11	Publication of public procurement documents of the municipality	2
12	Publication of reports on public consultation processes	4
13	Reporting the annual integrity plan to the Municipal Assembly	2
II. MUNICIPAL MANAGEMENT		30
IV	Financial management	13
14	Level of updating the property tax register	3
15	Level of property tax bill collection (no debts, interest, penalties)	5
16	Level of addressing the recommendations of the National Audit Office	5
V	Contract management	7
17	Level of Implementation of the procurement plan	3
18	Compilation and publication of the list of municipal properties planned for commissioning	4
VI	Human resource management	10
19	Vacancies processed through HRMIS	2
20	Women in leadership positions in educational, health and cultural/ sports institutions	5
21	Women appointed to political positions in the municipality	3
III. PROVISION OF SERVICES		30
VII	Administrative services	6
22	Administrative requests reviewed within the legal deadlines	4
23	Reviewed applications for construction permits	2
VIII	Spatial planning, public transport and the environment	8
24	The surface of the territory of the municipality covered by regulatory plans (detailed)	3
25	Settlements involved in local public transport	3
26	Implementation of the local action plan in the environment	2
IX	Pre-university education	8
27	Children attending kindergarten - rural and in general	4
28	Passing in the national Matura exam – 12 th grade	4
X	Primary health care (PHC)	8
29	m ² of Primary Health Care spaces per 10000 inhabitants	3
30	Level of compliance with the ratio 1 family doctor and 2 nurses per 2000 inhabitants	5

The indicators reflect municipal performance areas that (i) are considered important for the good functioning of the municipal structures as entities of democratic local governance and (ii) are, at all levels for all municipalities, considered to have scope for improvement. The MPG focuses on areas where municipalities need and can make further improvements. The grant will create incentives to facilitate this change.

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

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

Finally, it is important to mention that 29 indicators will be evaluated to determine the grant awarded in the FY 2021, for which the evaluation is based on the performance of 2019. The maximum number of points for the 29 indicators to be evaluated is 96 points.

Indicator no. 27 (orange/pink in Table 2) is 'frozen' which means that the result for this indicator will not be taken into account in the total points, because the data reported by the municipalities were incomplete and were considered invalid in the MPMS report for 2019.

2.4 Sources of funding for the municipal performance grant

The MPG is co-financed by the Government of Kosovo (from the budget allocation of the MLG), the Swiss, Swedish and Norwegian Governments.

The MPG financing plan for 2021 is as shown in Table 3 below. It is possible that the overall grant budget will increase in the coming years with contributions from line ministries and/or other donors.

Table 3: Sources of funding for the Municipal Performance Grant 2021 (in Euro)

Source	Total 2021
Government of Kosovo / MLG	1,500,000 ⁷
SDC	1,260,000
Sida	713,000
NORAD	877,000
Total	€ 4,350,000

2.5 Calculation of the amount of the municipal performance grant

The indicators are defined in such a way that all municipalities, independent of their size, location or economic strength, can be a good performer provided they make an effort to perform as a democratic local government serving its people.

MPG is allocated in that way that 90% of total grant amount is allocated based on formula, while 10% of total grant amount is allocated for additional reward for three (3) municipalities with best performance.

The first place receives 5% of the total grant amount; the second place receives 3% of the total grant amount and the third place receives 2% of the total grant amount.

If two or more municipalities have the same result of performance, then the reward amount for the relevant place is proportionally allocated.

The amount of MPG is based on formula (90% of total grant amount of MPG) is determined by:

- § The relative performance of each municipality as measured against the defined performance indicators; and
- § The amount of the municipal performance grant in the total grant allocated.

In fact, the municipal performance grant will be allocated on the basis of relative scores, in such a way that two municipalities that have the same score will receive an equal relative addition to the share of capital investments of the general grant. This means that both municipalities will be awarded a grant that is the same percentage of their total grant (while the absolute amounts of the municipal performance grant will vary). The size of the absolute amount is proportional to the total grant. The rationale for this is clear: a municipality that has a larger overall grant needs a larger amount to have the same incentive in terms of improving its performance. Annex 4 shows how the MPG division is calculated.

⁷ Law no. 07/L-041 on budget allocations for the budget of the Republic of Kosovo for 2021, table 3.2, p. 68

2.6 Criteria for using the municipal performance grant

The grant is used to finance municipal projects for the benefit of citizens, in accordance with the following rules and principles:

- ◁ MPG is used only for capital investments and cannot be used for salaries, goods, services or subsidies.
- ◁ The municipality is free to decide for which investments the municipal performance grant will be used. It is recommended that municipalities focus on concrete projects, limited in number, to avoid lengthy administrative procedures and to use the funds within the fiscal year.
- ◁ The grant must be used by the municipality in accordance with applicable law. In case the municipality does not spend the grant in accordance with these rules and legislation in force, the contractual obligations to economic operators are transferred by the municipality itself.
- ◁ The use of the grant is subject to the rules of supervision and control in accordance with the legislation in force for the management of public finances and the rules of the grant.

2.7 Municipal performance grant audit

MPG expenditures may be audited as part of a regular audit by the National Audit Office.

- ◁ MLG and donors may agree with the NAO to carry out a *special annual audit* to review certain aspects related to capital investment projects (including those funded by the MPG). Audit may include procurement processes, technical acceptance procedures of services, payments, etc. Details for this audit are specified in cooperation with the NAO.
- ◁ If the violations and irregularities identified by the NAO are ascertained, the MLGA and donors may decide to exclude the municipality from the right to benefit from the grant for a certain period, in accordance with Article 42.2 of Regulation 01/2020 for the Municipal Performance Management System and the Municipal Performance Grants Scheme.

3. Municipal Performance Grant - Assessment process

3.1 Institutional arrangements

The Municipal Performance Grant Commission and the technical group are the bodies responsible for evaluating and allocating the municipal performance grant.

The Appeals Commission reviews and decides on municipal appeals.

The preparation of the Performance Grant Rules before each evaluation cycle is done by Responsible Group for drafting MPG Rules established by the Secretary General of MLG in cooperation with contributors.

3.1.1 Municipal Performance Grant Commission

The Municipal Performance Grant Commission is the highest decision-making body for the MPG.

The duties and responsibilities of the Municipal Performance Grant Commission are as follows:

- ◁ Set the rules and procedures of the commission;
- ◁ Oversees the process and ensures that the Technical Group has followed the evaluation criteria and procedures set out in the performance grant rules;
- ◁ Deciding on the approval of the performance evaluation results for the MPG;

- ◁ In case of irregularities, the Commission may return the evaluation process for reconsideration;
- ◁ Informing municipalities about the results of the grant evaluation;
- ◁ The Grant Commission may not change the evaluation results and grant amounts without fully applying the evaluation process in accordance with MPG rules;
- ◁ In case of change of the evaluation results as a result of the appeal decision issued by the Appeals Commission, the grant commission through the technical group makes changes in the evaluation report and notifies the relevant municipality of the final result.

The Municipal Performance Grant Commission is established by a decision of the Secretary General of the MLG, the composition of which is defined in Article 35.4 of Regulation 01/2020 on the Municipal Performance Management System and Performance Based Grant Scheme, as follows:

- ◁ 1 member from MLG (General Secretary / Chairperson),
- ◁ 1 public official of the leading level of the ministry;
- ◁ 1 public official from the ministry responsible for finance;
- ◁ 1 observer from SDC;
- ◁ 1 observer from Sida,
- ◁ 1 observer from NORAD, and
- ◁ observers from civil society.

Members of the MPG Commission may not be officials involved in the Technical Group and the Appeals Commission at the same time.

3.1.2 Technical group

The technical group is a professional level body composed of public officials of the unit responsible for municipal performance and representatives of contributing entities.

The duties and responsibilities of the technical group are as follows:

- ◁ Implementation of performance appraisal and calculation standards as defined in MPG rules;
- ◁ Calculation of the grant amount according to the formula defined in the rules of the MPG;
- ◁ Drafting the evaluation report for the grant and addressing it for approval to the MPG Commission;

The Technical Group is established by a decision of the Secretary General of the MLG in accordance with Article 34.1 of Regulation 01/2020 on the Municipal Performance Management System and Performance Based Grant Scheme, the composition of which is as follows:

- ◁ 3 members from the unit responsible for municipal performance;
- ◁ 2 members from the DEMOS project (representing contributing entities).

