

Final Report

External Review of the Decentralisation and Municipal Support Project - DEMOS

swisspeace, May 2016

Matthias Boss, swisspeace

Krenar Loshi, Independent Consultant

Dukagjin Popovci; Kosovo Education Centre

swiss
peace

Schweizerische Friedensstiftung
Fondation suisse pour la paix
Fondazione svizzera per la pace
Swiss Peace Foundation

Table of contents

List of abbreviations	iii
1 Background and methodology	1
1.1 Background and objective of the review	1
1.2 Methodology of the review	1
1.3 Theory of Change guiding the review	2
2 Context and Stakeholder Analysis	3
2.1 Overall context related to decentralization and municipal governance	3
2.2 Major challenges related to local governance in Kosovo	4
2.2.1 General situation.....	4
2.2.2 Electoral system and political culture	4
2.2.3 Clientelism	5
2.3 Stakeholder Analysis	6
3 Assessment of DEMOS Phase I	8
3.1 Relevance	8
3.1.1 Overall relevance of the project.....	8
3.1.2 Relevance of objectives and approaches.....	9
3.1.3 Relevance of DEMOS considering the overall donor landscape.....	12
3.2 Effectiveness	12
3.2.1 Preliminary remarks.....	12
3.2.2 Main results achieved in DEMOS I.....	12
3.2.3 Results achieved at the levels of overall goal, outcomes and outputs.....	15
3.2.4 Major factors influencing the achievement of results	21
3.2.5 Major factors hampering the achievement of results.....	21
3.2.6 Mainstreaming Transversal Themes	21
3.3 Efficiency / Implementation	22
3.3.1 Management structure.....	22
3.3.2 In- and out-sourcing.....	22
3.3.3 Use of country systems	22
3.3.4 Choice of municipalities – geographical coverage	23
3.3.5 Coordination and cooperation with other SDC funded projects	23
4 Recommendations for the design of the second phase of DEMOS	24
5 Annexes	29
5.1 Stakeholder analysis	29
5.2 Selection criteria for municipalities in DEMOS Phase I	33
5.3 Terms of Reference	34
5.4 Mission schedule	40

5.5 List of interviews	43
5.6 Documents consulted	45

List of abbreviations

AAK	Alliance for the Future of Kosovo
AKM	Association of Kosovo Municipalities
AKR	New Kosovo Alliance
CC	Communities Committee
CG	Control Group
CSO	Civil Society Organization
DEMOS	Decentralization and Municipal Support Project
DSP	Democratic Society Promotion Project
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
KCSF	Kosovar Civil Society Foundation
KIPA	Kosovo Institute of Public Administration
LDK	Democratic League of Kosovo
MA	Municipal Assembly
MLGA	Ministry of Local Government Administration
MoF	Ministry of Finance
MPA	Ministry of Public Administration
NAO	National Audit Office
OECD	Organization for Economic Cooperation and Development
OSCE	Organization for Security and Cooperation in Europe
PBGS	Performance Based Grant Scheme
PFC	Policy and Finance Committee
PDK	Democratic Party of Kosovo
POE	Publicly Owned Enterprises
SAEK	Support to Anti-Corruption Efforts in Kosovo Project
SCO	Swiss Cooperation Office
SIDA	Swedish International Development Cooperation Agency
SDC	Swiss Agency for Development and Cooperation
SLS	Independent Liberal Party
ToC	Theory of Chang
ToR	Terms of Reference
UNDP	United Nations Development Program
UNMIK	United Nations Mission in Kosovo
USAID	United States Agency for International Development

1 Background and methodology

1.1 Background and objective of the review

SDC's Decentralization and Municipal Support (DEMOS) project has been implemented since July 2014. This first project phase is coming to an end in December 2017. In view of design of the next phase of the project, SDC commissioned an external review of the Project which according to the Terms of Reference (see Annex 3) is (i) "to assess and document results and shortfalls of DEMOS phase I (in terms of relevance, effectiveness, sustainability and impact) as well as (ii) to identify and recommend main elements of DEMOS phase II, adhering to the frame given by the new cooperation strategy 2017 to 2020".

1.2 Methodology of the review

The review's methodological approach corresponds to a formative evaluation with theory-based elements (i.e. theories of change). The review process started off by reviewing the existing at times implicit Theory of Change of the Project and making it explicit by visualizing it. The reconstructed Theory of Change depicts in a graphic and logic manner the Projects interventions and how these are to lead to achieving the anticipated changes and attaining the objectives of the Project. The theory of change has, thus, provided the base for testing relevant assumptions and guided subsequent interviews by the review team.

The review process consisted of the following steps:

Clarification of mandate: The mission team discussed the understanding of the mandate, expectations and methodologies to be applied with persons in charge at the SCO in Pristina and well as with SDC representatives in Bern.

Desk review of relevant documents: Documents provided by the SCO and DEMOS and other documents obtained through own literature search were analyzed. A list of consulted documents can be found in Annex 5.

Review of Theory of Change: The explicit and implicit Theory of Change of the Project was reviewed and visualized to serve as a basis for the review.

Interviews: Jointly with the Swiss Cooperation Office a list of relevant interview partners was developed. Interviews with relevant government officials, representatives of municipalities, donors, CSOs, contractors and individual were held (see Annex 4).

Interim discussion with SCO and DEMOS: The initial impressions were discussed after the first week of meetings with the SCO and DEMOS management testing the consultants' hypotheses and provisional recommendations.

Validation of initial findings with SCO and DEMOS: Towards the end of the mission another meeting was organized with the SCO and DEMOS management with the objective to discuss and validate the main findings and recommendations.

Preparation of report: This report was prepared based the mission findings and the reflection with the SCO and DEMOS.

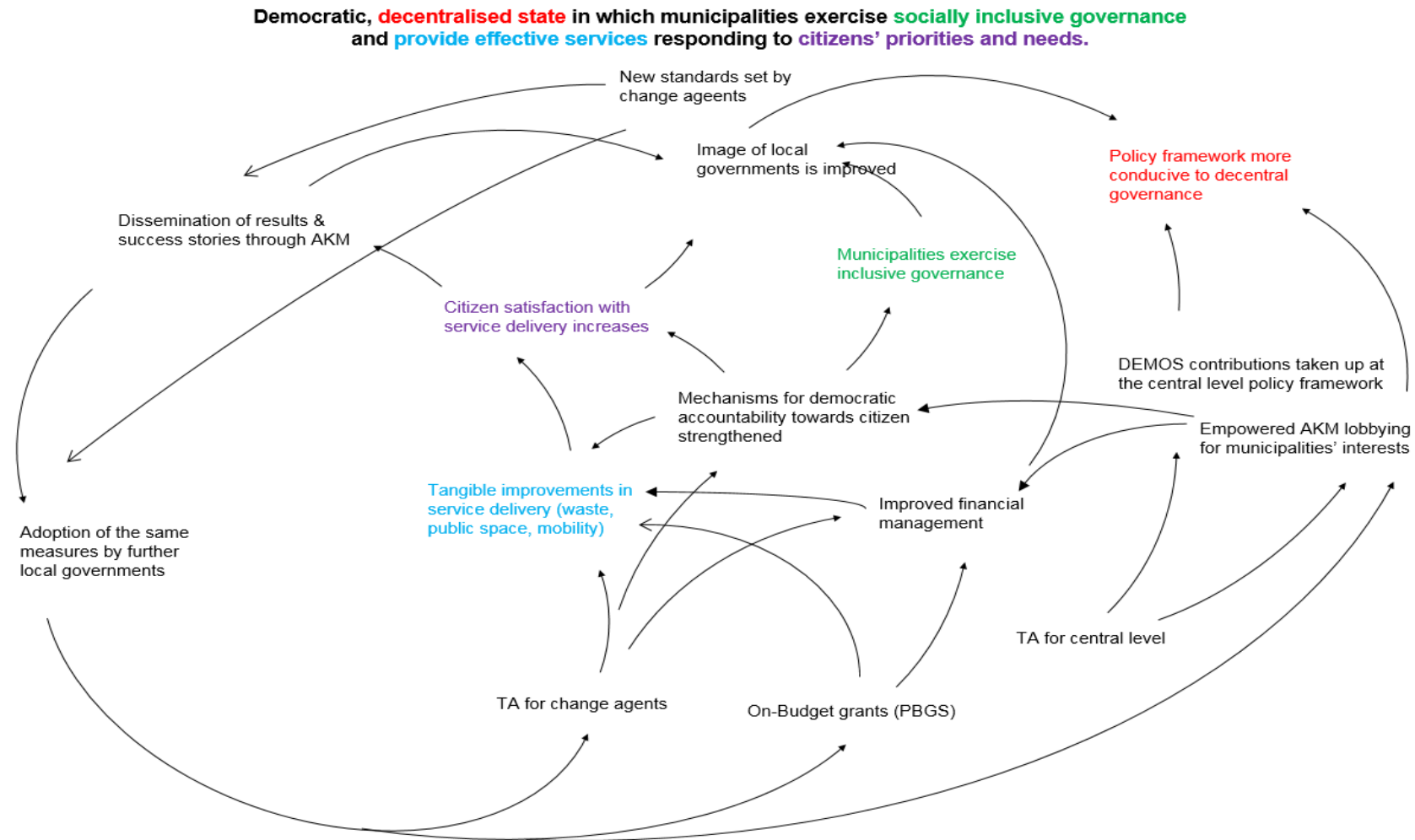
The mandate was realized by one Swiss consultant, Matthias Boss, from swisspeace and a two local experts, Krenar Loshi and Dukagjin Popovci.

Acknowledgement

The consultants thank SDC, especially the SCO and the DEMOS team in Prishtina, which organized the mission very well, including the facilitation of identifying local experts, supporting developing the mission program, arranging meetings and translators.

1.3 Theory of Change guiding the review

The external review is based on Theory of Change (ToC) underlying the DEMOS Project design and implementation. It is presented below.



2 Context and Stakeholder Analysis

2.1 Overall context related to decentralization and municipal governance

Nine years after Kosovo's declaration of independence, and despite the powerful backing of decentralization policies by the international community, there are still major issues in building a strong local governance system. In general, local administrations continue to be weak, dependent on central government financing and often confused over the changing legal framework and its impact on their responsibilities and competencies.

Local governance in Kosovo, in constitutional and legal terms enjoys a high level of autonomy. However, it is limited in terms of financial resources and human capacity, and therefore delivers inefficient and ineffective public services. Furthermore, Kosovo still continues to encounter major issues with the integration of northern municipalities in the unique system of governance. The EU progress report for 2016 recognizes the improvement in municipal compliance with the law on local self-government, however, pointing out a range of issues related to local level capacities and the issue of transparency and accountability, particularly in regard to the municipal assemblies' oversight role.

Following the setup of broad international presence in Kosovo in 1999, local government has been subject to a range of reform strategies over the years with several overlapping and others even contradicting each other. The current legislation still has incoherencies which impact the efficient delivery of services to citizens. In addition, there are significant differences between the municipalities in terms of their human and financial capacity. Some of the new¹ smaller municipalities such as Partesh, Ranillug, Kllokot and Junik are rather inexperienced in managing local issues and are challenged to provide quality services with limited resources.

On average, 80 percent of municipal budget comes from central government grants, whereas property tax is the main own source of the revenue. Municipal budgets are affected to a large extent by central government policies. A sound example is the increase of teacher salaries amidst 2014 electoral campaign which was made at the cost of municipal budgets for funding goods and services in education, creating a gap of EUR 11 million or 7% of under-funding in 2016.

Following local elections in 2013, the four Serb-majority municipalities in northern Kosovo (Mitrovica North, Leposavić, Zubin Potok, and Zvečan) began operating under Kosovo's institutional and legal framework, although there is still significant political influence from the authorities in Belgrade. In August 2015, within the framework of the EU facilitated dialogue with Serbia, the Government of Kosovo agreed to establish an association of 10 municipalities with Serb majority population. In contrast to the existing Association of Kosovo Municipalities, which is a non-governmental organization, the Association of Serb Municipalities would have certain prerogatives of a public authority, and would, inter alia, represent Serb municipalities vis-a-vis the Kosovo central government. The decision to establish the Association of Serb Municipalities is seen as controversial by the Albanian majority in Kosovo, and has already caused extreme political polarization, characterized by notable incidents during the opposition-led protest and in the Parliament, whereas the constitutionality of this initiative was questioned. Along with some other political developments, this led to the temporary suspension of the initiative.

¹ Following the local elections held in 2000, 30 municipalities became functional as basic units of local self-government. In 2005 UNMIK administration initiated the pilot project for establishment of new municipalities. Hani i Elezit, Junik dhe Mamusha, were established as pilot municipalities, which after the 2009 local elections acquired the status of municipalities with the right to exercise powers granted to other municipalities. In accordance with the Comprehensive Proposal for the Kosovo Status Settlement, four new municipalities were established, namely Graçanica, Partesh, Kllokot and Ranillug. The municipality of North Mitrovica was established by the Law on Administrative Municipal Boundaries in 2013.

