

LAW NO. 08/L-103**ON THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM AND THE
PERFORMANCE-BASED GRANT SCHEME**

The Assembly of the Republic of Kosovo;

Based on Articles 65 (1) of the Constitution of the Republic of Kosovo,

Adopts:

**LAW ON THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM AND THE
PERFORMANCE-BASED GRANT SCHEME****CHAPTER I
GENERAL PROVISIONS****Article 1
Purpose**

1. This law aims to increase the quality of municipal services for citizens by measuring the performance of municipalities in exercising their own competencies, while guaranteeing financial support based on the achieved level of provided services.

2. This law defines the principles, rules, procedures and standards for measuring the performance of municipalities, as well as the functioning of the performance-based grant.

**Article 2
Scope**

This law regulates the Municipal Performance Management System, which is implemented by municipalities and is led by the Ministry responsible for local government.

**Article 3
Definitions**

1. The terms or expressions used in this law shall have the following meaning:

1.1. **Municipal Performance Grant (MPG)** - a financial instrument with an incentive character that is awarded to municipalities based on their performance;

1.2. **MPMS Main Document** - the document that describes the basic concepts of construction and operation of MPMS, steps and process of measuring municipal performance, content of areas, results and performance indicators, as well as other accompanying documents for the implementation of the MPMS;

1.3. **Municipality** - the basic territorial unit of local self-government in the Republic of Kosovo;

1.4. **Grant contributors** - state institutions, donors from local and international organizations, civil society organizations;

1.5. **Municipal Performance Coordinator** - the responsible municipal official with the task of coordinating the performance reporting process in the municipality;

1.6. **Performance measurement** - the method for extracting data for indicators in relation to the reference rate defined in the MPMS documents;

- 1.7. **Ministry** - the ministry responsible for local self-government;
- 1.8. **Performance of municipalities** - the level of achievement of municipalities within one or more areas of their competencies, as a result of a standard process of data collection, analysis, verification and reporting;
- 1.9. **Stakeholders** - ministries, municipalities, contributors, civil society and citizens;
- 1.10. **Grant Rules for Municipal Performance** - the system of special rules approved by the Ministry with a sub-legal act, which defines the criteria and manner of evaluation of municipalities in order to benefit from the municipal performance grant scheme;
- 1.11. **MPMS** - the Municipal Performance Management System.

CHAPTER II GENERAL PRINCIPLES OF MUNICIPAL PERFORMANCE MANAGEMENT AND PERFORMANCE-BASED GRANT SCHEME

Article 4 The principle of legality

Institutions shall act in accordance with the Constitution, the legislation in force and the administrative rules for measuring municipal performance and allocating a performance grant.

Article 5 The principle of transparency

Institutions shall pursue an open approach to citizens and other stakeholders regarding municipal performance and management of the performance grant scheme.

Article 6 The principle of subsidiarity

Performance measurement extends as far as possible to the closest service providers to citizens, and the impact of the grant reflects the interests and needs of the citizens of the municipality.

Article 7 The principle of merit

1. The level of performance achieved affects the ranking of municipalities according to the results shown in the exercise of competencies in the measured areas.
2. Municipal performance grant takes into account the level of performance achieved by municipalities as well as other characteristics defined by special rules.

Article 8 The principle of objectivity and impartiality

Responsible institutions must report and evaluate objectively and impartially.

Article 9 The principle of equality and non-discrimination

Responsible institutions act in accordance with the principle of equality and non-discrimination. Municipalities in the same situation are treated in the same way. Responsible institutions in particular shall avoid any unjust discrimination as defined in the anti-discrimination law.

CHAPTER III

INSTITUTIONAL RESPONSIBILITIES FOR MUNICIPAL PERFORMANCE MANAGEMENT

Article 10

Institutions responsible for measuring municipal performance

1. The Ministry is the institution responsible for measuring municipal performance. The Ministry in cooperation with state administration institutions, including municipalities, coordinates the development and implementation process of the MPMS.
2. Municipalities are object of performance measurement in accordance with the rules of the MPMS, set out in this law and by sub-legal act.
3. The Ministry and the municipalities provide the necessary resources for implementation of the performance measurement process, through the structures responsible for municipal performance.