Representatives of civil society as observers may participate in the Technical Group, as defined in the decision on establishment.

3.1.3 Appeals Commission

The Appeals Commission reviews and decides on appeals submitted by municipalities regarding their performance appraisal to the MPG, pursuant to Section 39 of Regulation 01/2020 on the Municipal Performance Management System and Performance Based Grant Scheme.

The duties of the Appeals Commission are:

- ◁ Review of grant appeals submitted by municipalities;
- ◁ Making decisions on appeals submitted.

The Appeals Commission consists of 3 members and 2 observers:

- < 2 representatives from MLG (one of them Chairperson)
- < 1 external representative;
- < 2 observers from DEMOS.

Members of the grant commission or technical group may not be members of the Appeals Commission.

3.1.4. Group Responsible for drafting MPG Rules

This working group is established by decision of the General Secretary of MLG in cooperation with contributors.

The working group is responsible for:

- < Preparation of MPG rules before each evaluation cycle;
- < Submitting the rules to the Secretary General of the MLG and contributors for approval;

The composition of the working group is established according to section 32.2 of Regulation 01/2020 on MPMS and the Performance Based Grant Scheme.

Working group consists of 2 MLG officials (one chairperson) and 2 from the DEMOS project (as representatives of contributors).

3.2 Timeline

The MPG evaluation process starts each year when the data regarding municipal performance becomes available. The table below shows the tentative grant allocation timeline for 2021 according to 2019 performance.

Table 4: Tentative timeline of the evaluation process

Activity	GPK 2021
Adoption of rules	January 2021
Signing the participation agreement	January 2021
Data collection	January 2021
Assessment /scoring process	January 2021
Approval of assessment results	February 2021
Communication of results to municipalities	February 2021
Period for complaints	February 2021
Confirmation of final results and of grant amounts	February 2021
Transfer of funds	February-March 2021
Use of funds	FY 2021

3.3 Assessment procedures

3.3.1 Evaluation Period for Municipal Performance Grant (Grant Management Cycles)

The evaluation period for the municipal performance grant is divided into 3 main stages:

- 1.1. Performance period** - which means the year for which the performance of the municipality is evaluated. Based on these rules of MPG 2021, the municipal performance of 2019 is evaluated;
- 1.2. Evaluation period** - means the period in which the performance appraisal for the MPG is performed.
- 1.3. Separation period and utilization of grant** - means the year in which the grant is made available for use by municipalities. Under these rules the grant will be available to municipalities in 2021.

3.3.2. Preparations for assessment of MPG

The preparatory procedures for the assessment of MPG are as follows:

- Group responsible for drafting the MPG Rules prepares the MPG rules for the fiscal year 2021 (year of allocation) according to the performance of the municipalities of 2019.
- The drafted rules are submitted to the Secretary General of the MLG and to donors.
- The MPG rules prior to evaluation are authorized (approved) by the Secretary General of MLG and Grant donors.
- Upon approval, the MPG Rules are distributed to municipalities and published on the website of the ministry.
- The assessment process starts according to the time limit defined in table 4 of these rules.

3.3.3. Data collection and assessment

The Technical Group collects the data for the assessment of the municipal performance grant. This data is derived from the following documents:

- 1) Municipal Performance Management System (MPMS) Report 2019 by MLGA;
- 2) Regularity audit reports for each of the 38 municipalities, published by the NAO;
- 3) Report with data on the process of reviewing the legality of the MLG for 2019 (for the purposes of the MPG), with updated data on the review of illegal acts by Municipal Assemblies until 22 January 2021.
- 4) Data of MLG and contributing entities for the process of signing tripartite agreements (municipality, MLG and HELVETAS Swiss Intercooperation);

Data used from these sources allow for identification of municipalities that fulfil or fail to fulfil the 5 minimum conditions for the performance grant (see Annex 1). The data are also used to assess MPG indicators (see Annex 2). Once that is done, the scorecard (see template in Annex 3) will be filled in with scores for each municipality. The total score will be entered in the grant allocation table, which will calculate the amount of the municipal performance grant for each municipality that is eligible (Annex 4).

3.3.4. Communication of results to municipalities and the complaint procedure

After the MPG Commission approves the results for the MPG, within 7 days, it shall communicate the scorecards to the municipalities. The communication of the preliminary performance results of the

respective municipality is done only by providing information on whether the municipality has qualified or not, as well as the performance points for the MPG. The amounts and ranking of the municipalities will be communicated after the completion of the complaints process.

After communication of results, municipalities have the right to appeal within **seven days from the moment of receiving the scorecard from the ministry**, if they do not agree with the assessment results. The complaint can be filed by the municipalities for procedural and material reasons of the MPG assessment.

The complaint cannot challenge the source of the official data used during the assessment.

If a municipality claims that the assessors of the MPG have made errors in the assessment of its performance, it can exercise its right of appeal under the following procedures:

Steps and timelines in a complaint process		
1.	<p>If, after receiving the scorecard, a municipality is of the opinion that procedural or material mistakes have been made in the performance grant assessment, the municipality has the right to file a complaint to the appeal commission.</p> <p>The complaint should:</p> <ul style="list-style-type: none"> < Be justified with factual data; < Be signed by the mayor and be protocollod; < Be submitted in writing to: <ul style="list-style-type: none"> Appeals Commission Ministry of Local Government E-mail: info.mpl@rks-gov.net <p>After submitting the complaint, the MLG confirms in writing the receipt of the complaint.</p>	<p>Within 7 days from the receipt of the scorecard, before 16:00</p>
2.	<p>The Appeals Commission reviews the complaints and makes a decision on the complaints filed.</p>	<p>Within 7 days after complaint period closure</p>

3	In case of change of the assessment scores as a result of the Decision of the Appeals Commission, the MPG Commission changes the assessment report and notifies the municipality.	Within 14 days after the decision of the Appeals Commission
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In case a complaint of one or more municipalities is successful and leads to the change of MPG results, this will also have an effect on the size of the grant to other municipalities. All changes in the grant allocation after the complaints process are approved by the MPG Commission.

3.3.5. Finalising and publishing the assessment results and grant allocation

Once the Appeal Commission has decided on the complaints, the MPG Commission, through the technical group, makes changes to the assessment report and the subsequent allocation of the municipal performance grant is considered final.

The final results and grant amounts will be communicated to municipalities so that they can plan the use of the municipal performance grant.

MLG publishes the final performance assessment report on its website.

3.3.6. Measures to ensure objective assessment

There is a risk of mistakes during the municipal assessment process for MPG. This means that non-objective assessment affects the undeserved distribution of the performance grant.

In order to avoid this risk, the Regulation on MPMS as well as Performance Grant Rules set out the following quality assurance mechanisms:

- ◁ Verification process - which enables comparison of data reported with documents or facts that prove authenticity;
- ◁ Implementation of complaint procedures both in the case of drafting the performance report and in the assessment process for the MPG.
- ◁ Involvement of contributors in all MPG and performance assessment processes;
- ◁ Active involvement of civil society in the capacity of decision-makers (in the MPG Appeals Commission) as well as in the quality of observers in the MPG Commission;
- ◁ Verification of the quality of grant allocation by external consultants (optional).
- ◁ Possibility of declaring performance data invalid in cases of non-compliance with quality criteria (Article 21 of the Regulation on MPMS) in accordance with the relevant Methodology;

4. Annexes

Annex 1: Scoring Guide – Minimum conditions

#	Minimum condition	Minimum condition definition	Legal basis	Data source	Criteria Municipality met/did not meet
1	Municipalities must report data to the MPMS within the set deadlines	Municipalities must report their performance to the MPMS within the deadline set in the Regulation on Performance	Regulation No. 01/2021 on the municipal performance management system and the Performance Based Grant Scheme, Article 13	MPMS Report 2019, MLGA	Yes, if the municipality has reported to the MPMS on time No, if the municipality has not reported to the MPMS on time
2	Municipalities must adhere to the legal obligation for reviewing municipal acts assessed as non-compliant by the supervisory authority	Municipalities must have reviewed all municipal acts assessed as non-compliant in 2019 by the supervisory authority. The review for the purposes of the Municipal Performance Grant is a procedural criterion, which implies the obligation of the municipality to review in the Municipal Assembly the acts assessed as non-compliant by the supervisory authority, without presupposing the final content of the reviewed act. For the fulfilment of this criterion, for the purposes of the grant, the municipalities have been given a deadline for reconsideration until 22 January 2021, based on the notification letter of the MLG and donors with	Law No. 03/L-040 on Local Self-Government	Report with data on the process of reviewing the legality of the MPL for 2019 (for the purposes of the MWG), with updated data on the review of illegal acts by municipal assemblies by 22 January 2021.	Yes, if the municipality has reviewed the legal acts by the municipal assembly by 22 January 2021 No, if the municipality has not reviewed the legal acts by the municipal assembly by 22 January 2021