2.2 [Major challenges related to local governance in Kosovo](#)

2.2.1 [General situation](#)

Despite the high level of legal autonomy, Kosovo municipalities continue to face significant functional difficulties, especially in terms of financial sustainability, (dis)balance of powers between central level government vs. mayors vs. municipal assemblies, and integration of northern Serb majority municipalities into a unified system of government.

The situation is exacerbated further by the lack of citizen activism and participation in municipal affairs, prevailing politicization, clientelism, nepotism and corruption, as well as lack of professional capacities of municipal officials, civil servants, and especially of elected municipal assembly members/councilors, who are rather considered as a voting machine than meaningful constituency representatives and oversight body. The political party leaderships have a significant role in nominating candidates for mayors' position, and candidates for mayors who usually lead the lists for municipal assemblies, which in a single district type of elections allows for greater vertical control by the party leadership of the elected mayors and councilors at a cost to accountability towards the constituents.

This situation is also negatively affecting citizen's trust on the institutions, whose perception on the prevalence of large-scale corruption at municipal level has increased to 40.2 percent, according to the latest survey by UNDP². The survey also suggests that since April 2016 there has been a general decrease in citizens' satisfaction with the performance of Kosovo's key institutions: executive, legislative, and judicial institutions, as well as the president. The average percentage of citizens who declared to be satisfied with institutions dropped to only 21%³.

Furthermore, the legal ambiguities surrounding the establishment of the Association of Serb Municipalities has brought to a standstill the integration process of four northern Serb majority municipalities, and the situation is escalating further by the related boycott of Serb parties at the national assembly, which is holding approval of major reforms and international obligations that are a precondition towards achieving the visa liberalization and further integration in the EU.

2.2.2 [Electoral system and political culture](#)

The fact that mayors in Kosovo were traditionally elected by municipal assemblies gave the legislative more weight than the executive, with the mayor being *primus inter pares*. However, a decade ago Kosovo switched from the "strong assembly" to "strong mayor" system of local governance, with mayors wielding strong executive, often charismatic, authority. Such redistribution of powers is often viewed as an advantage in relation to other electoral system, In 2013 elections it was observed that, in general, winning candidates for mayors received more votes than the political party or coalition they were affiliated with, even in those cases when they were leading electoral lists for the respective municipal assemblies. This gives them stronger legitimacy in the eyes of the citizens as compared to the municipal assembly counsellors. Out of the 17 DEMOS partner municipalities, 11 have a newly elected mayor and 3 mayors were re-elected in the first round due to their good performance.

However, the electoral system is far from being perfect. At local level, Kosovo has a proportional electoral system with municipalities as single electoral districts. In most cases, electoral lists submitted by political parties and coalitions are led by designated candidates for mayors. Each vote for a certain party or coalition list, also goes to the list leader. In addition, citizens can opt to vote for one of the members from the electoral list, a possibility which is widely used. However, due to a large number of candidates in the lists, the difference between the votes casted for the list and the votes casted for an individual candidate is huge. For example, the candidate with most votes in 2013 elections in Prishtina received only 6% of support from his party's electorate. On the other hand, due to distribution of votes and the gender quota, there were candidates elected to the Municipal Assembly in Prishtina with as little as 126 votes or 0.1% of

² UNDP Kosovo 'Public Pulse XII' (Jan 2017)

³ Ibid

the turnout. Such electoral system is detrimental to local accountability, since members of a municipal assembly are accountable to the respective political party or coalition, rather than to a well-defined constituency, and this is reflected throughout their mandate.

National party leaderships have an apparent role in nominating local candidates with the election outcome being merely a measure of the party strength at local level, and negative consequences for local accountability. This kind of political culture gives tremendous power to the people who control the creation of the party lists, whereas, in combination with the proportional electoral system, further disincentivises local councilors to respond to the needs and preferences of local populations.

However, there are some checks and balances embedded in the legislation. For certain important decisions, the mayor needs a majority in the municipal assembly which is, in most cases, translated into functioning coalitions between political parties that support the mayor. In such cases, control over municipal departments and public companies is shared among coalition partners, effectively decreasing the power of the mayor. It is interesting that political parties tend to take a rather pragmatic approach at local level, often entering into coalitions with parties opposing vigorously at central level. In few municipalities, there are cases of majority coalitions established in municipal assemblies against the mayor, with Prishtina being a sound example of that model.

Snatching a utility company

One of the major electoral promises of Shpend Ahmeti, the Mayor of Prishtina was to improve the public transport in the Capital. He managed to re-organize the public company which was in a deep crisis with unpaid salaries for 20 months and last purchase of buses made in 1980s. The new council of shareholders was appointed with two members delegated by the Municipal Assembly and one member delegated by the Mayor. The Council appointed a new Board of Directors, whereas the Executive Director appointed by the previous Board was not replaced. Following long negotiations with the European Bank for Reconstruction and Development and the Government of Kosovo, the Company managed to obtain a loan and purchase 50 new buses.

In the mean time, the balance of power in the Municipal Assembly had changed. Two ruling parties at central level, PDK and LDK formed a coalition at municipal level, and delegated two new members in the Council of Shareholders. The new majority in the Council decided to appoint the new Board of Directors, whereas the Board removed the Executive Director few days before 30 new buses were to be put in operation. The decision was disputed by the Mayor under pretension that the Shareholder Council can only function if three members attend the meeting, which effectively delegitimizes the Board of Directors. It is expected that the issue will be brought to the court.

There are arrangements at municipal level to ensure participation of citizens in the oversight and consultations. However, consultation sessions organized by municipalities are not well-attended by citizens and civil society organizations and are, often, characterized by formalism instead of substantive discussion. A number of civil society organizations have acquired skills and developed tools to monitor the local governance, thus contributing to improved transparency and accountability.

2.2.3 Clientelism

There is no doubt that politicization of local decision-making encourages policy-making based more on partisanship, clientelism, and the “exchange of favors” rather than responsible governance and accountability to the citizens. In Kosovo, the mayor has the immense power in running the municipality, including realignment of municipal employees in different departments. This kind of power is either exercised directly by a mayor or through directors of municipal departments appointed by the mayor. Control of power over utility companies is shared among the mayor and the municipal assembly, with the latter having the right to appoint a simple majority of members in shareholder councils of each utility company.

Municipalities are direct employers to nearly 44,000 citizens, whereas the unemployment rate in Kosovo continues to be very high – 27.5%. Therefore, employment is often tied to the political powers creating clientelist relationships within the municipality. This is mostly the case with Education and Primary Health sector which account for vast majority of municipal employers. Whereas school directors are appointed by the mayors, teachers are employed by municipal education directorates. Other forms of clientelist-based practices are: favors, non-transparency, informality, blocking plans that may go against the network, nepotism, collusion – covering up of bad practices, extortion (demanding that municipal workers bring in votes at election times) and so on.

Clientelistic networks build within municipalities extend to the national level often by means of using public

money. Central government has a high degree of freedom to allocate funds for capital investments to municipalities. On top of the regular grants provided by the Ministry of Finance, the line ministries continue to disperse on average annually EUR 130-150 Mio for capital investments (including investments in municipal roads, schools, primary health care facilities, etc. that fall under municipal competence) to selected municipalities largely based on political affiliations of the respective mayor rather than based on transparent criteria. Often 'opposition' municipalities do not benefit from such funds.

In general, political affiliation of mayors in Kosovo is important for ensuring support for local initiatives by the central Government.

2.3 Stakeholder Analysis

With regard to decentralization reform and strengthening of municipal governance, the project relies heavily on relationships with and between the institutions/bodies at both national and local level:

Executive/Mayor and the Administration. Mayor is the chief executive authority of the municipality, who heads the administration, appoints his deputy and directors, establishes policies, proposes acts of general nature and annual budget, and together with the administration is in full charge of budget implementation. Although mayors can make a series of decisions on their own capacity, in order to exercise their role to the full, they need good cooperation with the MAs, which leads to coalitions between political parties represented in the MA, and division of the directorates with coalition partners. E.g. Municipality of Prishtina is led by a mayor who does not control the majority in the MA, but despite this is able to propose and implement the budget to the full, with obstacles only in managing municipal public enterprises. In general, mayor has a stronger position than MA. According to the Law on local self-governance, a mayor can be removed from office only for violation of the Constitution and the applicable laws, by decision of the Constitutional Court. On the other hand, a municipal assembly may be dissolved by the Government in several cases, two of them being failure to adopt the budget within the time-limit determined by the Law or failure to convene in a meeting for more than 6 months.

Legislative/Municipal Assembly. The MA is the highest representative body at the municipal level and is lead by the Chairperson. Among other, the MA is responsible for approving the Statute of the Municipality, municipal regulations and the annual budget. The work of the MA is assisted by the two mandatory committees, MA Committees (Policy and Finance Committee - PFC and Communities

Campaigning in return for the job contract

AB is a school director in Glogoc, and was appointed by the Mayor in 2013. Following conviction and resignation of the Mayor, extraordinary elections were organized in Fall 2016. Disputes within the ruling party, PDK, arouse, when two notable local party members decided to run against the official candidate of the Party – a former Kosovo ambassador to Albania. In addition to that, another party which was established by secession from PDK, was already mounting an aggressive campaign. For the first time in the post-war period the outcome of the elections in Glogoc was highly uncertain, with all previous elections having been won convincingly by PDK.

For the first time, AB had to choose sides. He decided the official candidate of the PDK had better chances and launched his personal campaign on Facebook. In next couple of weeks, he published at least three posts each day campaigning for the preferred candidate. Most posts show AB participating in electoral meetings alongside the future Mayor who got elected in the second round, and took over the office in the beginning of 2017. We were told that AB is one of the best performing school principals in the Municipality of Glogoc and, by no means, would have abandoned his school for few weeks if his contract would not expire in January 2017, and if the extension would not be at the pleasure of the Mayor. However, he was right in predicting the election outcome and got a new 4-year term.

Committee - CC). The PFC is de-facto a pre-assembly meeting to approve MA agenda and debate and pre-approve municipal acts and budget. MAs can also establish non-mandatory committees, as some have done with the establishment of the Committee for Public Services, which the project has worked with in terms of strengthening of cooperation with MA regarding discussion and approval of waste, public spaces and mobility plans.

Publicly Owned Enterprise. At the municipal level, the right of shareholder of the POE is exercised by Municipal Shareholder Committee, which consists of: a) a member appointed by the mayor; and b) two other members appointed by the Municipal Assembly. The Committee selects the board of directors of local POEs and reports to the Municipal Assembly annually on the performance of local POEs. Municipal POEs are in charge of providing public services on waste collection, sewage, traffic, heating, parking, public space, roads maintenance, etc. While municipalities are held accountable for delivery of such services, they have significant problems providing them, because the competences of a municipality are limited in the management of public enterprises that perform these services, as they are independent from the municipality. In 63% of cases municipalities have set up all the POE management bodies which are functioning, however in close to 20% of cases, municipalities have set up Municipal Shareholder Committees, but they are not functioning. Boards of Directors are not functioning either. In addition, in close to 20% of cases, municipalities have not established any Municipal Shareholders Commission, the Board of Directors has not been established and public enterprises have no working regulations in place⁴. The POE board can appoint and discharge POE chief executive officers independently of mayor, which can restrain mayor's control in municipalities where the mayor is from minority party (e.g. municipality of Prishtina). Most of these enterprises are overstaffed and political influence is one of the main factors that caused the growth of staff⁵.

Association of Kosovo Municipalities. AKM's role is to defend and promote the rights and interest of municipalities vis-à-vis central government and is highly appreciated by the municipalities. AKM is largely self-sufficient and operates based on the municipal membership fees. Also, AKM receives direct budget support from SDC, and often acts as an implementing partner in various donor projects. AKM has a strong network of collegia (of mayors, chairpersons, directors/per field), through which it scrutinizes related draft policies/laws and establishes its lobbying position vis-à-vis central government, a role which is largely re-active. Through the collegia, AKM also conducts series of capacity building activities, including for MA members, which are again more of re-active and ad-hoc nature. AKM needs to strengthen its capacity building role by providing structured trainings in line with its 2016-20 strategy.

Ministry of Local Government Administration. MLGA is the main supervising central authority for the local governance. According to the Kosovo Constitution and laws, municipalities are independent in exercising their own and enhanced competencies, provided they ensure compliance with the Kosovo legislation. Administrative review (conducted by central level authorities – supervisory authority) of acts issued by municipalities to regulate own and enhanced competencies is restricted to review of legality, whereas municipal acts issued to regulate delegated competencies are reviewed in terms of legality and expediency. While in the event of municipal acts issued in the sphere of own and enhanced competencies the intervention by the supervisory authority is limited to requesting the review of the municipal acts considered legally non-compliant, in the case of municipal acts issued to regulate the discharge of delegated competencies, the supervisory authority conducting review of expediency may also resort to modifying or repealing municipal acts, if they are found not to adhere to expediency standards set by the delegating authority. Besides legality review, the MLGA is also mandated (although a contested role by AKM) to ensure proper performance by municipalities, which is exercised through an annual review set indicators under the Performance Management System of MLGA. Based on this system, in 2016 MLGA has also started to disperse part of its investment funds to municipalities (1 out of 3 Mio Euros) through a performance based scheme, similar to PBGS. This is seen as a best practice with potential to be absorbed by other line ministries as well, which jointly control about 130-150 Mio Euro annually in investment funds.