Article 11

Responsibilities of the Ministry

1. The Ministry is the institution responsible for managing the MPMS and the Municipal Performance Grant.
2. In order to implement this law, the Ministry shall:
 - 2.1. draft bylaws and policy documents for the effective implementation of the provisions of this law;
 - 2.2. develops sufficient capacities for the MPMS and the Municipal Performance Grant, through a unit responsible for performance;
 - 2.3. drafts and updates the MPMS Main Document, in cooperation with state administration institutions, municipalities and contributors;
 - 2.4. conduct procedures for collection, processing, verification and reporting of performance data;
 - 2.5. administers the electronic information system, in cooperation with the ministry responsible for public administration and the Agency for Information Society;
 - 2.6. manages the process of evaluation and allocation of municipal performance grants.

Article 12

Duties and responsibilities of the municipality

1. The municipality is responsible for the efficient functioning of the Performance Management System in the municipality. In this regard, the municipality has the following responsibilities:
 - 1.1. cooperates with the ministry for construction, development and implementation of the municipal performance measurement system;
 - 1.2. collects, verifies and reports data on the performance of the municipality in accordance with the Main Document;
 - 1.3. addresses the recommendations of the performance report in order to improve public services and governance;
 - 1.4. designates the structures responsible for the process of the performance of municipality.

Article 13
Responsible unit for performance in the Ministry

The Municipal Performance Management System and the performance grant are managed by the unit responsible for municipal performance in accordance with the provisions of this law.

Article 14
Performance measurement structures in the municipality

1. Municipal performance measurement at the municipal level is led by the mayor.
2. In each municipality, the mayor by decision appoints the responsible reporting officers for the areas of municipal performance, as well as the coordinator for municipal performance.
3. The coordinator and reporting officers should be persons from the ranks of the civil service and have high integrity, as well as professional competence in exercising duties and responsibilities for coordinating the performance measurement process in the municipality.

Article 15
Duties of the Municipal Performance Coordinator

The Performance Coordinator is responsible for coordinating the reporting process with the reporting officers of the MPMS areas, implementing the verification criteria and reporting the data which are sent to the mayor for approval.

Article 16
Dismissal of the coordinator and reporting officers

1. The performance coordinator can be relieved from this function in cases when:
 - 1.1. failing to apply the criteria of Article 22 of this law regarding data quality assurance;
 - 1.2. failing to respect the principles of performance measurement set out in this law;
 - 1.3. reporting late and constantly neglecting the performance measurement process;
 - 1.4. at the request of the coordinator himself with the approval of the Mayor.
2. The criteria for appointment and dismissal shall apply mutatis mutandis to reporting officers in the fields of performance measurement.
3. In case of dismissal of the coordinator and reporting officers, the mayor within fifteen (15) days, shall appoint other officials to exercise these functions.

CHAPTER IV
MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

Article 17
Constituent Elements of MPMS

1. Municipal Performance Management System is an instrument for evaluating the performance of municipalities based on areas, indicators and data.
2. Areas, indicators and data which are part of the MPMS are based only on own competencies of municipalities, defined by the Law on Local Self-Government, and the relevant legislation in force.

3. The inclusion of own competencies in the MPMS is done according to clear, measurable, achievable and non-discriminatory criteria for municipalities.

4. During the development and review of the MPMS, the Ministry cooperates with other stakeholders including: line ministries, municipalities, other state administration institutions, donors and civil society.

5. The Ministry with a sub-legal act determines the rules, procedures and criteria for the development and review of the MPMS.

Article 18

Electronic Municipal Performance System

The Ministry establishes the Electronic Performance System in accordance with the constituent elements of the Municipal Performance Management System.