		No. 454-666/11 dated 28 December 2020.			
3	The audit opinion should be at least 'unmodified opinion with emphasis of matter'	The annual audit opinion at least ' <i>u n m o d i f o p i n i o n w i t h e m p h a s i s o f m a t t e r</i> '	1. Law No.03/L-048 on Public Finance Management and Accountability (LPFMA) 2. Regulation No. 01/2017 on Annual Financial Reporting of Budget Organizations issued by the MoF. International Public Sector Accounting Standards	Individual reports on regularity published by the NAO	Yes, if municipality receives <i>unmodified opinion or unmodified opinion with emphasis of matter</i> No, if municipality receives qualified or adverse opinion, and if NAO disclaims an opinion.
4	Municipalities should have spent 75% or more of the final budget for capital investments	At least 75% of the final budget for capital investments spent	1. LPFMA Financial Rule no.01-2013 on Public Funds Expenditure	Individual reports on regularity published by the NAO	Yes, if the municipality has spent at least 75% or more of the final capital investment budget No, if the municipality has spent less than 75% of the final budget on capital investments
5	Municipalities should have signed the tripartite participation agreement (between the municipality,	The tripartite participation agreement (between the municipality, The MLG and HELVETAS) signed	1. Framework agreement concerning Technical and Financial Cooperation and Humanitarian Aid between the Swiss Federal Council and the Government of the Republic of Kosovo 2. Agreement between MLG, MoF and SDC concerning the Decentralization and Municipal Support project (DEMOS), phase II	MLG/DEMOS	Yes, if the participation agreement is signed and submitted to the MLG before the deadline; No, if the participation agreement is not signed and submitted to the MLG before the deadline

⁸ NAO provides several types of opinions:

Unmodified opinion:

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

Qualified opinion:

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

Adverse opinion:

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

Disclaim an opinion:

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

Emphasis of the matter:

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

	the MLG and HELVETAS Swiss Intercooperation ⁹).				
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⁹ HELVETAS Swiss Intercooperation has been contracted by SDC to support the MLG in further development of the municipal performance grant during 2018-2021.

Annex 2: Scoring Guideline – Performance Indicators

The table below shows the 30 performance indicators. The way how indicators from the MPMS are measured, is described in the MPMS documents. The table below contains brief definitions on how indicators are measured. Indicator 27 is not taken as basis in the MPG performance assessment for the fiscal year 2021.

#	Indicator	Brief definition
I . DEMOCRATIC GOVERNANCE		
I	Role of the Municipal Assembly as supervisory body	
1	Timely approval of the annual municipal budget proposal	Indicator measure the level of compliance of municipal bodies' legal obligation to draft and submit the municipal budget proposal for a approval, and its a approval by the municipal assembly. The annual municipal budget proposal for year n+1 has to be submitted to the MA on September 1st, at the latest. The budget proposal has to be approved by MA and submitted to the Ministry of Finance on September 30th, at the latest. The legal basis related to the drafting and approval of the annual budget proposal is provided by the Law on Public Financial Management and Accountability. Performance measurement of this indicator is based on the measurement of: i) timely submission of the municipal budget proposal to MA and ii) timely submission of the approved municipal budget proposal to the Ministry of Finance.
2	Discussion of quarterly budget reports by the Municipal Assembly	Indicator measures compliance of municipal authorities with the legal obligation of presenting and discussing quarterly budget reports in the municipal assembly. Budget reports should be submitted for discussion on a quarterly basis to the municipal assembly, i.e., reports should be submitted to the municipal assembly by the mayor. Legal basis for preparing and presenting quarterly budget reports to the MA is provided in the Law of Public Financial Management and Accountability. Performance measurement of this indicator is based on the measurement of timely presentation of quarterly reports (within 30 days after the end of the quarter) by the mayor, to the MA, for each quarter; observing compliance with dates: 31 January, 30 April, 31 July, and 31 October of the assessed fiscal year.
3	Discussions on the previous year municipal performance report by the Municipal Assembly	Indicator measures municipal compliance with legal obligations to present and discuss the results of the annual municipal performance from the Municipal Performance Management System (MPMS) in the MA. For assessment purposes,

		<p>the Municipal Performance Report (year n-1) has to be an agenda point in one of the MA meetings before June (year n).</p> <p>Through this indicator, the MA is able to annually discuss and hold the executive into account for the municipal performance. Performance measurement of this indicator is based on the measurement of timely presentation of the report, specifically it is required to prove as evidence that the PMS report has been included as a reporting heading in the municipal assembly's agenda after the publication of the report; with the calendar year when report is published.</p>
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	<p>For the grant scheme, this indicator aggregates readings from two PMS indicators 3.2.4 and 3.2.5;</p> <p>Indicator 3.2.4 measures municipal performance regarding compliance to submit the National Audit Report to MA for discussion, including the action plan. Legal basis for this submission is given in the Law on NAO, imposing the obligation on behalf of municipal authorities to report to MA on planned and executed activities related to findings and recommendations of the NAO specified in their Annual Regularity Audit Reports; Measurement of performance is based on the following criteria: i) discussion of the NAO report in the MA; and ii) discussion of the action plan to address NAO recommendations; specific evidence is required to confirm fulfilment of the criteria within stipulated time frame.</p> <p>Indicator 3.2.5 measures municipal performance regarding compliance to submit and discuss the report of the Internal Audit to the MA, including the action plan related to findings. Measurement of performance is based on the following criteria: i) discussion of the Internal Audit report in the MA; and ii) discussion of the action plan to address Internal Audit report recommendations; specific evidence is required to confirm fulfilment of the criteria within stipulated time frame.</p>
5	Meetings of the Municipal Assembly with the participation of the mayor	<p>Indicator measures municipal performance with respect to the mayors' obligation to report to the MA, measuring mayors' attendance in the MA meetings. Performance measurement is based on evidence proving the presence of the mayor in the working sessions of the MA, namely the lists of participation or reports of meetings of the MA.</p>
II	Participation, consultation with citizens and inclusion	
6	Citizen participation in public consultations, disaggregated by gender	<p>For the grant scheme, this indicator aggregates readings from two PMS indicators 3.1.2 and 16.1.3;</p>

		<p>Indicator 3.1.2 measures the level of citizen participation in all municipal public consultations relative to the number of inhabitants in the municipality. The maximum participation rate for this indicator is considered 3% of the number of inhabitants of the respective municipality. Measurement of performance for this indicator takes into account for following: all public consultation activities, including public meetings, budget hearings and consultations on municipal acts.</p> <p>Indicator 16.1.3 measures the participation of women in public consultations as a percentage of all participants in public consultation activities; This is an indicator of gender equality, derived from the general participation of citizens in public consultations.</p>
7	Municipal acts and local policy documents consulted with the public	<p>Indicator measures performance with regards to the level fulfilment of the municipal assembly's obligation in terms of public consultation after the drafting of general acts. For the purpose of this indicator, based on the stipulation in Article 8 of Administrative Instruction 01/2015), public is consulted with respect to general acts adopted by MA. Measurement of performance for this indicator is based on the evidence on the following: (i) number of general acts and policy documents passed during the year, and (ii) number of general acts and policy documents passed during the year that were subject to public consultations.</p>
8	Public hearing on the Medium-Term Budgetary Framework (MTBF) MTBF and municipal budget (proportional to # of residents)	<p>Indicator measures performance of municipal authorities to organize MTBF and budget hearings, using 10,000 inhabitants as a reference for the municipality population size, that is to put the number of hearings in the context to population size. For municipalities with 10.000 inhabitants or less, minimum number of hearings is set to 2. Legal context for this indicator is drawn from the Law on Public Financial Management and Accountability, and Administrative Instruction (MLG) No. 06/2018 on Minimum Standards of Public Consultations in Municipalities. Measurement of performance for this indicator is based on the documentary evidence for the following criteria: (i) number of public consultations for the annual municipal budget (ii) number of public consultations on MTBF; and (iii) number of inhabitants in the municipality.</p>
III	Transparency, access to information and integrity	
9	Assembly meetings made public and broadcasted live	<p>Indicator measures performance of the municipal authorities to timely announce MA meetings, and to provide live broadcast of MA meetings and of its committees. Online streaming is also considered a broadcast for the purposes of this indicator, stipulating that streaming is available in the official website of the municipality. Proper</p>