Ministry of Finance and Grants Commission. The MoF chairs the grants Commission and does overall management of public funds, including planning and allocation of financial resources for municipalities

⁴ MLGA (2013). Organization and functioning of local self-government in Kosova

⁵ GAP Institute (2015). Management of Publicly Owned Enterprises.

and setting of minimum ceiling levels for own source revenues. The latter is largely contested by municipalities as set too high.. The MoF can reject municipal budgets and accounts.

National Audit Office. NAO's role is to inspect public/budgetary organizations' expenditures and produce annual reports highlighting deficiencies in public expenditure, which need to be addressed by the budgetary organizations, including municipalities. These recommendations are increasingly being seen as the main tool for improving financial management at the local level, as well as governance aspects overall. NAO's tendency is to expand its audit in the field of performance as well.

Ministry of Public Administration. The MPA is in charge of civil service administration overall and oversees civil service reform and selection/ dismissal of civil servants overall. The MPA can reject mayor's decisions to dismiss/ realign civil servants at local level, including position and salary allocations.

Independent Oversight Board. It reports directly to the Assembly of Kosovo and is the last level that reviews the appeals of Civil Servants, until the level of department heads, in administrative procedure, according to the Civil Service Law.

Kosovo Institute for Public Administration. KIPA is an MPA agency and is responsible for training and certification of civil servants at all levels. KIPA is less active at the municipal level, dealing primarily with new entrants in civil service, but can impact AKM's training and certification of directors at the local level.

Civil Society Organizations. CSOs have prevailed in large numbers, with around 8,500 established, although only 1,500 of them are active. Of those active, only 5 percent have over 500,000 Euro annual budgets and 15 percent over 100,000 Euro. The rest have an annual budget of less than 10,000 Euro. CSOs continue to be donor dependent at 99 percent rate and have in general no paying members. They are largely active in areas of transparency and accountability, rule of law, democratization, European integrations and gender equality. Although there is a high degree of trust in civil society (59%), their influence is seen as limited (65% of respondents)⁶. Cooperation with CSOs at the local level is largely dependent on the will/initiative of the mayor. Recent initiatives include involvement of CSOs in overseeing recruitment of school directors and subsidy distribution processes, such as the case with Prishtina municipality, but this practice has yet to be picked up by other municipalities.

Citizens. Citizens participation in municipal affairs remains low, and when practiced it's largely perceived as donor or politically driven. Neighborhood and Village Council are the main representative voices of the resident concerns in their respective dwellings. Similar to CSOs, cooperation is largely dependent on the will/initiative of the mayor.

3 Assessment of DEMOS Phase I

3.1 Relevance

3.1.1 Overall relevance of the project

The relevance of DEMOS Phase I is uncontested and is in line with the government's strategy on local self-government 2016-2026. With its aim to contribute to the vision that "Kosovo is a democratic, decentralized state in which municipalities exercise inclusive governance and provide effective services responding to citizens' priorities and needs", the Project supports statebuilding in Kosovo. This is seen as most crucial in this young, unconsolidated and contested state, which has been emerging out of a long history of struggle, war, international administration and is endowed not only with its particular history but also with institutions imposed by the international community. Statebuilding, as understood by the OECD is primarily an endogenous process that emphasis building the relationship between state and society.

The project's focus on improving (i) the state's legitimacy and accountability as well as strengthening (ii) the capacity of the (local) state administration to fulfil its core function is in line with the current discourse on statebuilding and promises to contribute to strengthening the social contract between citizens and the

⁶ KCSF "Civil Society Index" (2016)

state. The DEMOS project has put in its design and implementation an emphasis on improving municipal service delivery in areas that are highly visible (waste, public spaces and mobility) as a means to strengthen the social contract and improve state legitimacy. This approach is seen as relevant since tangible improved public service delivery has a high potential to improve the image of the (local) state as it can portray itself as fulfilling its core functions. This theory of change, though, is based on a mechanistic reasoning and implies a very rational citizen who bases his/her judgment of the local state's performance largely on the improvement of public services.

Research suggests that improved service delivery alone is not sufficient to build or maintain a strong social contract. In the case of Kosovo as elsewhere, state legitimacy is also based on the (local) state's ability to build trust by being more transparent and accountable to citizens, by addressing dissatisfaction stemming from the prevailing clientelist system and complex power relationships, and, finally, by promoting economic growth. The Project activities have to a lesser extent been designed and implemented in a way that provides equal attention to these aspects that contribute to state legitimacy. Although all planned results have factored in elements of good governance there are different aspects, which make this apparent. (i) The Project's hierarchy of objectives, on the level of municipalities, mainly focuses on municipal performance improvement (in finance and service delivery) and has only one out of six outputs which deals directly with issues of improving transparency and accountability in the democratic processes involving citizens, the municipal assembly and the mayor (output 2.3). (ii) The allocated budget⁷ for such activities is much lower (18% of total budget) than the budget related to improving municipal service delivery (46% of total budget)⁸. (iii) The personnel resources in the DEMOS project office dealing with issues related to local democracy, transparency, accountability and good governance issues at large are more limited (only 2 out of 13 persons work directly on these topics, similar to financial management (2), but less than in services (3)).

DEMOS has neither in its design nor implementation addressed some of the core impeding factors for Kosovo to become a more democratic and decentralized state in which municipalities exercise inclusive governance and provide effective services responding to citizens' priorities and needs.

One of these factors is the clientelist governance form, which is suggested to be the dominant framework of action in Kosovo⁹. Under the clientelist system, politicians rarely act in the public interest but instead act as patrons serving their clients. "This means that rather than through the formal rules and procedures, administration is channeled through personal relationships"¹⁰.

A second closely related factor is the prevailing system where a large share of intergovernmental transfers are based on the discretionary power of the respective ministry and not based on any transparent criteria or formula system. This allows the clientelist system to thrive and discourages municipal governments to become more accountable to their citizens by investing into the virtuous circle of raising own (tax) revenues and spending them on public services that are of priority for citizens.

A third factor is the lack of progress of re-connecting the four Serb majority municipalities north of the river Ibar to Prishtina which means that Kosovo's territory remains disputed and progress towards a more democratic, decentralized state is impeded.

[3.1.2 Relevance of objectives and approaches](#)

Outcome I: Public services in waste, public space and mobility respond better to citizens' priorities and needs

The choice of these three public service domains is relevant. Improvements in these public services, which are in the sole responsibility of municipalities, are for citizens most (immediately) visible and correspond in the majority of municipalities to citizens' priorities. Positive changes in these domains, which are based on citizens' priorities and needs, continue to have the potential to contribute to higher

⁷ DEMOS ProDoc Table 3: Summary of DEMOS budget

⁸ It is though also in the nature of the activities that service delivery improvement is more cost intensive than improving processes.

⁹ Jackson, David (2014). The futility of internationally-led statebuilding? Evidence from Kosovo's municipalities.

¹⁰ Jackson, David (2015). What is clientelism?

trust of citizens in the local state (municipalities) and thus to a stronger social contract and ultimately to a more democratic, decentralized state.

The three public service domains, though, have not the same relevance in all municipalities. In rural municipalities, the domain “public space” is less of a priority for citizens. Furthermore, the uniform performance criteria of the Project’s Performance Based Grant Scheme (PBGS) provide incentives that may lead municipalities to make investments, which do not correspond to citizens’ priorities¹¹.

The three public services domains are relevant when it comes to gender and social equity issues, since these domains are often of concern for women, elderly and children especially, and have the potential to contribute to social cohesion. This is particularly true for the public service domain related to mobility..

Outcome II: Municipalities foster democratic processes and apply sound public policy and finance management processes

The Project’s focus on improving democratic processes by “[fostering] democratic checks and balances between mayor, municipal assembly and citizenry”¹² is a crucial aspect of improving democratic governance and achieving higher legitimacy of the state in the eyes of the citizens and hence highly relevant. Since this aspect is only treated as one out of 9 programmatic outputs it appears at first sight that this highly relevant aspect is not given due attention. However, at second sight it becomes apparent that issues related to improving good governance¹³ are also a part of all the other outcomes of the Project. Nevertheless, the DEMOS phase I implementation does lack a strong focus on principles like transparency and accountability, participation, equality and non-discrimination, which would help the (local) state to build trust and strengthen the social contract as a core ingredient of a stable, legitimate democratic state.

Public Finance Management is a crucial aspect of municipal governance. The potential exists that many of the good governance principles can be addressed by working on this issue. The Project’s choice of supporting municipalities to address the auditor general’s recommendations seems to be a highly relevant one. Like this, the Project supports municipalities on-system in addressing issues which need obvious improvement and which can potentially contribute to improving the democratic checks and balances.

Addressing property taxes as the major source of own-revenue of municipalities is seen as highly relevant, despite of the limitation posed by the discretionary transfers of central government ministries, which undermines the Project’s theory of change. The theory of change says that a result of better services, which correspond to people’s priorities is that citizens are more willing to pay their taxes. In turn the higher revenues enable the municipalities to provide better services. This ToC implies a very rational citizen weighting cost and benefits of paying taxes, which does not fully apply in the context of the Projects’ partner municipalities.

With the aim of incentivizing performance, the Project has introduced a Performance Based Grant Scheme. Such schemes are less known in more developed countries since “[...] these countries have other means of controlling/influencing [local governments], such as [the] legal framework, control, supervision, etc.”¹⁴ Nevertheless, the financial incentives linked with a competition element and the potential to be publicly endorsed by Switzerland and awarded a prize as a well performing municipality do seem to be highly relevant to incentivize performance of municipalities in the context of Kosovo. The relevance of the currently applied minimum conditions and performance indicators, however, are highly questionable. The external review of the PBGS states that a major weakness of the system is “the choice and definition of the [...] indicators, which are based on an unclear objective for the grant and the

¹¹ Examples are the performance indicators chosen related to public space which are (i) Area of parks/squares per capita in square meters and; (ii) % of km of roads with public lighting – out of total. And those related to mobility which are (i) % of kilometers of sidewalks regulated and; (ii) % of local asphalted roads in the municipality.

¹² This is the wording of output 2.3 of the DEMOS I logical framework

¹³ SDC’s guiding normative principles in regard to improving the quality of governance processes are: effectiveness and efficiency, transparency and accountability, participation, equality and non-discrimination, and the rule of law.

¹⁴ van’t Land, Gerhard & Steffensen, Jesper (2017). DEMOS, Performance-based Grant Scheme for Municipalities, External review, p. 20)..

absence of a thorough analysis of the major municipal capacity weaknesses to be targeted”.¹⁵ Some of the chosen indicators provide wrong incentives (e.g. “% of km of roads with public lighting – out of the total” may give rural municipalities the incentives to provide street lighting, where this is not necessary). While indicators, which would incentivize performance in non-public finance and service areas (i.e. related to transparency and accountability), are virtually absent.

Outcome III: DEMOS support at the central level contributes to a policy framework which is more conducive for decentralized governance

Kosovo as a very young state, is still in a dynamic phase of defining and redefining the distribution of functions and their financing between the central and municipal levels of government and more generally in establishing a conducive legal framework. It is, therefore, highly relevant that the Project supports the central government in shaping the policy framework in a manner that it is more conducive to decentralized governance.

It has to be understood that improving state functioning and defining the most adequate central government – local government relationships is an iterative process and is based on negotiations between different interest groups. What may be seen as best for the overall functioning of the state may not always match the interest of local governments. Hence it is highly relevant that the project on the one hand supports central government actors to improve the regulatory framework – at times in conflict with interest of municipalities, but also supports the Association of Municipalities to defend their interests.

By having inserted the obligation to observe and implement the European Charter of Local Self-Government into the Constitution, the Government of Kosovo has committed itself to guaranteeing the political, administrative and financial independence of local authorities. Some political scientists argue that in a decentralized state the central government should primarily develop intergovernmental structures, systems and procedures, while the incentives for improved local government behavior should primarily be provided through local elections and other downward accountability measures. It is not clear what the position of SDC or the DEMOS Project is in this regard. Should the mentioned understanding be guiding the Project, then the support to the Ministry of Local Self-Government Administration (MLGA) to maintain and further develop its municipal performance management system would not be seen as relevant. It would even be counterproductive, since MLGA in this understanding should limit its role towards municipalities to ensure their legality.

Since no apparent capacity development system for municipalities is in place in Kosovo, it is highly relevant that the Project conducted a respective feasibility study. The major challenge in regard to low capacities and performance of municipalities is, though, not such much seen as a result of the absence of such capacity development system but rather the fact that both political positions and civil servants at municipal level are in those positions due to their relationship to their political patrons and not because of merit.

Outcome IV: The Association of Kosovo Municipalities is stronger as an organization and more effective in serving the needs of its constituency and advocating on their behalf at the central level

AKM is the legitimate actor to represent the local state’s interests in the continuous process of defining and redefining central-local state relationships and by this shaping the framework for decentralized government. The association plays an important role in this since it is seen as the only strong domestic actor advocating for strengthening local governance in Kosovo. It is therefore highly relevant to support AKM to function better, to provide services and foremost of all to represent and protect municipalities interest through lobbying and advocacy.