CHAPTER V

MUNICIPAL PERFORMANCE MEASUREMENT

Article 19

Performance measurement process

1. Municipal performance measurement is a process that is organized on a regular annual basis by the Ministry.

2. The deadline for reporting the performance data from municipalities is not more than forty-five (45) days from the moment of submission of the request for reporting by the Ministry.

3. Measurement and other deadline procedures are defined with sub-legal act.

Article 20

Process management in the municipality

1. The Mayor shall be responsible for the management of performance measurement in the municipality and ensures that all data quality criteria set out in Article 22 of this law are fulfilled.

2. Other duties and responsibilities for the management of performance measurement process shall be defined by a sub-legal act of the Ministry.

Article 21

Municipal performance measurement by the Ministry

1. The unit responsible for municipal performance is responsible for performance measurement after receiving the data reported from the municipalities.

2. The performance unit ensures the fulfilment and implementation of the data quality criteria defined by Article 22 of this law.

Article 22

Quality of performance data

1. Reported performance data should be accurate, complete, clear, documented and to realistically reflect the performance of the municipality.

3. The Ministry shall draft unique methodologies for data quality assurance in the framework of the Main Document.

Article 23
Data invalidity and exclusion measures

1. Data that do not meet the quality criteria shall be considered invalid data.
2. In the event that during the verification process it is established that a municipality has reported inaccurate data compared to the reference documents and that results in higher performance, the performance of that municipality in the area for which the data are inaccurate shall be declared invalid.
3. If it is proven that a municipality has reported inaccurate or fictitious data which affect the performance increase in the performance of Grant indicators, it is excluded from the right to benefit from this grant in the year of allocation.

Article 24
The right to appeal

1. Municipalities have the right to provide comments or file a complaint about the performance appraisal, within seven (7) working days from the day of communication of results.
2. The complaint is reviewed by the performance complaints commission, established by decision of the Secretary General of the Ministry and consists of three (3) members from the Ministry with the right to vote respecting the criteria of gender representation. The complaints review process is open to civil society and donors as observers.
3. The performance complaints commission within fifteen (15) working days after the deadline for receipt of complaints defined in paragraph 1. of this Article, issues a decision regarding the objection of the municipality. The decision of the Commission is final and cannot be changed.

Article 25
Approval and publication of municipal performance results

1. The responsible unit of the Ministry implements the decisions of the complaints commission in the performance report of the municipalities.
2. The annual performance report is published with the approval of the Secretary General of the Ministry on the official website of the ministry and of the municipalities in the official languages, no later than May 31 of the year when the assessment is carried out.

CHAPTER VI
MUNICIPAL PERFORMANCE GRANT

Article 26
Purpose of the grant

The Municipal Performance Grant aims to stimulate municipality to improve their performance in providing public services in certain areas.

Article 27
Grant funding

1. The Municipal Performance Grant is a special form of financial support for municipalities from the Kosovo budget and is open to other contributors' funds.
2. The Performance Grant should be up to two point five (2.5%) percent of the total municipal grant, as defined by the Law on local finances from the Kosovo budget, for each fiscal year.

3. The amount of the grant defined in paragraph 2. of this Article, shall take as reference only the value of the general grant of municipalities and shall not be taken from this grant, but from other budget allocations of Kosovo.

4. The performance grant is allocated to the budget of the Ministry in accordance with the annual law on budget allocations.

Article 28

Bodies responsible for the evaluation and allocation of the municipal performance grant

1. The Municipal Performance Grant Commission and the Technical Group shall be the bodies responsible for evaluating and allocating the municipal performance grant.

2. The Municipal Performance Grant Commission shall be a decision-making body and is established by a decision of the Minister of the Ministry, consisting of the following:

2.1. Secretary General of the Ministry;

2.2. a civil servant of the management level of the ministry;

2.3. a civil servant from the ministry responsible for finance;

3. In the Performance Grant Commission, representatives from other ministries, contributing organizations and civil society shall have the right to participate as observers.

4. The Technical Group shall be a body of professional level composed of public officials of the unit responsible for municipal performance or other organizational units within the Ministry, as well as representatives of contributing entities, which is established by decision of the Secretary General, whose composition is determined by sub-legal act.