		notification on the forthcoming MA meeting is subject to criteria that regulate publication, content, timeliness, and language. Legal basis for this indicator is given in the Administrative Instruction (MLG) No. 04/2018 on the Transparency in Municipalities. Performance level of the indicator is based on the documentary evidence regarding the following criteria: (i) number of MA meetings; (ii) number of notifications for the MA meetings; and (iii) number of MA meetings that were broadcasted live.
10	Fulfilment of criteria on municipality's official website	Indicator measures the level of performance of the responsible municipal authorities to manage the website, by providing specified content and regularity of updates. Criteria for the municipal website content is given in the Administrative Instruction (MLG) No. 01/2015, specifying the necessary content (population of website) for public institution websites and in Administrative Instruction (MLG) No. 04/2018; For the purposes of this indicator, performance measurement is subject to documentary evidence of fulfilment a stipulated list of 8 criteria.
11	Publication of public procurement documents	Indicator measures the performance of municipal authorities with regards to compliance with the required regulations on publication of public procurement documents, the annual procurement plan, report on implementation of procurement plan in the foreseen period, public contracts; The Indicator is calculated by awarding points for compliance with each of the 3 categories (publication of documents). This is an important indicator for transparency, allowing for public oversight and accountability regarding management of public funds by the municipal authorities. Performance of this indicator is based on the evidence available to establish compliance regarding: (i) publication of the annual public procurement plan; (ii) publication of the report on the implementation of public procurement plan; and (iii) publication of public contracts.
12	Publication of minutes of public consultation processes	The indicator measures the % of public consultation processes which are followed by a report within the timeframe listing the requests of citizens and interest groups as well as explanations for the rejection of their requests, according to the UA on minimum public consultation standards. Indicator is important to monitor the accountability of the municipal authorities towards their constituency, allowing citizens to monitor their inputs, and keeping municipal authorities accountable. Performance of the indicator is measured on two criteria: (i) number of public consultations during the year; and (ii) number of public consultations where report has been uploaded in the municipal website within 30 days.

13	Reporting on the annual plan of the Integrity Plan to the Municipal Assembly	Indicator measures performance of the municipal authorities with regards to fulfilment of the obligation to report on the implementation of the integrity plan during the assessed year. Inherently ensuring transparency and accountability for anti-corruption measures foreseen by the integrity plan as a preventive instrument against corruption. Performance of this indicator is assessed based on the evidence that informs that the Annual implementation report of the Integrity Plan has been presented and discussed by the MA during the year up to December 31.
II. MUNICIPAL MANAGEMENT		
IV	Financial management	
14	Update of property tax register	Indicator measures the performance of the municipal authorities regarding the implementation of obligation related to the revaluation of buildings for property tax purposes within the calendar year. The revaluation of buildings for property tax purposes refers to the obligation to identify and record changes to the existing buildings, in order to enable property tax billing as required by law, and it must be performed on annual basis. Law stipulates that 20% of properties (buildings) must be re-visited for verification purposes, to ensure consistency between registration and actual state of the property. Legal basis for this indicator is the Law No. 06/L-005 on Property Tax. Performance of the indicator is calculated based on the obtained information regarding: (i) number of properties (buildings) in the municipality; and (ii) number of properties (buildings) in the municipality that have been verified.
15	Level of property tax collection (no debt, interest, penalties)	Indicator measures the performance of municipal authorities in enforcing their legal obligation regarding the collection of property tax, expressed as a percentage of the total invoiced property tax within one year. It calculates the rate of collection in one year, excluding debts from last year's bills, interest payments and penalties. The measurement of the level of property tax collection refers to the evaluated year. This indicator assesses municipal authorities by measuring the level of property tax collection compared to the tax invoiced during the evaluated year. Legal basis for this indicator is the Law No. 06/L-005 on Property Tax. Performance of the indicator is calculated based on the obtained information regarding: (i) invoiced sum for property tax total for the year; and (ii) collected sum for invoiced property tax total for the year. Indicator does not measure the total property tax collected value, as the total amount may also include older debts carried over from previous years, interest payments and penalties; specifically it only measures the level of tax collected during the reporting year.

16	Level of addressing of recommendations of the National Audit Office	Indicator measures performance of the municipal authorities with regard to full implementation and addressing of the high and medium level recommendations, explicitly presented in the NAO audit report. In the NAO audit report (n-2), which refers to the fiscal year (n-3), are presented recommendations for implementation or addressing, which should be fully implemented and addressed in the year (n-1). Indicator is an important measure of the responsiveness of the municipal authorities with regards to recommendations given by the NAO. Indicator performance is assessed based on the evidence of addressing of the listed recommendations, as a percentage of addressed recommendations with respect to listed recommendations.
V	Contract management	
17	Level of the procurement plan implementation	Indicator measures performance of the municipal authorities with respect to implementation of the annual municipal procurement plan, assessing performance based on the level of spending of the planned budget via procurement activities. Specifically, indicator uses financial information to assess performance between the planned, and executed budget via procurement. Indicator is an important measure of effectiveness and efficiency of municipal authorities to plan and execute budget via the public procurement unit, ensuring compliance with the procurement laws, rules and regulations. Performance of the indicator is assessed based on the available documentary evidence on the following: (i) total budget spent via procurement; and (ii) total budget planned for procurement activities.
18	Compilation and publication of the list of municipal properties planned to be allocated for use	Indicator measures performance of the municipal authorities in discharging their obligations in the domain of local economic development, specifically to prepare and publish the list of properties planned to be allocated for use to interested parties in accordance with the Law on Allocation for Use and Exchange of Municipal Immovable Property. Performance of the indicator is based on the evidence that inform the following criteria: (i) prepared and updated list with municipal assets planned to be allocated for use; and (ii) publication of the updated list of municipal properties planned to be allocated for use.
VI	Human resources management	
19	Vacancies processed through the HRMIS	Indicator measures performance of the municipal authorities to ensure compliance with the management of human resources in the municipality, ensuring that all employment vacancies are processed via the electronic system HRMIS (human resources management information system). Performance of the indicator is assessed based on the provided information for: (i) total number of new

		employments of civil servants during the year in municipality and its subordinate institutions; and (ii) total number of new employments of civil servants during the year in municipality and its subordinate institutions processed via the HRMIS.
20	Women in leadership positions in education, health and culture institutions	Indicator measures the level of performance of municipal authorities with regards to achieved levels of gender equality in leadership positions in the subordinated institutions of the municipality in the areas of education, healthcare, culture, and sports. Indicator measures the percentage of compliance with the gender equality target, measuring the percentage of women in high management position in municipal bodies and subordinate institutions. The legal basis for this indicator is Law No. 05/L -020 on Gender Equality and the Kosovo Gender Equality Program. Performance of the indicator is established based on evidence on: (i) total employees in higher management positions in municipal bodies and subordinate institutions, and (ii) number of women in high management positions in municipal bodies and subordinate institutions.
21	Women appointed in political positions in the municipality	Indicator measures the level of performance of municipal authorities with regards to achieved levels of gender equality in the politically nominated positions in the municipality structures. Indicator measures percentage of compliance with the gender equality target, measuring the percentage of women in politically nominated positions in the municipal authorities. Indicator measures the appointments in political positions such as the position of deputy mayor, municipal director, political advisor and other politically mandated positions. The legal basis for this indicator is the Law No. 05/L -020 on Gender Equality and the Kosovo Gender Equality Program. Performance of the indicator is established based on evidence on: (i) total persons in politically nominated positions in the municipality; and (ii) number of women in politically nominated positions in the municipality.
III. DELIVERY OF SERVICES		
VII	Administrative services	
22	Cases of administrative requests reviewed within legal deadlines	Indicator measures the effectiveness of the municipal authorities in reviewing requests submitted by citizens and organizations in the course of the evaluated year. Accordingly, municipal authorities are obliged to review all citizens' applications within specific deadlines, depending on the nature/domain of the request. Only cases registered (submitted) via the Municipal Citizen Centre are considered and accounted