¹⁵ van’t Land, Gerhard & Steffensen, Jesper (2017). DEMOS, Performance-based Grant Scheme for Municipalities, External review, p. v).

Relevance of DEMOS approach

The applied approaches of the Project to improve municipal governance and service delivery are appropriate and highly relevant. With the PBGS the Project has the potential to incentivize performance of municipalities in relevant governance fields and allow municipalities to improve service delivery further. Linking the grants with on-demand technical assistance to municipalities is also seen as highly relevant. This is due to the fact that capacities at municipal level are weak. The DEMOS approach of providing technical assistance through on-the-job mentoring and support is relevant in this context, because the potential to increase capacities through such an approach is much higher than by simply providing trainings. Providing on-demand technical assistance to central government ministries and bodies is also relevant in a very dynamic context where intergovernmental structures, systems and procedures are still being defined and re-defined.

The Project is highly regarded by Kosovo actors and other donors for taking an on-system approach, which promises to strengthen the Kosovo central state / local state system and improve the sustainability of DEMOS results.

3.1.3 Relevance of DEMOS considering the overall donor landscape

The DEMOS approach and support areas are generally seen as being complementary to support provided by other donors. DEMOS has been playing a leading role in providing on-budget performance based grants to municipalities and being committed to working on-system. Its approach of working on improving good governance by focusing on concrete municipal service areas is appreciated by other donors. The institutional support provided to AKM is unique. Given the small size of Kosovo, the decentralization and local governance field is still crowded. Particularly USAID plays an important role in this field with its Transparent, Effective and Accountable Municipalities (TEAM) and forthcoming Inclusive Municipal Governance (IMG) projects, which have striking similarities to DEMOS. The intense collaboration and close personal contact with partner municipalities, has allowed the Project not to duplicate efforts of other donors but to make complementary support offers.

3.2 Effectiveness

3.2.1 Preliminary remarks

Governance projects are designed to ultimately achieve changes in the governance system of a country. No ground breaking change can be expected from a governance project that lasts for four years. Within such a short time period only incremental - and at times not even visible but still important – steps towards improved democratic governance and public service delivery can realistically be made. While assessing the results DEMOS, this has to be taken into account.

3.2.2 Main results achieved in DEMOS I

The Project is generally well designed to achieve results that “support Kosovo’s transition process towards a democratic, decentralized state in which municipalities exercise socially inclusive governance and provide effective services responding to citizens’ priorities and needs”¹⁶.

Six main overall results of the first project phase are highlighted here:

¹⁶ Overall goal statement of DEMOS I

Increased legislative oversight over the executive

In this phase, the Project has built capacities of the municipal assemblies of the partner municipalities in general and those of the Policy and Finance Committees and the ad-hoc Public Service Committees in particular. This has not only happened through trainings but, more importantly through simulation exercises and on-the-job coaching. The support has enabled municipal assemblies to develop sound municipal assembly plans and related budgets. Furthermore, the two committees were supported to develop their separate plans and budgets and become more competent to fulfil their mandates. The support provided to assembly members on how to read financial statements, internal audit reports, on public procurement and budget planning as well as by including them in the process of developing and

The Director Finance of Gjakova municipality stated that since DEMOS started to build the capacities of the municipal assembly members he has to be much better prepared while presenting the municipal budget or annual accounts. While assembly members in the past rubber-stamped the budget, the annual accounts and hardly took notice of the auditor general's recommendations, they nowadays ask very critical and pertinent questions. These questions usually make him sweat and have led to a change in the executive's view on the municipal assembly and the role it plays as its oversight body and representing the interests of their constituency.

monitoring implementation of municipal mobility, waste management and open space plans has built their capacities considerably. As a consequence municipal assemblies in DEMOS partner municipalities hold the executive more to account.

Increased space for municipal assembly and citizens in getting involvement / scrutiny

The Project has helped municipalities to establish village councils in line with provisions of the Law on Local Self Governance and has also produced a regulation on their functioning, which had led to improved communication between the municipal administration and the citizens on issues of the municipal budget (consultations) and channeling public requests. Furthermore, by introducing ad-hoc municipal committees on public services, with involvement of the administration, assembly members and citizens, the Project has contributed to provide a greater role of the municipal assembly and citizens to oversee and scrutinize implementation of waste management, mobility and public space maintenance plans. Furthermore the Project support to improving communication with citizens in the form of communication strategies and public campaigns, has contributed to improving the link between citizens and the administration, thus improving public perception of the administration and the mayor.

Change of work culture

With its focus on improving municipal service delivery in three public service domains, DEMOS has contributed to a change in the municipal administration's work culture. This was not so much due to the dozens of trainings DEMOS provided on topics related to waste management, public space and mobility but to the on-the-job technical support provided by the Project. The technical support enabled municipalities and their related working groups to develop service improvement plans in the areas of public open spaces, mobility and waste management. The process of elaborating these plans including the consultation process with the municipal assembly and citizens and finally the adoption of those plans by the assembly have contributed to change a work culture where the administration basis its work on long term plans that are consulted with citizens and approved by the municipal assembly, rather than on ad-hoc decisions, which tend to be influenced by vested interests.

Change in work culture can also be observed by the manner grants and subsidies provided by municipalities for agriculture, culture, sports, etc. are regulated and managed. DEMOS supported municipalities (executive and legislative) in developing municipal regulations concerning the provision of subsidies. These regulations, which were discussed and adopted by the municipal assemblies, have led municipalities to provide subsidies on the basis of clear guidelines. Furthermore, changes can also be observed in regard to how procurement processes are handled. It is becoming standard in partner municipalities that procurement processes are based on comprehensive procurement TOR and monitoring methodologies, leading to improved quality of capital investment and service delivery.

Instilling a sense of performance

With its Performance Based Grant Scheme, DEMOS has contributed to instilling a sense of performance within the municipalities. Both the municipal administration and assembly are aware of the minimum conditions and performance criteria set by the PBGS. The financial incentives of this scheme linked with competition elements and the award scheme for the best performing municipalities have all contributed to municipalities becoming more performance oriented. What has also helped in this regard is that the Project strictly applied the criteria for awarding the grants leading to some municipalities missing the grant for one year but instilling clear motivation to meet the criteria in the future.

AKM strengthened in its core mandate

The Swiss core contribution has allowed AKM to further develop into a credible and effective organization representing the interests of its members. The interviewed actors confirmed the finding of the AKM mid-term review conducted in 2016 that AKM's performance has clearly improved and that AKM is politically recognized amongst all stakeholders. It seems to have considerable influence in lawmaking processes at Central State level. It has increased its influence by having formally been made part of parliamentary committee's consultants and by AKM representatives being regular members of inter-ministerial working groups for drafting relevant laws, as preparatory steps for the final laws to be submitted to parliament. Examples of success are that (i) the Ministry of Finance has formally committed not to draft any document that affects municipal finances without AKM's involvement; (ii) the commitment of the Ministry of Education to decentralize budgets for building schools to municipalities; (iii) it prevented the abolition of the right of municipalities to use their own-source revenues for capital investments; (iv) it prevented a cut of € 5.8m from the health budgets of municipalities; (v) it prevented the removal of certain municipal positions and changes to salary grades as initially proposed by the MPA in the newly introduced Job Catalogue of Civil Servants in Kosovo; (vi) it managed to incorporate municipalities' request in the new Law on Kosovo Privatization Agency, to return the ownership of the municipal immovable property to the municipality and to cancel the liquidation process in cases when property belongs to the municipality, upon a decision taken by the Municipal Assembly¹⁷.

It is thus fair to say that SDCs support was not only highly relevant, but also very effective.

Changes in the regulatory environment

The Project has contributed to the central and local government entities drafting and adopting various policies, laws, regulations and recommendations and regulations, namely:

- The analysis and drafting of the concept note for the draft law on capital city of Prishtina
- MLGA/Performance Management Systems options paper
- A report with recommendations for the market inspectorate
- Inter-Municipal Cooperation /Cross-Border Cooperation guidelines
- MLGA and Municipal Stability Association Agreement Action plans
- Description of duties and responsibilities of municipal gender officers at central and local level
- Clarifications on tendering waste collection services
- Development of documentation for establishment of a waste company in Hani i Elezit
- Regulation on subsidies
- National Audit Office/Regulation on IT security

In this way, the Project has contributed to a more conducive regulatory environment at the central and municipal government levels.

¹⁷ For more details see „Mid-Term Review of SDC Core Contribution to Association of Kosovo Municipalities. First part of Phase II, January 2014 to December 2015“ and AKM's "2016 Progress Report Executive Summary"

3.2.3 Results achieved at the levels of overall goal, outcomes and outputs

Progress made at the level of the overall goal

The overall goal of the project is to support Kosovo in its transition process towards a democratic, decentralized state in which municipalities exercise socially inclusive governance and provide effective services responding to citizens' priorities and needs. Progress made in regard to this goal is measured by three indicators. The first two indicators rely on data of citizens' satisfaction with municipal governance.

While data for 2016 is not yet available, 2015 data show that citizens satisfaction with local governments in partner municipalities decreased by 1.1 percentage points compared to the baseline. A negative development could also be observed in regard to citizens' perception of municipal responsiveness to their concerns. The decrease in citizens' satisfaction was lower in partner municipalities compared to the control group. It is though inconclusive whether this can be taken as an indication of the Project's contribution because of at least three reasons: (i) within two years of project implementation no major changes leading to significant improvement in municipal governance can be expected; (ii) interventions of a municipal governance project like DEMOS, which raise the awareness of citizens on local governance can lead to citizens assessing the performance of the local government more critically; (iii) it is generally not clear whether changes in the level of citizens satisfaction are always influenced by government-related factors. Research suggests that satisfaction judgment is a process in which citizens compare performance with their prior expectations and not necessarily with prior levels of governance and public service delivery. Changes of citizens' satisfaction may also be linked to public relations campaigns, positive/negative media reports and personal priorities.

The third progress indicator assumes that the level of property tax collection is an indication for improved local governance. Data show that progress has been made, although achievements are far below the set targets. This indicator assumes that citizens are very rational in weighing cost and benefits of paying taxes. The context analysis showed that there are not only impeding factors (such as the debt amnesty introduced by the Government of Kosovo in 2015 for individual and business debtors from 1999 until 2008, which had a negative effect on regular payers who felt 'betrayed' by the system and are discouraged from paying taxes and bills) for citizens to evade tax payment, but also low incentives to increase property tax collection for municipalities whose mayors are well-connected to parties in power at the central government level and can get additional funds to implement projects that would otherwise be hard to implement with such low levels of collection of property taxes.

No	Objectives and indicators	Baseline	2015		2016		2017
			Target	Achieved	Target	Achieved	Target
Overall goal: DEMOS supports Kosovo in its transition process towards a democratic, decentralized state in which municipalities exercise socially inclusive governance and provide effective services responding to citizens' priorities and needs.							
1	Satisfaction of citizens with local governments	Partner: 18.6%	21%	17.5%	24%	-	26%
		CG: 28.7%	-	20.5%	-	-	-
2	Citizen perception on the extent to which their considerations are taken into account by municipal officials	Partner: 56.0%	59%	54.7%	62%	-	64%
		CG: 53.3%	-	50.5%	-	-	-
3	Collection of annually invoiced property tax	Partner: 42.0%	54%	47.0%	60%	48.7%	60%
		CG: 47.0%	-	51.4%	-	44.6%	-

Progress made at the level of outcomes and outputs

Outcome 1: Public services in waste, public space and mobility in the supported municipalities respond better to citizens' priorities and needs

The project monitoring data only insufficiently shows progress made in regard to this outcome. The interviewed actors highlighted how much the municipal administration and the assembly benefited from the tailor-made on the job technical assistance provided by the Project. This has enabled them for the first time to elaborate quality waste management, mobility and public space maintenance plans. The technical assistance also helped municipalities in establishing a process of consulting such plans with citizens and the municipal assembly and have them adopted by the assembly. Through the technical assistance municipalities improved their procurement procedures, making them more transparent (i.e. through the introduction of e-procurement) and have institutionalizes committees on public services, which also involves citizens. The effect of the technical assistance seems to have been enhanced by the performance incentives built in the Project grant scheme. Combined with the grants received, the technical assistance has not only enabled municipalities to improve service delivery but also to change democratic processes that tend to make the municipal administration to be more transparent and be more accountable to the municipal assembly and the citizens.

The mayor of Lipjan municipality stated that despite the DEMOS grants being of great use and benefit, the technical assistance offered is much more relevant and needed as it provides the municipality with an opportunity to develop comprehensive plans that will ensure long-term sustainability in public service provision. It helps in developing capacities and methods that can be replicated in other areas independently of donor assistance.

Good practices developed in the course of supporting Project partner municipalities started to get disseminated and mainstreamed in other municipalities through the AMK collegia. The most important ones are the following:

- Municipal model regulation on subsidies;
- Model job description for municipal gender equality officers;
- Guide on Inter-Municipal Cooperation and exchange on how to identify and implement such projects;
- Good practices exchange related to public space management, mobility, waste management (operator model, waste tariff setting, etc.).