5. The Appeals Commission shall be a body established by a decision of the Minister, responsible for reviewing and deciding on appeals submitted by municipalities regarding the evaluation of grant performance. The Appeals Commission shall have the following composition:

5.1. two (2) civil servants from the Ministry (one chairperson);

5.2. one (1) representative from civil society.

6. The members of the grant committee, the technical group for grant evaluation and the complaints committee for performance evaluation, may not be members of the complaints committee for grant performance.

7. Duties and responsibilities of the bodies responsible for the evaluation and distribution of the performance grant of municipalities shall be defined by a sub-legal act of the ministry.

Article 29

Performance Grant Rules

1. Grant rules shall be determined by a sub-legal act issued by the Ministry.

2. Grant rules shall include the definition of grant objectives, minimum requirements, the system of indicators that can be applied in the evaluation cycles, the formula for calculating the grant values, the deadlines, the source of the data and their quality assurance aspects, as well as other grant procedural issues.

3. The scheme of performance grant indicators as determined by rules of a grant may not be changed in a period shorter than three (3) years from their entry into force.

4. Performance grant indicators shall be based on the results of the Municipal Performance Management System.

Article 30
Access to the grant

1. All municipalities have the right to have access to the municipal performance grant according to the criteria set out in the grant rules, except in the cases set forth in paragraph 3. of Article 23 of this law.

2. Municipalities shall receive a certain amount of grant based on the formula for calculating the grant defined in Article 32 of this law.

Article 31
Grant evaluation procedure

1. The evaluation of municipalities for the performance grant shall begin after the publication of the annual municipal performance report for the previous year.

2. The Ministry shall notify the municipality of the result of the performance grant evaluation within seven (7) days after the approval of the evaluation report by the Performance Grant Commission.

3. Municipalities shall have the right to appeal against the final evaluation report for the grant, within seven (7) days from the date of receipt of the notice under paragraph 2. of this Article.

4. The performance grant appeals commission, within seven (7) working days from the day of closing the deadline for appeals, issues a decision regarding the complaint of the municipality. The decision of the Appeals Commission is final and cannot be changed.

5. Upon completion of the appeal procedures, the Ministry communicates the final results of the municipal performance grant, including the amount of this grant earned by each municipality which is allocated to the following year. The results should be published by August 1 at latest.

6. All other procedural issues of grant evaluation shall be determined by a sub-legal act.

Article 32
Calculating the amount of the performance grant

1. Ninety percent (90%) of the total amount of the Municipal Performance Grant shall be allocated based on the following formula:

1.1. based on the relative performance of each municipality, measured according to the municipal performance grant indicators;

1.2. the weight of the municipal performance grants in relation to the total grant of the allocated municipalities.

2. Ten percent (10%) of the total amount of the Municipal Performance Grant shall be distributed as an additional reward for the municipalities in the first three (3) places with the best performance.

3. The detailed criteria of the formula for calculating the grant shall be determined by a sub-legal act of the Ministry.

Article 33
Management of performance grant funds

1. The management of performance grant funds is governed by applicable legislation.
2. The management of performance grant funds by the contributors is determined by agreement between the parties.
3. The performance grant should be spent in the category of capital investments.

Article 34
Sub-legal acts

The Ministry, within six (6) months from the entry into force of this law, shall issue a sub-legal act for implementation of this law.

Article 35
Repealing provisions

With the entry into force of this law, Regulation 01/2020 on Municipal Performance Management System and Municipal Performance Grant Scheme shall be repealed.

Article 36
Transitional provisions

The initiated procedures for performance measurement and evaluation for grant before the entry into force of this law, will be established and completed in accordance with the preliminary legal rules in force.

Article 37
Entry into force

This law shall enter into force fifteen (15) days after its publication in the Official Gazette of the Republic of Kosovo.

Law No. 08/L-103
21 July 2022

Promulgated by Decree No. DL-253/2022 dated 08.08.2022 President of the Republic of Kosovo Vjosa Osmani-Sadriu