		for measurement purposes. Indicator measures the percentage of cases reviewed with respect to overall cases managed by the municipal system. Legal basis for the indicator is Law No. 05/L-031 on the General Administrative Procedure and a broad set of laws and bylaws that regulate specific durations of procedures. Performance of the indicator is assessed by obtaining information on: (i) number of cases reviewed by the municipality during the year; and (ii) number of cases reviewed by the municipality within legal time limits.
23	Reviewed requests for building permits	Indicator measures performance of municipal authorities with regards to the effectiveness of reviewing requests for building permits. Specifically, this indicator measures the percentage of reviewed applications, without prejudging positive or negative outcomes of the building permit application, since eligibility or compliance of each or any of the applications for building permit may not be prejudiced. Percentage of reviewed submissions is based on the number of applications submitted in the course of the reported year. Legal basis for this indicator is Law No. 04/L-110 on Construction and the Law on Local Self-Government. Performance of the indicator is assessed based on the evidence available for the following criteria: (i) number of applications for construction permit in the course of the year; and (ii) number of applications reviewed in the course of the year.
VIII	Spatial planning, public transport and environment	
24	Area of municipal territory covered by (detailed) regulatory plans	Indicator measures performance of the municipal authorities in their discharge of mandate to produce and implement legal instruments that regulate land use, such as detailed regulatory plans. Specifically, indicator measures percent of municipal territory that is covered with detailed regulatory plans or zonal maps as legal instruments that regulate use of land. Performance is measured as percentage of territory that is covered with either zonal maps or detailed regulatory plans. Legal basis for this indicator is Law No. 04/L-174 on Spatial Planning. Performance level of the indicator is based on the evidence provided for the following criteria: (i) total area of the municipality in ha; (ii) total area of the municipality that is covered with planning instruments. i.e. Detailed Regulatory Plan or Zonal Map in ha.
25	Settlements covered by local public transport	Indicator measures the performance of municipality with regards to organizing public transportation services for each and every settlement in the municipality, and for the benefit of its citizens. Performance is measured as the percentage of settlements that are included in the public transport system in relation to the total number of settlements in the municipality. Legal basis for this indicator is given in the Law for Local Self-Government, and Law No. 04/L-179 on Road Transportation. Performance

		of the indicator is assessed based on the evidence regarding the following criteria: (i) number of settlements in the municipality; and (ii) number of settlements provided/covered with public transportation.
26	Implementation of the local environmental action plan	Indicator measures the performance of the municipality in preparing and implementing local action plans, which represent the necessary local action plans for environmental protection. Performance is measured by the implementation of the annual activities specified in the plan. Consequently, performance measurement in developing the planning document for the environmental protection action plan is also measured through implementation. The legal basis for this indicator is provided in Law on 03/L-025 on Environment Protection. Indicator performance is assessed based on the information available for the following criteria: (i) number of planned local environmental action activities; and (ii) number of implemented activities from the list of planned actions.
IX	Pre-university education	
27	Children attending Kindergarten – rural and overall	Indicator measures the performance of the municipal authorities to increase the number of children that attend kindergartens as part of the early education. Indicator provides percentage of children of age 0-3 that attend kindergartens, measured for all children of the age in the municipality and for children in rural areas. Challenge for the municipality is to build, and run kindergartens to meet the demand of the population. Indicator also collects disaggregated data on gender of children/attendance of girls. Performance of the indicator is assessed from the evidence for the following criteria: (i) number of children of age 0-3 in total, rural, and girls; (ii) number of children of age 0-3 that are enrolled in kindergarten in total, rural, and girls.
28	Matura test (grade 12) results	Indicator measures the general level of passing the required threshold as a condition for recognizing the passing of the state Matura exam, namely evaluates the learning achievements of students at the level of completion of the 12th grade, i.e. in the upper secondary level. At the end of grade 12, students sit for a state Matura exam, with the threshold for passing set at 40%, students that pass have the right to continue in upper education. Legal basis for this indicator is Law No. 05/L-018 on Final Exam and State Matura. Performance of the indicator is assessed at percentage of students that have scored above 40% of the points in the test. Specifically, evidence is needed for the following criteria: (i) number of students that have completed 12

		grade, disaggregated by gender; and (ii) number of students that have completed the test with a score 40% or higher, disaggregated by gender.
X	Primary Health Care (PHC)	
29	PHC spaces in m ² per 10,000 inhabitants	Indicator measures performance of the municipal authorities with regards to building and running facilities for the Primary Health Care, based on the population count in the municipality. Specifically, indicator measures total available area of PHC in m ² per 10,000 inhabitants, providing the density ratio of the available infrastructure against the population size. Legal basis for the municipal competencies on primary healthcare is given in Law No. 04-L-124 on Health. Performance on this indicator is assessed based on evidence on these criteria: (i) population in the municipality; and (ii) total areas of PHC facilities in the municipality.
30	Report fulfilment level of 1 family physician and 2 nurses per 2,000 inhabitants ratio	Indicator measures performance of the municipal authorities to ensure compliance with regards to the targeted ratio of 1 medical family team (1 family medicine doctor and 2 nurses) per 20,000 people. Indicator is measured as a percentage of compliance of the current ratio of available family medicine teams compared to the targeted ratio. Specific target ratio is established by the Ministry of Health and is given in the Administrative Instruction No. 07/2017. Indicator performance value is determined based on evidence on the following criteria: (i) number of family medicine teams in the municipality; and (ii) population size in the municipality.

Annex 3: Template for Scorecard

Summary of results on municipal performance grant 2019		
#	Minimum condition	Assessment
1	Municipalities should have reported data to the MPMS within the set deadlines	
2	Municipalities should have adhered to the legal obligation for reviewing municipal acts assessed as non-compliant by the supervisory authority	
3	The audit opinion should be at least 'unmodified opinion with emphasis of matter'	
4	Municipalities should have spent 75% or more of the final budget for capital investments	
5	Municipalities should have signed the tripartite participation agreement (between the municipality, the MLG and HELVETAS Swiss Intercooperation)	
<i>The municipality is qualified/not qualified for the performance grant</i>		
#	Fields and sub-fields of performance indicators	Assessment
I	Role of the Municipal Assembly as supervisory body	0
II	Citizen participation, consultation and inclusiveness	0
III	Transparency, access to information and integrity	0
Score for municipal governance		0
IV	Financial management	0
V	Contract management	0
VI	Human resources management	0
Score for municipal management		0
VII	Administrative services	0
VIII	Spatial planning, public transport and environment	0
IX	Pre-university education	0
X	Primary Health Care (PHC)	0
Score for service delivery		0
Final Score		0