At the **level of outputs** related to outcome 1 results are assessed as being positive. While progress was in some areas understandably slow (adopted plans, regulated services) up to 2015, the targets since for the different indicators have often not only achieved but surpassed, which can be seen as an indication of how well the Project has been operating.

No	Objectives and indicators	Baseline	2015		2016		2017
			Target	Achieved	Target	Achieved	Target
Outcome 1: Public services in waste, public spaces and mobility in the supported municipalities respond better to citizens' priorities and needs							
1.1	Satisfaction of citizens with 3 services	Partner - 48.3%	51%	64%	54%	-	58%
		CG - 48.1%	-	55%	-	-	-
1.2	Number of practices mainstreamed through the AKM	0 (2013)	6	6	6	8	6
Output 1.1: The quality and quantity of Public Spaces in supported municipalities is improved							
1.1.1	Number of drafted and adopted municipal plans on public spaces	0	5	4	7	10	8
1.1.2	Number of trainings provided to partner municipalities for public spaces	0	10	22	10	28	10
1.1.3	Number of public spaces regulated	0	13	10	15	42	15
Output 1.2: The quality and quantity of Mobility Services in supported municipalities is improved							
1.2.1	Number of drafted and adopted municipal plans on mobility	0	6	1	9	14	0
1.2.2	Number of trainings provided to partner municipalities for mobility	0	15	16	15	27	10
1.2.3	Number of mobility services regulated	0	12	8	10	43	10
Output 1.3: The quality and quantity of Waste Management in supported municipalities is improved							
1.3.1	Number of drafted and adopted municipal plans on waste management	0	2	1	2	5	3
1.3.2	Number of trainings provided to partner municipalities for waste	0	15	21	15	27	15
1.3.3	Number of waste management services regulated	0	1	0	4	14	5

Outcome 2: Supported municipalities foster democratic processes and apply sound public policy and finance management processes

The indicators related to measuring improvements in the areas of democratic processes, public policy and finance management are not fully adequate to assess to what extent progress has been made in achieving this outcome. The interviewed actors, however, convincingly explained that progress has been made.

In regard to **financial management** the provided on-demand technical assistance and the incentives set by the PBGS have encouraged and allowed municipalities to address audit recommendations and improve municipal finance management in particular in the area of (i) municipal property registration and valuation, laying the foundation for increasing own revenues and accessing financial markets, and (ii) registration and valuation of private property leading to (slightly) higher property tax collection, which in turn allows municipalities to spend more money on service delivery. Property tax collection has, though, remained disappointingly low. The main reason for this is seen in the disincentives built in the intergovernmental financial transfer system, which makes it easier for municipalities (with ruling party mayors) to access additional discretionary grants from the central government instead of having to tax their own residents.

Concerning **democratic checks and balances**, the Project has been working on this in all four outcomes, although this is not made explicit in the Project Document and does not become apparent from the hierarchy of objectives. The technical assistance has helped municipalities to establish village councils (incl. municipal regulations concerning village council functioning) which according to the interviewed actors has established a valuable space for citizens and a channel of communication between the municipal administration and the citizens. Furthermore, linkages to citizens have been improved by enabling municipal administrations to improve further communication channels, like making their websites responsive and having regular public campaigns (i.e. on property taxes). Crucially, changes are observed in how the municipal assemblies perform their roles in overseeing the municipal

administration and adopting plans and regulations. Interviewed actors provided less information that would indicate that the municipal assemblies have also improved their role as representatives of their constituency. This may be the case because of the existing electoral system, which is detrimental to fostering accountability of municipal assembly members towards a well-defined constituency but rather fosters accountability towards the respective political party or coalition.

In regard to improving “**public policy**” at municipal level, the Project has contributed to improving the regulatory framework in the partner municipalities and beyond. Interviewed actors mentioned as an important contribution of DEMOS the technical assistance provided to develop the different quality municipal public service plans (waste management, mobility, open space), the municipal regulations on Village Councils, subsidies, the municipal asset registration handbook, road safety, school security, energy efficiency, etc. This improved regulatory framework will guide practices in municipalities in the long term and contribute to the sustainability of changes in municipal governance.

The **Performance Based Grant Scheme (PBGS)** has according to persons interviewed from small and large, resource rich and poor as well as position and opposition had a positive effect on incentivizing municipal performance in selected areas. The minimum conditions and the performance criteria have encouraged municipalities to improve in the respective areas. This is despite the obvious flows of the PBGS and wrong incentives the current scheme provides as mentioned in chapter 3.1.2.

The grant scheme has also served as an entry point to work with municipalities in crucial public finance management issues. Interviewed actors acknowledged that linked to the grants DEMOS also offered technical assistance on improving procurement procedures and monitoring project implementation, which has resulted in improvements. Although the grants are provided

The mayor of Lipjan stated that the DEMOS grant is rather small for the municipality and addresses only short-term needs. It is thus not the main incentive to perform. The main incentive was the scrutiny of internal needs and the technical assistance that comes with the DEMOS grant, which allows the municipality to address longer-term improvement needs. Thus, for some municipalities, who are generally less inclined to improve their performance, the size of the grant is too small and not worth the hassle to obtain. Furthermore, some municipalities are reluctant to open up their internal matters to external assistance and scrutinize and improve internal affairs. Because of that they did also not make an effort to obtain the DEMOS performance based grants.

as part of the municipal budget, these grants have so far not seemed to have had the effect that accountability mechanisms of the municipal administration to the assembly and/or the citizens has significantly changed. The reason for this is that the grant is shown in the budget on the income side as a donation but there is no direct link of this donation to a specific project on the expenditure side of the budget. Hence, the mayor can decide in the end on his own for which of the many unfunded projects/expenditure items in the assembly approved budget he wants to use the Project grant for.

At the **level of outputs** related to outcome 2, results are assessed as being positive. The disbursement rate of the grants was low in 2015 and 2016 due to absorption capacities and also due to the Project strictly applying its criteria, resulting in some municipalities losing the grant for the respective year. The reason why participant number in village meetings was lower in 2016 is that village councils were not (s)elected in Prishtina due to political problems in the municipality. The project estimated that about 10,000 citizens would participate in this process.

No	Objectives and indicators	Baseline	2015		2016		2017
			Target	Achieved	Target	Achieved	Target
Outcome 2: Supported municipalities foster democratic processes and apply sound public policy and finance management processes							
2.1	The overall score of municipalities in the PBGS	Partner - 31%	35%	36%	38%	38	40%
		CG - 48.1%	-	55%	-	-	-
2.1	Citizen satisfaction with the work of MA	Partner – 59.3%	62%	50%	65%	-	67%
		CG – 72.5%	-	36%	-	-	-
Output 2.1: Financial management in supported municipalities complies increasingly with the legal framework							
2.1.1	Number of trainings provided to partner municipalities on General auditor recommendations	0	5	8	5	7	0
2.1.2	Number of trainings provided to partner municipalities on property tax issues	0	5	11	5	10	5
Output 2.2: PBGS successfully implemented							
2.2.1	Number of completed project grants receive an unqualified audit opinion	0	26	17	41	56	34
2.2.3	Disbursement rate of PBGS budget	0	20%	15%	60%	47%	100%
Output 2.3: Stronger democratic checks and balances between Mayor, Municipal Assembly and citizenry							
2.3.1	Number of drafted and adopted MA plans	0	17	17	17	17	17
2.3.2	Number of trainings provided to partner MAs	0	10	16	10	20	10
2.3.3	Number of participants in municipal fora, village / neighbourhood councils	0	10,600	11,315	15,910	7,933	0

Outcome 3: DEMOS support at the central level contributed to a policy framework which is more conducive for decentralized governance

The Project has been successful and exceeded the targets in contributing with technical assistance to the policy framework at the central level. This is particularly true for the support it rendered to the Auditor General and to the Ministry of Local Government Administration. In regard to the Ministry of Finance, the Project has still the potential to create higher demand for its support. This was also expressed by the MoF, whose interviewed representatives mentioned that they would like to address the issue of making the inter-governmental transfer system more rule based, but would need assistance to work on this.

No	Objectives and indicators	Baseline	2015		2016		2017
			Target	Achieved	Target	Achieved	Target
Outcome 3: DEMOS support at the central level contributed to a policy framework which is more conducive for decentralised governance							
3.1	Number of contributions taken up in the policy framework	0	5	4	5	12	5
3.2	Satisfaction of municipalities with the PMS	Partner – 74%	75%	74%	75%	-	75%
		CG – 77%	-	77%	-	-	-
Output 3.1: Bottlenecks in the policy framework are addressed proactively and on-demand							
3.1.1	Number of proactive contributions taken up to address a bottleneck in the policy framework	0	1	2	1	2	1
3.1.2	Number of demanded contributions taken up to address a bottleneck in the policy framework	0	4	2	4	13	4
Output 3.2: Capacity Development feasibility study drafted and discussed with all stakeholders							
3.2.1	Feasibility study report drafted	0	1	1	0	-	0
3.2.2	Number of consultation sessions	0	10	12	0	-	0
Output 3.3: Improved quality and increased ownership by municipalities and MLGA of the performance management system							
3.3.1	Number of trainings provided on PMS	0	5	6	5	12	5
3.3.2	Number of PMS issues regulated	0	1	1	1	2	1
3.3.3	Deviation of data reported compared to data verified	0	20%	-	10%	-	5%

Outcome 4: The AKM is stronger as an organization and more effective in serving the needs of its constituency and advocating on their behalf at the central level

The Swiss core contribution to AKM is highly effective. Is provided based on the AKM Strategic Plan 2011-2015 & 2016-2020. While flexible in terms of use, it is still expected to be utilized in defined four action lines of the AMK Strategic Plan namely: (i) advocacy and proactive lobbying; (ii) effective capacity building; (iii) improved service delivery; (iv) organizational efficiency.

The review team confirms the views of the AKM mid-term review conducted in 2016. AKM has become a solid institution, which is owned and driven by its members. In regard to advocacy and lobbying the association has strengthened its position not only by being formally included in parliament committees' consultations but also by involving its members in different inter-ministerial working groups for drafting laws. The most prominent successes are mentioned in chapter 3.2.2 (Main achievements). In regard to capacity development AKM has made progress by holding more regular workshops through its collegia and by holding a state-wide training campaign for all the municipal assembly members after the local elections. However, no attempts were made to explore how it can contribute to standardized capacity development of elected officials (mayors and assembly members) and political appointees (directors), although this is part of its strategic plan 2016-2020. Concerning service provision, it appears that the collegia are effective in providing a platform for municipal directors to identify sectoral issues, exchange experiences, identifying training needs and serving as a pool for trainers¹⁸. When it comes to organizational efficiency, AKM does operate very well with its given structure. With limited financial and personnel resources, it has been able during the past years to achieve a very high level of satisfaction among its members. A GIZ survey showed that this stood at 90% in 2015.

¹⁸ See „Mid-Term Review of SDC Core Contribution to Association of Kosovo Municipalities. First part of Phase II. January 2014 to December 2015“

3.2.4 [Major factors influencing the achievement of results](#)

The effectiveness of the Project is largely due to its approach of working in and on the given governance system by combining intense on-demand technical assistance with performance based grants.

The interviewed actors highlighted that central government ministries/bodies and municipalities made much progress because of the high quality tailor made, hands-on technical support these institutions could access with the support of the Project. What interviewed persons also highly valued was that the Project is very quick and responsive to their needs and in providing the respective experts. They mentioned this as a unique feature of the Project compared to other donor projects, which often provide trainings or standard technical assistance, which is viewed by the interviewed persons as being less effective to enhance capacities, provide new concepts and ways of working and bring about change in governance and public service delivery.

The on-system delivery of the Performance Based Grand Scheme, despite all its design flows, has instilled a sense of performance in the partner municipalities, triggered demand for technical assistance with the aim of improving municipal performance and given the scope to improve municipal governance and service delivery in specific areas.

3.2.5 [Major factors hampering the achievement of results](#)

The Project is designed to respond to the needs and demands of its partners and to provide support on the existing governance system. Some of the partner municipalities see limited need to improve governance and municipal service delivery, which has led to low demand for technical assistance from those partner municipalities. It could also be observed that some municipalities lack a vision and hence also ideas on how they could best make use of technical assistance to improve their performance. This also results in limited demand for technical assistance. There are also a few municipalities who are mostly interested in the grant and show dismal interest in accessing technical assistance and improve performance.

The utilization of the Project grants has in some municipalities – at least initially – also been a challenge leading to low absorption of the grants. This is mostly due to the complex public procurement procedures and weak contract management capacities, which contribute to significant delays.

Why do municipalities have a challenge in spending their budget?

In general, though, municipalities find it difficult to spend – especially their OSR fund. This is related to the fact that revenue collection is calculated based on the calendar year (Jan-Dec), whereas the deadline for payments is November 27, effectively preventing BOs, including municipalities to spend revenues collected past the deadline, resulting in unspent OSR, which also contributes to lower incentives to collect more OSR. This specifically reflects the municipalities that have greater capacities for revenue collection, such as Prishtina and Prizren. Municipalities are discouraged from collecting more OSR as the targets set by the MF are very low and easily reach 100 percent collection. The OSR are increasing every year, although from a very low base and the average collection is about 50% of the total possible. Furthermore the availability of donor funding and of discretionary funds for municipal investments disbursed by the line ministries is another dis-incentivizing factor for more OSR collection.