Vlerësimi i kushteve minimale për vitin 2019 për grantin e performancës komunale

Procedura minimalnih uslova za 2019. godinu za

#	Kushti minimal Minimalni uslov	Udhëzimet për vlerësim Uputstva za procenu	Vlera sipas burimit Vrednost prema izvoru	Vlerësimi Procena	Burimi i të dhënave Izvor informacija*	Vrojtimet (në qoftë se ka) Zapažanja (
1	Komunat duhet të kenë raportuar të dhënat në SMPK sipas afatit të përcaktuar	Po, nëse komuna ka raportuar me kohë në SMPK Jo, nëse komuna nuk ka raportuar me kohë SMPK			Raporti i SMPK-së 2019, MPL	
	Podaci učinka opština izvestavani u SUUO prema predviđenim rokovima	DA, ako je opština opština izvestavani u SUUO prema predviđenim rokovima. NE, ako opština nije izvestila u SUUO na predviđenim rokovima			MLS, Izveštaj SUOU-a	
2	Komunat duhet të kenë respektuar obligimin ligjor për t'i rishqyrtuar aktet komunale të vlerësuar si të kundërligjshme nga autoriteti mbikëqyrës	Po, nëse komuna ka kryer rishqyrtimin e akteve ligjore nga kuvendi komunal deri më 22 Janar 2021 Jo, nëse komuna nuk ka kryer rishqyrtimin e akteve ligjore nga kuvendi komunal deri më 22 Janar 2021			Raporti me të dhënat për procesin e shqyrtimit të ligjshmërisë e MPL-së për vitin 2019 (për qëllime të GPK-së), me të dhënat e azhuruara për rishikimin e akteve të kundërligjshme nga Kuvendet e Komunave deri më 22 Janar 2021.	
	Opštine treba da razmotre sve opštinske akte koji se smatraju protivzakonitim od strane nadzornih organa prema zakonskim zahtevima	DA, ako je opština razmotrila sve opštinske akte koji su ocenjeni kao protivzakoniti od strane nadzornih organa prema zakonskim zahtevima. Ne, ako opština nije razmotrila sve opštinske akte koji su ocenjeni kao protivzakoniti od strane nadzornih organa prema zakonskim zahtevima.			MLS, Izveštaj o funkcionisanju opština i baza podataka MLS o pregledu opštinskih akata	
3	Opinionii i auditimit duhet të jetë të paktën i pamodifikuar me theksim të çështjes	Po, nëse komuna merr Opinion të pamodifikuar ose Opinion të Pamodifikuar me theksim të çështjes Jo, nëse komuna merr Opinion të Kualifikuar ose të Kundërt, dhe nëse ZKA refuzon dhënien e opinionit.			Raportet individuale të rregllsisë të publikuara nga ZKA, faqe 4	
	Izveštaj o reviziji sa najmanje 'Ne-modifikovano mišljenje sa isticanjem pitanja'	DA, ako opština dobije: 1) ne-modifikovano mišljenje, ili 2) ne-modifikovano mišljenje sa isticanjem pitanja NE, ako opština dobije: 3) kvalifikovano mišljenje 4) kvalifikovano mišljenje sa isticanjem pitanja 5) nepovoljno mišljenje, ili 6) NKR odriče mišljenje			NKR**, Regularnost izveštaja o reviziji, stranica 4	
4	Komunat duhet të kenë shpenzuar 75% ose më tepër të buxhetit final për investime kapitale	Po, në qoftë se komuna ka shpenzuar së paku 75% ose më tepër të buxhetit final për investime kapitale Jo, në qoftë se komuna ka shpenzuar më pak se 75% të buxhetit final për investime kapitale			Raportet individuale të rregllsisë të publikuara nga ZKA, tabela 2, faqe 11	
	Najmanje 75% budžeta za kapitalne investicije je potrošeno	DA, ako je opština potrošila najmanje 75% ili više od finalnog budžeta za kapitalne investicije NE, ako je opština potrošila manje od 75% finalnog budžeta za kapitalne investicije			NKR, Regularnost izveštaja o reviziji, tabela 2, stranica 11	
5	Komunat duhet të kenë nënshkruar marrëveshjen tripalëshe të pjesëmarrjes (komuna, MPL dhe HELVETAS Swiss Intercooperation).	Po, nëse marrëveshja e pjesëmarrjes është nënshkruar dhe dorëzuar në MPL; Jo, nëse marrëveshja e pjesëmarrjes nuk është nënshkruar dhe dorëzuar në MPL			MPL/DEMOS	
	Potpisan Sporazum o učešću	DA, ako je Sporazum o učešću potpisan u roku NE, ako Sporazum o učešću nije potpisan u roku			MLS/DEMOS	

* Rezultati i referohet versionit në gjuhën shqipe të burimit të të dhënave
* Rezultat se odnosi na albanskoj verziji izvora podataka

** ZKA - Zyra Kombëtare e Auditimit
** NKR - Nacionalna Kancelarija Revizije

*** MPL - Ministria e Pushtetit Lokal
*** MLS - Ministarstvo Lokalne Samouprave

Komuna i ka/nuk i ka plotësuar të gjitha 5 kushtet minimale
Opština ispunila/nije

Performance Assessment 2019 – Municipality XXX

#	Indicator	Assessment guidelines	Value as in the source	Max. score	Assessment	Data Source	Comments
1	Democratic Governance			40	0		
I	Role of the Municipal Assembly as an oversight body			13	0		
1	Timely approval of the annual municipal budget proposal	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 99.99%, • 2 points if the result in MPMS is 100%. 	0.00%	2	0	MPMS report, Indicator 3.2.1	
2	Discussion of quarterly budget reports by the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 74.99%, • 3 points if the result in MPMS is 75% - 100%. 	0.00%	3	0	MPMS report, Indicator 3.2.2	
3	Discussion on the previous year municipal performance report by the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is lower than 100%, • 2 points if the result in MPMS is 100%. 	0.00%	2	0	MPMS report, Indicator 3.2.3	
4	Discussion of the external auditor's report and action plan for addressing the recommendations and discussion of the findings and recommendations of the internal audit in the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the average of two indicators in MPMS is less than 49.99%, • 2 points if the average of two indicators in MPMS is 50% - 99.99%, • 4 points if the average of two indicators in MPMS is 100%. 	0.00%	4	0	MPMS report, Indicators 3.2.4 and 3.2.5	
5	Meetings of the Municipal Assembly with the participation of the mayor	<ul style="list-style-type: none"> • 0 points if the result in MPMS is 49.99%, • 1 point if the result in MPMS is 50% - 89.99%, • 2 points if the result in MPMS is equal to or higher than 90%. 	0.00%	2	0	MPMS report, Indicator 3.2.6	
II	Participation, consultation and inclusion of citizens			12	0		
6	Citizen participation in public consultations, disaggregated by gender	<ul style="list-style-type: none"> • 0 points if the average of two indicators of the result in MPMS is lower than 39.99%, • 1 point if the average of two indicators in MPMS is from 40% - 69.99%, • 2 points if the average of two indicators in MPMS is from 70% - 89.99%, • 4 points if the average of two indicators in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS report, Indicators 3.1.2 and 16.2.3	
7	Municipal acts and local policy documents consulted with the public	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 69.99%, • 2 points if the result in MPMS is 70% - 89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS report, Indicator 3.1.3	
8	Public hearing on the Medium Term Budget Framework (MTBF) and municipal budget	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 69.99%, • 2 points if the result in MPMS is 70% - 89.99%, • 4 points if the result in MPMS is higher or equal to 90%. 	0.00%	4	0	MPMS Report, Indicator 3.1.4	
III	Transparency, access to information and integrity			15	0		

9	Assembly meetings made public and broadcasted live online	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 59.99%, • 2 points if the result in MPMS is 60% - 89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 	0.00%	3	0	MPMS report, Indicator 2.1.1	
10	Meeting the criteria of the official website of the municipality	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99% • 1 point if the result in MPMS is 40% - 59.99%, • 2 points if the result in MPMS is 60% - 89.99%, • 4 points if the result in MPMS is higher or equal to 90%. 	0.00%	4	0	MPMS report, Indicator 2.1.3	
11	Publication of public procurement documents of the municipality	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 89.99%, • 2 points if the result in MPMS is equal to or higher than 90% 	0.00%	2	0	MPMS report, Indicator 2.2.2	
12	Publication of reports of public consultation processes	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 59.99%, • 2 points if the result in MPMS is 60% - 89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS report, Indicator 3.1.5	
13	Reporting the annual Integrity Plan before the Municipal Assembly	<ul style="list-style-type: none"> • 0 points if the result in MPMS is lower than 100%, • 2 points if the result in MPMS is 100%. 	0.00%	2	0	MPMS report, Indicator 3.4.1	
2	Municipal Management			30	0		
IV	Financial management			13	0		
14	Level of updating the property tax register	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 84.99%, • 1 point if the result in MPMS is 85% - 99.99%, • 3 points if the result in MPMS is 100% 	0.00%	3	0	MPMS report, Indicator 19.1.3	
15	Level of property tax bill collection (no debts, interest, penalties)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 39.99%, • 1 point if the result in MPMS is 40% - 59.99%, • 3 points if the result in MPMS is 60% - 84.99%, • 5 points if the result in MPMS is equal to or higher than 85% 	0.00%	5	0	MPMS report Indicator 19.1.4	
16	Level of addressing the recommendations of the National Audit Office	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30% - 49.99%, • 2 points if the result in MPMS is 50% - 84.99%, • 5 points if the result in MPMS is equal to or higher than 85%. 	0.00%	5	0	MPMS report, Indicator 3.3.3	
V	Contract management			7	0		
17	Level of implementation of the procurement plan	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 59.99%, • 1 point if the result in MPMS is 60% - 89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 	0.00%	3	0	MPMS report, Indicator 3.3.1	

18	Preparation and publication of the list of municipal properties planned for commissioning	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50%, • 4 points if the result in MPMS is 100%. 	0.00%	4	0	MPMS report, Indicator 19.1.2	
VI	Human resource Management			10	0		
19	Vacancies processed through HRMIS	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 89.99%, • 2 points if the result in MPMS is equal to or higher than 90%. 	0.00%	2	0	MPMS report, Indicator 3.5.2	
20	Women in leadership positions in education, health and culture institutions	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50% - 79.99%, • 5 points if the result in MPMS is equal to or higher than 80%. 	0.00%	5	0	MPMS report, Indicator 16.1.2	
21	Women appointed in political positions in the municipality	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 59.99%, • 1 point if the result in MPMS is 60% - 99.99%, • 3 points if the result in MPMS is equal to 100%. 	0.00%	3	0	MPMS report, 16.1.3	
3	Service provision			30	0		
VII	Administrative services			6	0		
22	Administrative requests reviewed within legal deadlines	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 69.99%, • 2 points if the result in MPMS is 70% - 89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 	0.00%	4	0	MPMS report, Indicator 1.1.2	
23	Reviewed building permit requests	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 89.99% • 2 points if the result in MPMS is equal to or higher than 90%. 	0.00%	2	0	MPMS report, 7.2.1	
VIII	Spatial planning, public transport and environmental protection			8	0		
24	Surface of municipality's territory covered by (detailed) regulatory plans	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30% - 69.99%, • 3 points if the result in MPMS is equal to or higher than 70%. 	0.00%	3	0	MPMS report, Indicator 7.1.1	
25	Settlements involved in local public transport	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 79.99%, • 3 points if the result in MPMS is equal to or higher than 80%. 	0.00%	3	0	MPMS report, Indicator 10.1.2	
26	Implementation of the Local Environmental Action Plan	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 89.99% • 2 points if the result in MPMS is equal to or higher than 90%. 	0.00%	2	0	MPMS report, 15.1.1	
IX	Pre-University Education			8	0		

27	Children attending kindergarten - rural and general	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50% - 79.99%, • 4 points if the result in MPMS is equal to or higher than 80%. 		4	0	MPMS report, Indicator 17.3.1	This indicator is not scored. For more explanations, please refer to the Municipal Performance Grant Rules for Fiscal Year 2021.
28	Passing rate in the national Matura exam in 12 th grade (disaggregation by gender)	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 2 points if the result in MPMS is 50% - 89.99%, • 4 points if the result in MPMS is equal to or higher than 90%. 		4	0	MPMS report, Indicator 17.3.5	
X	Primary health care			8	0		
29	Primary Health Care space in m2 per 10,000 inhabitants	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 49.99%, • 1 point if the result in MPMS is 50% - 89.99%, • 3 points if the result in MPMS is equal to or higher than 90%. 		3	0	MPMS report, Indicator 18.1.1	
30	Report fulfilment level, 1 family physician and 2 nurses per 2,000 inhabitants	<ul style="list-style-type: none"> • 0 points if the result in MPMS is up to 29.99%, • 1 point if the result in MPMS is 30% - 59.99%, • 3 points if the result in MPMS is 60% - 89.99% • 5 points if the result in MPMS is equal or higher than 90%. 		5	0	MPMS report, Indicator 18.2.1	
Final result				93	0		

Annex 4: Template for calculation of allocated grant amounts

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

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

- ◁ Firstly, the assessment scores for each municipality are weighed with the share of the general grant that each municipality receives for that year (on a basis of a weighted allocation formula, taking into account various expenditure needs based variables as defined by the government). This is the weighted score.
- ◁ Secondly, the relative share of each municipality in this weighted score is calculated.
- ◁ Thirdly, this latter relative share in the weighted performance score is multiplied by the total amount available for the 2021 Municipal Performance Grant.
- ◁ Fourth, the municipal performance grant allocates additional remunerations to the highest performing municipalities. Ten (10) percent of the total grant amount is allocated to the top three highest performing places. The first place receives 5% of the total grant amount; the second place receives 3% of the total grant amount and the third place receives 2% of the total grant amount. If two or more municipalities are having the same performance score, then the amount of reward for the designated place is divided proportionally for that number of municipalities with the same result.

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

The table on the next page shows an example of the calculation of the municipal performance grant allocation, using the general grant allocated for 2021, as per the government's budget circular, under the following assumptions (as example) that (i) all municipalities have met the minimum conditions and (ii) that all municipalities have achieved exactly the same score of 96 points (which is unlikely in reality, but which allows each municipality to be treated equally in this example).

The following steps are taken to calculate the allocations:

- The share of the municipal grant in the total grant is determined by dividing the municipal general grant (column 3) by the total general grant (total column 3). This is a percentage called 'relative share of the general grant' (column 4);
- The weighted performance score is then calculated as shown in column (7) by multiplying the performance assessment score (column 6) with the relative share in the general grant and the results of meeting the minimum conditions (reflected in column 5), which is either 1 if the minimum conditions are met or "0" if the minimum conditions are not met (column 5). A municipality that does not meet the minimum conditions is excluded from further calculations (and the value in columns 6 to 10 will show a "0").
- The municipal 'calculated weighted score' (in column 7) is then divided by the total of the 'calculated weighted score' (i.e., the total of column 7), to obtain the 'relative share weighted score' (column 8);
- Finally, this "relative share weighted score" is multiplied by the total amount of funds available for the Municipal Performance Grant in a year (total amount of the Municipal

Performance Grant). This leads to the municipal performance grant allocation as reflected in column 9.

MPG Allocation table for 2021												
						Total value of MPG		4,350,000				
		Reward for the first municipality with maximum points:		5.0%		217,500						
		Reward for the second municipality with maximum points:		3.0%		130,500						
		Reward for the third municipality with maximum points:		2.0%		87,000		(435,000)				
		Available amount for allocation based on formula		435,000		3,915,000						
#	Municipality	Total grant allocation for 2021 (Law on Budget 2021)	Relative percentage of the total grant	MN Met=1 Not met=0	Evaluation outcome Evaluation points	Calculated and weighted score (4)*(5)*(6)	Relative percentage of the weighted score	Calculated value of the MPG Grant	MPG - as % of the total grant	Reward	Total value of MPG	MPG - as % of the total grant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Dečan/Dečane	4,000,457	2.00%	1	96	1.92	2.0%	78,454	1.96%	11,447	89,901	2.25%
2	Dragaš/Dragaš	4,245,713	2.13%	1	96	2.04	2.1%	83,264	1.96%	11,447	94,711	2.23%
3	Ferizaj/Uroševac	10,410,666	5.21%	1	96	5.01	5.2%	204,166	1.96%	11,447	215,614	2.07%
4	Fushë Kosovë/Kosovo Po	3,527,425	1.77%	1	96	1.70	1.8%	69,177	1.96%	11,447	80,625	2.29%
5	Gjakovë/Dakovica	9,531,885	4.77%	1	96	4.58	4.8%	186,932	1.96%	11,447	198,380	2.08%
6	Gilan/Gnjilane	8,717,833	4.37%	1	96	4.19	4.4%	170,968	1.96%	11,447	182,415	2.09%
7	Gilgocv/Glogovac	5,592,488	2.80%	1	96	2.69	2.8%	109,676	1.96%	11,447	121,123	2.17%
8	Gračanica/Gračanicë	1,999,736	1.00%	1	96	0.96	1.0%	39,217	1.96%	11,447	50,665	2.53%
9	Hani i Elezit/Elez Han	1,055,957	0.53%	1	96	0.51	0.5%	20,709	1.96%	11,447	32,156	3.05%
10	Istog/Istok	4,216,669	2.11%	1	96	2.03	2.1%	82,694	1.96%	11,447	94,142	2.23%
11	Junik/Junik	751,470	0.38%	1	96	0.36	0.4%	14,737	1.96%	11,447	26,185	3.48%
12	Kaçanik/Kaçanik	3,305,460	1.66%	1	96	1.59	1.7%	64,824	1.96%	11,447	76,272	2.31%
13	Kamenicë/Kamenica	3,842,928	1.93%	1	96	1.85	1.9%	75,365	1.96%	11,447	86,812	2.26%
14	Klinë/Klina	3,911,972	1.96%	1	96	1.88	2.0%	76,719	1.96%	11,447	88,166	2.25%
15	Klokot Vrbovac/Klokot V	448,253	0.22%	1	96	0.22	0.2%	8,791	1.96%	11,447	20,238	4.51%
16	Leposaviq/Leposaviq	2,700,222	1.35%	1	96	1.30	1.4%	52,955	1.96%	11,447	64,402	2.39%
17	Lipjan/Lipjan	5,723,937	2.87%	1	96	2.75	2.9%	112,254	1.96%	11,447	123,701	2.16%
18	Malishevë/Mališevo	5,275,857	2.64%	1	96	2.54	2.6%	103,466	1.96%	11,447	114,914	2.18%
19	Mamushë/Mamuša	995,431	0.50%	1	96	0.48	0.5%	19,522	1.96%	11,447	30,969	3.11%
20	Mitrovicë e Jugut/Južna M	7,632,852	3.82%	1	96	3.67	3.8%	149,690	1.96%	11,447	161,137	2.11%
21	Novo Brdo/Novobërdë	1,095,647	0.55%	1	96	0.53	0.5%	21,487	1.96%	11,447	32,934	3.01%
22	Obiliq/Obiliç	6,832,322	3.42%	1	96	3.29	3.4%	133,990	1.96%	11,447	145,438	2.13%
23	Partesh/Partesh	429,990	0.22%	1	96	0.21	0.2%	8,433	1.96%	11,447	19,880	4.62%
24	Pejë/Peç	9,810,724	4.91%	1	96	4.72	4.9%	192,401	1.96%	11,447	203,847.94	2.08%
25	Podujevë/Podujevo	8,765,246	4.39%	1	96	4.22	4.4%	171,897	1.96%	11,447	183,345	2.09%
26	Prishtinë/Priština	29,462,856	14.76%	1	96	14.17	14.8%	577,803	1.96%	11,447	589,251	2.00%
27	Prizren/Prizren	18,261,786	9.15%	1	96	8.78	9.1%	358,136	1.96%	11,447	369,584	2.02%
28	Rahovec/Orahovac	5,458,685	2.73%	1	96	2.63	2.7%	107,052	1.96%	11,447	118,499	2.17%
29	Ranilug/Ranilug	781,522	0.39%	1	96	0.38	0.4%	15,327	1.96%	11,447	26,774	3.43%
30	Severna Mitrovica/Mitrov	1,989,813	1.00%	1	96	0.96	1.0%	39,023	1.96%	11,447	50,470	2.54%
31	Shtime/Štimlje	2,732,161	1.37%	1	96	1.31	1.4%	53,581	1.96%	11,447	65,028	2.38%
32	Skenderaj/Srbica	5,013,362	2.51%	1	96	2.41	2.5%	98,318	1.96%	11,447	109,766	2.19%
33	Štrpce/Štërpçë	1,157,454	0.58%	1	96	0.56	0.6%	22,699	1.96%	11,447	34,146	2.95%
34	Suharekë/Suva Reka	5,807,940	2.91%	1	96	2.79	2.9%	113,901	1.96%	11,447	125,348	2.16%
35	Viti/Vitina	4,575,868	2.29%	1	96	2.20	2.3%	89,738	1.96%	11,447	101,186	2.21%
36	Vushtrri/Vučitrn	6,709,131	3.36%	1	96	3.23	3.4%	131,574	1.96%	11,447	143,022	2.13%
37	Zubin Potok/Zubin Potok	1,484,641	0.74%	1	96	0.71	0.7%	29,116	1.96%	11,447	40,563	2.73%
38	Zvečan/Zvečan	1,373,941	0.69%	1	96	0.66	0.7%	26,945	1.96%	11,447	38,392	2.79%
	Total/Average	199,630,300	100.00%	38	96	96.00	100.0%	3,915,000	1.96%	435,000	4,350,000	2.18%