3.2.6 [Mainstreaming Transversal Themes](#)

The two transversal themes gender and social equity are well anchored in the Project.

On gender and social equity, the Project applies the eight gender and social equity principles of Helvetas¹⁹. With regard to gender equity, where DEMOS could directly influence women's participation in the Project's activities and strengthen their role for local governance, this was systematically done during trainings and village council election and through support to gender responsive budgeting, women caucus of the municipal assemblies and municipal gender officers.

¹⁹ 1. Including the marginalized and excluded; 2. Sensitivity to local culture whilst respecting human rights; 3. Intervening in a focused manner; 4. Acknowledging the needs and opinions of men and women; 5. Partnerships: shared values of gender and social equity; 6. Highlighting gender equality and social equity in development policy debates; 7. Upholding gender equality and diversity in our internal organization; 8. Monitoring and evaluating our efforts to promote GSE and seeking to learn and improve.

With regard to social equity, the following groups have been identified by the project as the most disadvantaged in Kosovo, which can be addressed by the Project: persons with disabilities (physical), women, Roma, Ashkali, Egyptians (RAE), youth, internally displaced persons (IDPs) and returnees, pensioners, rural-remote dwellers and non-majority communities. It appears that no specific adaptations to the Project interventions have been made to encourage municipalities to exercise true inclusive governance. It neither seems that the Project has yet sufficiently reflected on how waste management, mobility and public space maintenance plans and the different municipal regulations could take into account inclusiveness issues.

3.3 Efficiency / Implementation

3.3.1 Management structure

The Project has a 'lean' management structure, with ten thematic program officers a deputy and a project manager. While the structure allows clear vertical information flow between management and staff, an improvement could be made in regard to horizontal information flow amongst the staff from different thematic areas of responsibility. The existing management structures allows the Project to be close to its partners, a crucial aspect of the success of the Project.

3.3.2 In- and out-sourcing.

For the majority of the technical assistance the Project relies on specialized private service providers, which are contracted through a competitive process. The Project clearly prioritizes the use of local expertise above regional expertise and again above international. This allows the Project not only to offer technical assistance in a more appropriate and cost-effective manner but also to strengthen the consultancy capacities within the country. Furthermore, this manner of working has the potential to instill a culture of in-sourcing professional specialized support by central government and municipal governments.

3.3.3 Use of country systems

The project is assessed by the government and municipalities as unique in regard to using country systems and working on the government system by working through and improving institutional mechanisms.

The PBGS is making use of the PMS of the government and at the same time contribute to improving the PMS of the government. Grants are transferred to municipal accounts. Project funding is used for municipal projects which have been approved by the municipal assembly.

The Auditor General stated that technical assistance provided by DEMOS was indispensable in securing high-level technical expertise needed to address the needs for municipal IT systems auditing, which is a new scope of work for the General Audit.

At the local level, the Director of Administration in Klllokot municipality stated that for Klllokot, as small municipality, it would have been impossible to acquire the technical assistance needed for school security and road safety regulations, which were made possible through DEMOS.

4 Recommendations for the design of the second phase of DEMOS

Continue to contribute to statebuilding by focusing on enhancing the legitimacy of the state

Kosovo as a young, not fully consolidated and still partly fragile state, needs to improve its political processes that can balance conflicting interests in society and bring state capacities and social expectations into equilibrium. It is therefore crucial that the Project keeps its ultimate focus on statebuilding by contributing to (re-) building the social contract by linking citizens (back) to the state and improve state-society relations. This should continue by supporting mechanisms of improving the effectiveness of local public institutions to fulfil their core functions and by anchoring of the state into the society so that citizens accept the states authority and trust in it. This in turn improves the legitimacy of the state, which is seen as the “invisible bond” of political society and which holds it together.

Continue support to improving most visible municipal services with due inclusiveness considerations

Improvements in the chosen three public services, which are based on citizens' priorities and needs, continue to have the potential to contribute to higher trust of citizens in the local state (municipalities) and thus to a stronger social contract and ultimately to a more democratic, decentralized state. The Project should therefore continue its successful approach of supporting and incentivizing municipalities to make improvements in these service domains. The Project should, though, revisit slightly its approach and differentiate it since the three service domains have not the same relevance in all municipalities. The project should probably emphasize “public space” less in rural areas. Furthermore, the Project should emphasize inclusivity (gender, minorities, elderly, remote communities) issues more as it supports municipalities in improving these public services. The technical assistance offer and the PBGS have to take this into account and build it into the project's M&E framework.

Continue with providing performance based grants – stronger link to what the Project wants to improve

Since the PBGS, despite all of its shortcomings, plays a central role in incentivizing performance of partner municipalities, the Project should continue providing grants based on performance criteria. Besides many PBGS technicalities that would need to be improved (see report of DEGE Consult for details), the system will need to be reworked in order to incentivize changes towards achievement of the revised Project objectives related to addressing more prominently clientelism and improving transparency and accountability. This means that all current indicators (minimum conditions / performance indicators) will have to be revisited. Technical assistance and the PBGS should (continue) to be mutually reinforcing improvements in municipal governance and service delivery. Hence, PBGS and technical support should be thematically interlinked.

Stronger focus on good governance

Since improved service delivery alone is not sufficient to build or maintain a strong social contract but also on the state's ability to build trust by being more transparent and accountable to citizens, the Project should put a strong focus in its design and activities on improving democratic governance. In order to achieve this we suggest a distinct outcome that deals with deepening democratic governance. This was also recommended by the highly informative and useful Helvetas internal review of output 2.3²¹. Furthermore, we suggest more (focused) activities, which contribute to improving transparency and accountability of the municipal administration to the assembly and the citizens and by this enhancing the trust of citizens in the (local) state.

²¹ Laurindsen J.E. (2017). Internal Review Report. Decentralization and Municipal Support Output 2.3: „Stronger democratic checks and balances between Mayor, Municipal Assembly and Citizenry“.

Address the three major impeding factors for improved municipal governance and service delivery

Clientelism, which is seen as the dominant framework of action in Kosovo, limits any improvement in municipal governance and service delivery. The Project should, therefore, start addressing clientelism more consciously. This should include supporting municipalities in implementing their integrity plans by focusing on (i) their recruitment processes (e.g. teachers, utility staff, etc.) to make them more transparent and objective by replicating good practices (i.e. Prishtina teachers recruitment process); (ii) awarding subsidies and grants and (iii) municipal procurement processes. The Project should seek avenues on how it can incentivize changes in this regard be it through the PBGS or other means. While the project should coordinate its activities with the SAEK project, DEMOS should start to engage directly in implementation of integrity plans that SAEK establishes in the partner municipalities (e.g. in Prishtina and Gjakove). A particular focus should be given to supporting municipalities to change their recruitment process for teachers etc. and the manner they award subsidies by following tested good practices, which have the potential to reduce clientelism. The reason for this is that DEMOS enjoys high credibility with partner municipalities and its pragmatic and hands-on technical assistance is also seen as a key in making progress in this regard.

The inter-governmental transfer system gives ministries discretionary power over the transfer of a large share of government grants to municipalities, which do not fall under the formula based system²². This allows the clientelist system to thrive and discourages municipal governments to become more accountable to their citizens. DEMOS through the Embassy of Switzerland (and possibly in cooperation with other donors) and by working closely with AKM should address this issue with the Government of Kosovo and seek avenues of supporting the government to make their transfer system more transparent and formula based.

Re-connecting northern Serb majority municipalities is crucial to ensure the territorial integrity of the Republic of Kosovo, strengthen governance and consolidate the state. The Project should start working on improving the social-contract in those municipalities and contribute to re-connecting them to the rest of Kosovo. This is a highly challenging task with no guarantee of (fast) success. The Project will have to use a different approach in working with these northern municipalities, which has to be incremental. The review team suggests that the next phase is utilized to develop approaches of working with these municipalities, seek entry points, and start working in an incremental fashion in the north with no pressure to achieve visible results. The entry point does not necessarily have to be linked to working directly with municipalities. The Project could explore bottom up approach such as working with CSOs in the north in monitoring of municipal affairs, advocating for greater citizen participation and lobby on citizen needs and priorities, and also support small scale infrastructure projects in line with the priorities identified. Furthermore, exchanges between northern and southern municipalities could be fostered on issues that are of importance for northern municipalities. Dialogue meetings on issues of mutual interest between northern and southern municipalities could also be explored. By doing so, the Project should coordinate with the Human Security Advisor of the Swiss embassy.

Technical assistance at municipal level

Focus more on municipalities with limited capacities to bring them to higher level. The Project should make a more conscious effort to instill demand in less well performing municipalities. A fine balance between selling (pushing) the DEMOS support offer and the commitment of the municipalities has to be maintained. More tailor-made hand-on technical assistance should be provided to weak performers in the first year with the clear goal of meeting the (new) minimum conditions of accessing the PBGS grants. The aim of the Project must be that no municipality is left behind due to criteria, but rather support those behind to reach the criteria and become eligible for funding. The Project should, though, also continue working with some of the recognized change agents, since weaker municipalities can ultimately also benefit from improved practices of those advanced municipalities.

²² Part of the formula based inter-governmental transfer system are the general grant, education grant and health grant. The discretionary grants are in financial volume almost equal to these three grants.

More specific and tailor-made support to advanced municipalities to improve in crucial governance and service delivery areas. This pertains among others to aspects of improving accountability and transparency of the administration and assembly towards the citizens and addressing clientelism but also in regard to new support , for instance, for accessing financial markets.

Focus equally on democratic governance and municipal services. The Project should put more emphasis on its work with the municipal assemblies to empower them further to play their oversight, representation and legislative roles. A stronger focus should be put on improving the relationship between the assembly and the administration, between political parties by working with all caucus leaders as well as between the assembly members and their constituency. For that purpose the Project should support municipalities more in improving communication through responsive and dedicated communication outlets.

Continue emphasizing raising own (tax) revenues, in both the technical assistance offer and the PBGS since there is an apparent, but due to impeding factors still weak, link between increasing own (tax) revenues and the pressure to become more accountable to citizens.

Continue with on-the-job technical assistance. Since partners highly value this kind of assistance and it appears to be highly effective, the Project should continue this successful approach. However, while designing and providing on-the-job technical assistance the Project has to make sure this support does not create dependency on the Project due to capacity substitution. General training should in the medium term be discontinued, since this is supposed to be taken up in a training system of the Government of Kosovo, AKM and private training providers.

Partner municipalities to procure technical assistance themselves. Assess what type of DEMOS offered technical assistance could be procured by municipalities directly without critically compromising on the quality, due to the prevailing procurement system, which puts less of an emphasis on the most economic but on the cheapest offer. The Project should support municipalities in procuring such technical assistance and allocate parts of the municipal grant to cover the costs for such technical assistance. This new modus operandi will also help to strengthen the national consultancy sector for municipal governance related consultancy services. Where due to quality issues or time-sensitivity direct procurement of technical assistance by municipalities is problematic, the Project should continue its current practice.

Technical Assistance at central government level

Support central government to improve the intergovernmental structures, systems and procedures to improve local governance. The Project should make sure it does not support ministries in infringing on municipal affairs. The review team in particular questions the support to MLGA in maintaining and developing further its municipal Performance Measurement System, since the generic role of this ministry should be to ensure the legality of municipalities and not their performance. The Project should therefore explore whether the existing or a new/revised municipal Performance Measurement System could be maintained either by the Ministry of Finance (linking it to the intergovernmental transfer system) or the National Audit Office (linking it to municipal audits)

The project should further explore ways to assist MLGA in strengthening its core mandate on legal compliance monitoring at the local level. Instead of performance, rather a Legal Compliance Measurement System should be developed at MLGA that continuously tracks and ranks municipalities in a transparent way on legal compliance matters, which would allow for informed decision making and effective policy and legal analysis and interventions at both levels. Instill higher demand for technical assistance among central government ministries. Particularly with the Ministry of Finance the Project should invest in building its relationship and based on enhanced trust seek avenues of providing technical assistance to improve issues related to municipal finances in general and in regard to changing the system of discretionary transfers in particular. Entry point for providing support in the improvement of the legal provisions affecting municipalities should also be actively sought with other ministries.

Do not condition support to changes in the legal framework on the agreement of AKM. This current practice should be changed since AKM's implicit mandate is to defend the interest of majors while DEMOS' mandate is to support improvement in the decentralized government system as a whole. Particular changes in the overall decentralized system may at times be against the interest of mayors.

Performance Based Grants

Define what changes DEMOS Phase II wants to contribute to and reflect that in the indicators. This should be the starting point in revising the indicators related to the minimum conditions and the performance criteria. In doing so, the Project should not limit itself by the indicators of the MLGA Performance Measurement System. It should further work closely with AKM in this process.

No need to increase grant size. Although the grants are compared to the other municipal revenues rather small, they have are highly attractive for municipalities and instill better performance. There is, therefore, no need to increase the grant size for each municipality.

Allocate parts of the grants at the discretion of municipal assemblies. In order to reduce the complete dependence of municipal assemblies on the municipal administration for any of its activities, the Project should allocate parts of the grants directly to municipal assemblies. This should allow them to perform their planned activities independently of the good-will of the mayor. Therefore, the DEMOS phase II should take into consideration earmarking the grants, in a way that a part of the grant is allocated for assembly activities.

Rework technical aspects of the scheme. In line with the recommendations of DEGE Consult, the Project should revised some of the technical aspects of the scheme. This should take place in close cooperation with national partners.

Keep the ambition that the Performance Based Grant Scheme will eventually become a performance-based top up of the existing central government general grant. With this aim in mind, DEMOS should work more closely with the Ministry of Finance in the re-design of the scheme to instill interest and ownership with the ministry responsible for the intergovernmental transfer system.

Geographical Coverage

Do not have the ambition to cover all municipalities. The review team suggest that the Project continues with its proven highly successful approach of combining quality hands-on technical assistance with grants. Due to the limited financial resources, unless the government is willing to co-finance PBGS, it is not possible to expand the Project to all municipalities without changing the Project's approach fundamentally.

Increase the number of municipalities to cover more than 50% of the municipalities and 50% of the population. With the given financial resources, such an increase is possible. The grant size for each municipality may decrease slightly due to this which is not expected to have a negative effect on the Project's and the municipalities' performance.

Select municipalities for DEMOS II based on criteria used for phase I. The selection criteria (see Annex 2) have proven to lead to the selection of a good mix of municipalities and allowed including not only champions of municipal governance but also weak performers and rural disadvantaged municipalities such as Dragash.

Retain all Serb majority municipalities of the south and explore working with some northern Serb majority municipalities. This is of particular importance in order to contribute to the overall statebuilding process by (re-) connecting these municipalities with the rest of Kosovo. As mentioned above, work with northern Serb majority municipalities will have to be of a different nature.

In any event, the partner municipalities must be identified after the upcoming local elections, anticipated to take place in November 2017. This would give the Project a chance to also support municipalities with a different political entity winning, which is a clear indicator that citizens want a change, and such voices need to be supported.

Support to the Association of Kosovo Municipalities

Continue the highly successful support to AKM in regard to core funding and backstopping support. This support is still required and contributes to the long-term sustainability of the association. It is highly cost-effective and gives Switzerland strong visibility as donor who systemically supports changes.

Protect AKM from following the agenda of donors. AKM continues to be exposed to pressures/temptations of donors to follow their agenda. Switzerland should set an example of defending AKM vis-à-vis such donor pressures by encouraging AKM to follow its own agenda for instance by not establishing a collegia on social inclusion just because this is a new priority for SDC.

Support AKM in attaining its strategic objective of establishing a structured capacity development system for municipal elected representatives and department heads. SDC should provide (additional) technical and financial assistance for this purpose. The additional financial amount to be provided needs to be based on an AKM business plan for its capacity development system. Such a business plan would need to show how the capacity development system would become financially self-sufficient²³ over the period of ten years.

A suggestion, that needs to be further explored, is that the technical assistance could be provided in the form of a coach/mentor from the association of municipalities of Slovakia, that has established a well-functioning capacity development system. It has to be made sure that the capacity development system is designed to be financially self-sustainable in the long-run. The standard training provided by Helvetas/DEMOS for newly elected municipal assembly members should in the second phase be offered by AKM with financial assistance by SDC.

Coordination, complementarity, coherence

SCO to coordinate and improve complementarity and coherence of projects. SDC cannot expect that project implementers would have sufficient intrinsic motivation to improve coordination with other projects and make sure that their own approaches and activities are complementarity and coherent with other initiatives. SDC should include in the terms of reference of the different projects/implementers an objective that would measure performance of projects/implementers in this regard and would make them accountable to SDC for respective achievements.

To facilitate improved complementarity and coherence within the SDC's democratic governance and human security domain and beyond, SDC should continue exploring the possibility of engaging a backstopper whose particular responsibility is to facilitate and ensure this.

Policy dialogue

Since major improvement concerning decentralized democratic governance depends to a large extent on addressing the key impeding factors (clientelism, discretionary grants and lack of progress or re-connecting Serb majority municipalities) it is important that Switzerland enters into a policy dialogue with the Government of Kosovo on these and possibly other emerging issues. Ideally, this should be done in collaboration with other like-minded donors.

²³ Due to donor funding for capacity development this may be difficult to achieve even in ten years' time. If this were the case, the business plan would need to show at least how the self-financing percentage would increase over the years.

5 Annexes

5.1 Stakeholder analysis

Actors <i>(Formal and Informal)</i>	Functions <i>(Duties and responsibilities)</i>	Interest in improving municipal governance <i>(incl. incentives / disincentives)</i>	Power to improve municipal governance <i>(potential impact)</i>	Drivers / Restrainers <i>(old/new)</i>
LOCAL				
Mayors	Chief executive authority of the municipality, proposes MA agenda, acts of general nature and budget.	To run and represent the municipality overall. (High)	Appoints his deputy and the heads of the municipal administration, establishes policy, organizes and directs the work of the municipality, manages the budget and supervises the work of the municipality. (High)	In need of good cooperation with MA to implement own/ municipal agenda, but can make series of decisions on own capacity. (High)
Municipal Assemblies (MA)	Introduce, debate and approve municipal acts of general nature and budget.	Majority of assemblies want to support the mayor to implement priorities and policies. (High)	In position to delay / speed up regulations and agenda introduced. (High)	In position to drive/ restrain mayor's agenda where mayor is from majority/ minority coalition (High)
MA Committees (Policy and Finance Committee - PFC and Communities Committee - CC)	PFC is de-facto a pre-assembly meeting to approve MA agenda and debate and pre-approve municipal acts and budget.	Majority of PFCs want to support the mayor to implement its agenda. (High)	In position to delay / speed up / approval of acts and mayor's agenda. (High)	In position to drive/ restrain mayor's agenda where mayor is from majority/ minority coalition. (High)
Local Councils (Village, Community, Youth)	Represent local views, needs, concerns vis-a-vis mayor and MA.	Advocate for better access to municipal services and investments. (Low)	(Low)	(Low)
Boards of Municipal Enterprises (Waste, Traffic, Heating, etc.)	Appointed by MA to manage MEs.	To control the delivery of services and management of the MEs, including employment and budget. (High)	Can appoint and discharge ME directors independently of mayor. (High)	In position to drive/ restrain mayor's agenda where mayor is from majority/ minority coalition. (High)
Association of Kosovo Municipalities	Defend and promote the rights and interest of municipalities in front of central government.	Competencies and resources to advocate for decentralization. (High)	Main joint voice of municipalities, recognized interlocutor advocating on behalf of municipalities (Medium)	In position to drive/ restrain MLGA agenda through mobilization of mayors. (Medium)
NATIONAL				
Parliament	Introduce, debate and approve laws.	Majority of parliament want to support the government to implement its priorities and policies.	In a position to delay / speed up / harmonize legislation in regard to decentralization. (Medium)	(Medium)

		(Medium)		
Parliamentary Committee for Education, Culture, Youth, Sport, Public Administration, Local Governance and Media.	Introduce new legislation / debate on legislation regarding local governance.	For the majority representatives: concentrating power with the central government. Make provision for better local government functioning. (Medium)	Only consulted in the legislative process. No cases so far of committee to introduce new legislations. (Low)	(Low)
President	No specific function in regard to decentralization.			(Low)
Prime Minister	Overall coordination of policy and legislation making processes.	Concentrate of power at central level. Concentration of power in own party and own person. Little interest in a continuous decentralisation process. (High)	Informally: Ultimate decision-making power including strategic orientation of ministries. (High)	(High)
Ministry of Finance	Overall management of public funds, including planning and allocation of financial resources.	Control over public spending including at municipal level. Concentrate spending at the centre. (High)	Can reject municipal budgets and accounts. Chairs grant commission. (High)	(High)
MLGA	Oversee and control municipal legal compliance. Coordination and facilitation of implementation of policy and legislation measures, providing administrative services, including provision of overall guidance for municipal level.	Supporter of decentralization at central government level. Able to acquire important donor contributions. (High)	Can block municipal acts and mayor's decisions. (High)	(High)
Ministry of Public Administration - MPA	In charge of civil service administration overall.	Oversee and control civil service reform and selection/ dismissal of civil servants overall. (High)	Can reject mayor's decisions to dismiss/ realign civil servants at local level, including position and salary allocations. (High)	(High)
Independent Oversight Board	In charge of reviewing the appeals of Civil Servants.	Ensure respect of rules and principles governing civil service. (High)	Can reinstate dismissed civil servants at local level. (High)	(High)
Kosovo Institute for Public Administration	Responsible for training and certification of civil servants	Oversee implementation of government training and certification of civil servants, including at municipal level.	Can impact AKM's training and certification of civil servants at local level.	(Medium-Low)

		(Medium)	(Low)	
Ministry of Education	Setting standards, inspection, providing human and professional resources, infrastructure, decide on location of vocational training centres and universities.	Division of competences between central government and municipality is hardly debated. (High)	Decision making power in regard to allocation of school infrastructure. (High)	(Medium)
Grant Commission	Deciding on allocation of health, education and general grants. Oversee allocation of financial resources outside the three grants to municipalities.	Retain decision making power over allocation of resources at central government level. (High)	Decision on the allocation of financial resources for municipalities. (High)	(High)
Ministry of Health	Setting standards, inspection, providing human and professional resources, infrastructure and administration. Procure and provide essential medicine.	Division of responsibility of primary health care hardly debated. On secondary health care some debate on the allocation of regional hospitals. (High)	Retention of procurement responsibility. (High)	(Low)
Audit General - AG	Inspect public/budgetary organization's expenditures	Implementation of AG recommendations at municipal level (Medium)	Annual GA report highlighting deficiencies in public expenditure, including at local level (High)	(Medium)
NON GOVERNMENT				
Civil Society Organizations	Counter balance state power and defend citizens' interest (watch dog function).	Participation of citizens in decision-making. (Low)	Voice interest of citizens. CSO have no membership base. (Low)	(Low)
Think-Tanks	Introduce new topics and provide evidence for public debates on Kosovo's evolution.	Attempt to influence policy making at the central level. (Low)	Voice their own expert position. (Low)	(Low)
Citizens	Demand and exercise their rights.	Receive accessible public services. Not concerned which level of government provides services. (Low)	Elect their representatives and voice their opinion. Do not make use of the citizens' rights available to them. (Low)	(Low)
Media	Provide information on working of state institution to the public and help the public to shape its opinion.	Focus rather on central government politics. (Low)	In specific moment (forming new municipalities / North Kosovo) they are an important voice. (High)	(Medium)
POLITICAL PARTIES				

PDK, LDK, AAK, AKR, SLS	Dealing with policies, legislation and implementation.	Concentration of power in the center Decentralization accepted as a condition of the status settlement (Ahtisaari Plan). (High)	Ruling party (coalition) ultimate wants to concentrate power in the center. (High)	(High)
Vetevendosje	Dealing with policies, legislation and implementation.	Strongly opposed to decentralization and the Ahtisaari Plan (High)	Mobilization of people around an ideology. (Medium)	(Medium-High)
INTERNATIONAL ORGANISATIONS				
USAID	Most important (development) partner of Kosovo.	Make sure that stability is secured. (Low)	Direct influence on Kosovo policies. (High)	(High)
EU	Second-most important (development) partner of Kosovo.	Make sure that stability is secured. (Low)	Not primarily concerned with the division of tasks between the different state levels. (High)	(Medium)
GIZ / SIDA / SDC UNDP / CoE / OSCE	Provide technical and financial resources for issues related to decentralisation.	Improve democracy and service delivery. Comply with international standards. Implement Ahtisaari Plan (High)	Introduction of methodologies, procedures and technologies. (Low)	(Medium)
OTHER				
Serbia	Direct present with their parallel structure in North Kosovo (4) and 6 in Gjilan Region.	Prevent implementation of Ahtisaari Plan (High)	Can delay full integration of Serb-majority municipalities into Kosovo structures (High)	(High)

5.2 Selection criteria for municipalities in DEMOS Phase I

No.	Weight	Criteria Descriptio
1	10%	No overlapping with other donors
2	15%	Need for support (MLGA PMS)
3	5%	Municipalities below 20,000 inhab benefit
4	5%	Kosovo Serb majority municipalities
5	5%	Pro poor approach
6	15%	Female Mayor and more than 30% women representation in legislative (check executive too)
7	10%	RAE presence in the municipalities
8	20%	Synergies with other SDC projects (Waste Waters, SAEK, DSP, Roma Support Project)
10	15%	Public commitment of SDC to continue support LOGOS muns (Kamenica score higher- LOGOS first phase debt)

5.3 Terms of Reference



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Foreign Affairs FDFA
Swiss Cooperation Office SDC

Annex

Terms of references

Contract no. 81048208 (B Mandate)

External Review of the Project 'Decentralisation and Municipal Support-DEMOS'

The Swiss Cooperation Office Kosovo (SCO-K) is mandating the team of consultants (Matthias Boss, Krenar Loshi and Dukagjin Pupovci) through "Swisspeace" to conduct an external review/planning of the project "Decentralisation and Municipal Support"-DEMOS, Phase I, financed by SDC. The external review will feed into the planning of DEMOS phase II, in line with the cooperation strategy 2017 to 2020. These terms of reference outline the framework upon which the Swiss peace consultants shall provide their services to SCO-K.