Column 10 shows the grant allocation for each municipality as a percentage of its general grant allocation (column 3). In this example, it shows that all municipalities get a 1.94% increase to the general grant allocation.¹⁰

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

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

¹⁰ As can be seen, given the assumptions, the calculations show an equal relative increase of the general grant for all municipalities as all have the same score. 1.94% is precisely the performance grant amount as share of the general grant (3,780,000/199,630,300). In fact, because some municipalities will not meet the MCs, while also the scores differ, the relative increase will be (much) higher depending on the relative performance. In fact, the actual allocation a municipality gets depends on its relative score and on the Municipalities that have (or notably those that have not met) the minimum conditions.

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

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

The table above is available as an Excel spreadsheet for those who are interested.

Annex 7: Terms of reference - MPG Commission



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

Ministria e Pushtetit Lokal
Ministarstvo Lokalne Samouprave
Ministry of Local Government

Terms of reference for the Municipal Performance Grant Commission

1. Brief summary

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

2. Role and functions of the Municipal performance grant Commission

The main function of the municipal performance grant commission is to guarantee the integrity of the assessment. The main functions of the Municipal Performance Grant Commission are the following:

- Set the rules and procedures for the Commission's work;
- Oversee the process and ensure that the Technical Group has followed the assessment criteria and procedures set out in the performance grant rules;
- Decides on the approval of the performance assessment results for the grant;
- In case of irregularities, the Commission may return the assessment process for reconsideration;
- Notify municipalities about the results of the grant assessment;
- The grant Commission cannot change the assessment results and the amount of the Grant without fully applying the assessment process in accordance with the grant rules;
- In case of change of the assessment score as a result of the decision on appeal issued by the appeal commission, the grant commission, through the technical group, makes changes in the assessment report and notifies the relevant municipality of the final result.

3. Administration of the Municipal Performance Grant Commission

- ◁ It is preferable for members of the Municipal Performance Grant Commission to understand and speak English.
- ◁ The Chairperson of the MPG appoints the secretariat for the technical administration of the work of the commission, ensuring the preparation of meeting agendas, meeting announcements, minutes, working documents and other procedural issues.
- ◁ The agenda and relevant documents must always be attached to the notices.
- ◁ Minutes are prepared for each meeting and approved by the Municipal Performance Grant Commission.
- ◁ Decisions of the Municipal Performance Grant Commission are taken by a majority of votes.
- ◁ Any member of the Municipal Performance Grant Commission may request the convening of further meetings in coordination with the Chairperson.

Annex 5: Terms of reference - Technical group



Republika e Kosovës
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Ministria e Pushtetit Lokal
Ministarstvo Lokalne Samouprave
Ministry of Local Government

Terms of reference for the Technical Group (TG)

2. Duties and responsibilities of the Technical Group (TG):

The main functions of the TG are the following:

- < Implementation of MPG assessment rules and standards;
- < Data collection, their analysis and verification;
- < Assessment of municipal performance according to MPG rules;
- < Calculation of the grant amount according to the formula defined in the MPG rules;
- < Ensure data transfer by source;
- < Drafting the evaluation report for the grant and addressing it for approval to the Grant Commission;
- < Presentation of the MPG assessment report to the MPG Commission
- < Provide necessary clarifications according to the requirements of the Municipal Performance Grant Commission and the Complaints Commission;

3. Administration of the TG

- < The Chairperson of TG prepares the agenda and chairs the TG meetings.
- < The agenda and relevant documents should be attached to the notice of TG meetings.
- < Minutes are prepared for the TG meetings and approved by all members.
- < TG members should be public officials of the unit responsible for municipal performance. Representatives of contributors also participate in the TG as decision makers.
- < It is preferable for TG members to understand and speak English.

Annex 6: Terms of reference - Complaints Commission



Republika e Kosovës
Republika Kosova - Republic of Kosovo
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Terms of reference for Complaints Commission

This document clarifies the role and functions of the Appeals Commission (AC).

Pursuant to Regulation on Municipal Performance Management System and Municipal Performance Grant Scheme, Article 39, municipalities can file an appeal against the decision on the assessment of MPG. However, complaints cannot contradict the source of official data used during the assessment.

2. Duties and responsibilities of the Appeals Commission (AC):

The main function of the TG is as follows:

- Review of grant complaints submitted by municipalities ensuring that they meet the conditions described in point 3.3.4 of the MPG Rules;
- Making decisions on complaints filed by municipalities in accordance with Article 39 of Regulation 01/2020 on MPMS and WG Scheme.

3. Administration of the Complaints Commission

- The Chairperson of the Appeals Commission convenes the meetings of the commission.
- Agenda and working materials must be attached to the notice;
- The minutes are prepared for each meeting and signed by the members of the commission.

Annex 7: Terms of reference - Commission for drafting MPG rules



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The drafting team is responsible for:

- Preparing MPG rules before each evaluation cycle in accordance with Regulation 01/2020 on Municipal Performance Management System and Municipal Performance Grant Scheme;
- Submitting the rules to the Secretary General of the MLG and contributors for approval;

The composition of the working group is established according to Article 32.2 of Regulation 01/2020 on MPMS and Municipal Performance Grant Scheme.

Annex 8: Contacts

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