1 Context of the project

1.1 Domain 1: Democratic Governance and Human Security

Switzerland supports transition (in Kosovo and elsewhere) to democracy and social market systems, which provide opportunities for equal access to political decision making and resources, security and services for all. The overall goal of the Cooperation Strategy Kosovo 2017 to 2020 states: *Switzerland contributes to the progress of Kosovo on its path towards regional and European integration, fostering a democratic political system, a peaceful and cohesive society providing inclusive access to essential services, the rule of law and a social market economy.*

Democratic Governance and Human Security (DGHS) is one of the four Domains of the cooperation strategy 2017 to 2020. The DGHS domain objective states: *"The three state powers at central and sub-national levels (legislative, executive and judiciary) strive for socially inclusive governance and effective service provision. Strong civil society organizations and citizens foster peaceful relations between communities."*

- Outcome 1.1: Line ministries and supported municipal administrations provide better and more effective services to all their citizens. The national and local assemblies hold their governments to account legislate in a reform-enabling way and foster their constituency relations.
- Outcome 1.2: Citizens and CSOs use offered and – where necessary – claim spaces for participation in the shaping of public affairs thereby fostering trust between communities and public institutions.
- Outcome 1.3: The three state powers together with independent oversight bodies and CSOs take credible steps to foster inclusiveness in key political processes, specifically relating to dealing with the legacy of the past and the political dialogue with minority communities and with Serbia.

2. DEMOS, Phase I Project Description

DEMOS is a flagship project within the domain DGHS, in terms of its relevance with reference to strategic objectives and in terms of financial volume.

Goal: "Kosovo is a democratic, decentralised state in which municipalities exercise inclusive governance and provide effective services responding to citizens' priorities and needs".

Outcomes:

Outcome 1: Tangible improvements in the delivery of the 3 public services – waste, public spaces and mobility – are recognised and mainstreamed

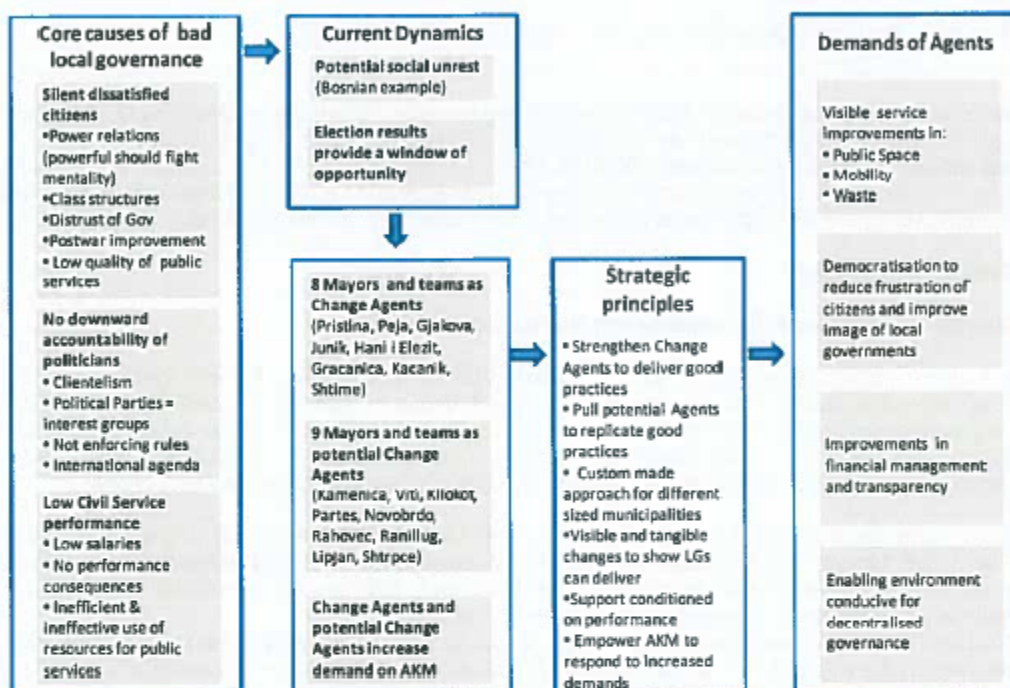
Outcome 2: Good governance and municipal performance (finance and service delivery) have improved in supported municipalities

Outcome 3: DEMOS contributed to a policy framework which is more conducive for decentralised governance

Outcome 4: The AKM is a stronger as an organization and more effective in serving the needs of its constituency and advocating on their behalf at the central level.

1/7

Theory of change: DEMOS aligns with the interest of reform oriented municipalities (change agents) and assists them in producing visible improvements in service delivery, inclusive governance and effective finance management. The promotion through AKM of the success stories from reform oriented municipalities coupled with the more conducive decentralisation framework (through DEMOS' support at the central level) will pull-in other municipalities (potential change agents) for a larger scale impact. As result, in DEMOS partner municipalities, citizens' satisfaction and trust in municipal representatives and in turn downwards accountability of politicians will increase.



The project's implementation phase started on 01.07.2014 and will be completed by 31.12.2017. It was preceded by an inception phase which lasted 6 months (01.01.2014 to 30.06.2014). Helvetas Swiss Intercooperation (HSI) has been awarded implementation of components 1, 2 and 3 by a tender. Component 4 is realized through a direct contribution to Association of Kosovar Municipalities (AKM). DEMOS is designed and planned to have three phases (4+4+3 years). See also Entry Proposal for more details.

DEMOS has established itself as a flagship project within the Swiss Cooperation Portfolio as well as in the local governance scene in Kosovo, as the largest donor project addressing local governance and decentralisation. Through its wide-ranging support package, the project supports directly the executive and legislative of 17 municipalities of Kosovo (out of 38), the Ministry of Local Governance Administration (MLGA) and the Association of Kosovo Municipalities (AKM). The Performance Based Grants Scheme (PBGS) is a central element in the project. It conditions the access to grants to fulfilment of basic governance and good public finance management criteria. It is meant to incentivize municipalities to improve performance in financial management, democracy and service delivery by linking better performance to increasing amount of grants and freedom in their allocation.

Transversal themes: DEMOS mainstreams gender in all its interventions, complemented with activities to address the gender gap, such as support to gender responsive budgeting, women caucus of the municipal assemblies, municipal gender officers, and female village representatives. After having identified a bias towards empowering men through the LOGOS village community support, a gender-balanced participation at village level has been developed for DEMOS. DEMOS stresses inclusion on citizen level through participation in the budget cycle and in

service delivery improvement, as well as on municipal level by supporting all Serb majority municipalities south of the Ibar, as well as their cooperation with Albanian majority municipalities.

3. Purpose and Objectives of the review

The objective of the external review is:

- 1) To assess and document results and shortfalls of DEMOS phase I (in terms of relevance, effectiveness, efficiency, sustainability and impact).
- 2) To identify and recommend main elements of DEMOS phase II, adhering to the frame given by the new cooperation strategy 2017 to 2020. Therefore this external review is planned to take place during the first quarter of 2017. This time frame will allow for adequate planning of the new phase - based on the findings and recommendations of the review - envisaged to start in January 2018.

The review will take into account and validate the results of two partial reviews of the project which have just been conducted, i.e.: the external review of PBGS conducted by DEGE Consult Copenhagen and on ii) the internal review of Outcome 2.3 (conducted by the DEMOS Backstopper from Helvetas Swiss Intercooperation).

SDC will use the findings and recommendations of this identification mission for the following purpose:

- To elaborate a Strategic Outline on DEMOS Phase II;
- To guide the planning workshop for DEMOS Phase II envisioned for April 2017 (leading to the Project Document for Phase II)
- For capitalisation and documentation of DEMOS Phase I (End of Phase Report)

Key questions:

The external review mission shall address / answer the following six clusters of key questions:

Cluster 1 related to Political Economy Analysis: It is broadly accepted that Kosovo has achieved continuous progress in local governance and decentralisation in the past years, especially following the independence in 2008. The Swiss cooperation has supported local governance and decentralisation in Kosovo since 2007. Nevertheless, important challenges remain, including related to horizontal and vertical accountability and socially inclusive and quality service provision. Who and what are the old remaining and new emerging drivers and restrainers of local governance reform and decentralisation in Kosovo? Who are the main formal and informal actors in the field of decentralisation and local governance reform? What are their duties and responsibilities and what do they do in theory and in practice? What are the main interests, incentives and disincentives of various actors in the area of local governance in Kosovo? Are there coalitions of change? The purpose of this cluster is to provide a Political Economy Analysis and Stakeholder Analysis. Any intervention of SDC in the field of DLG will have to align with drivers of change and reflect how best restrainers of (positive) change can be opted?

Cluster 2 related to review of DEMOS Phase I: The review mission shall assess the main results and shortfalls of DEMOS Phase I. Therein it shall build on i) the external review of PBGS conducted by DEGE Consult Copenhagen and on ii) the internal review of Outcome 2.3 (conducted by the DEMOS Backstopper from Helvetas Swiss Intercooperation) and validate, complement and summarise these findings selectively.

The review should answer the following questions:

Relevance:

1. How relevant are objectives and interventions of the project assessed (in the given context and timeframe)? Did the project design capture adequately main potentials, strengths and weaknesses related to stimulating local governance and improving service provision?
2. Are the interventions suited to the political (public or hidden) and policy priorities of target groups (executive and legislative bodies of local government and ministries) and SCO-Kosovo?
3. How relevant are the achieved results? What are the most important changes for the partner municipalities and for the citizens (including women and non-minority communities)?
4. How do partner municipalities assess the contribution of the project? Which elements were judged more useful and why?
5. Do they feel the PBGS helped them improve performance? Why and how?
6. Assess why municipalities appreciated the Technical Assistance of DEMOS (Is it the quality of experts, or because they deliver and their own staff doesn't, or something else)?
7. How is the choice of municipal services for phase I is assessed?

8. How is DEMOS positioned in the DGHŠ portfolio of SCO-K (relevance for overall portfolio impact); are there any synergies established with other SDC, SECO or HSD projects, and is there a positive dynamics in working with the other programs, for e.g. DSP, SAEK?
9. How relevant are interventions of DEMOS, considering the overall donor landscape in the area of local governance and decentralisation?

Effectiveness and efficiency:

1. What are the main results achieved in DEMOS I with reference to planned outcomes and outputs, overall and per outcome (including a specific attention to AKM results)?
2. Does the ToC make sense (vs. given context) and does it seem effective in practice?
3. Does the PBGS provide an incentive system in reality as anticipated by the ToC? Why did some municipalities give more efforts within the PBGS than others?
4. How does public visibility affect achievement of results?
5. What are the most relevant challenges/short-falls encountered? What are the major factors influencing the achievement or non-achievement of planned outcomes and outputs?
6. Were the interventions/activities implemented efficiently?
7. How is the coherence between initial design and implementation in DEMOS I assessed? How coherent and complementary were activities in achieving the desired change?
8. What are the achievements / shortfalls with regard to mainstreaming of SDC transversal themes gender equality and social inclusion?
9. Is the project using country systems to the extent possible? Or would there be possibilities for increasing the use of country systems?
10. Were there alternatives or opportunities missed, be it at the institutional level or at the project level?
11. How effectively are best practices disseminated?
12. How suitable is the chosen approach of deploying considerable external consultancy via framework contracts?
13. How is the chosen geographic coverage assessed (three clusters and the 17 municipalities)?
14. How appropriate is the implementation set-up: is the management model (i.e. instruments; economic, human and technical resources; organizational structure; information flows; decision-making in management) adequate for achieving the set objectives?

Sustainability and impact

1. What is the main impact of DEMOS I?
2. Are the results achieved likely to be sustainable?
3. Are the interventions sufficiently owned by the beneficiaries?
4. What are the major factors which will influence the achievement or non-achievement of sustainability of outcomes and outputs?
5. What are the main lessons learned in DEMOS I?

Cluster 3 related to the PBGS: The external review of PBGS carried out by DEGE Consult, Copenhagen has provided a comprehensive set of recommendations on adapting the PBGS design in phase II. The reviewers are expected to assess, validate these findings/recommendations and to support SDC in their uptake in phase II including in setting a realistic and suitable sequencing of actions related to PBGS design upgrade. The external review should provide main elements to answer the core strategic questions raised by the PBGS review, such as i) What are the main weaknesses related to local governance which should be addressed by Phase II, ii) What are the main objectives to be aimed by the general design of phase II, iii) Should phase II continue with a PBGS as a project, or should institutionalisation of the PBGS be aimed for phase III, iv) the size PBGS in DEMOS II, in terms of funds and scope, etc?

Cluster 4 related to AKM: SDC is supporting the Association of Kosovar Municipalities (AKM) with core contribution since 2009. During this period the AKM has continuously improved its performance related to effective advocacy on behalf of municipal interests. This is reflected inter alia by continuously high satisfaction of municipalities with AKM. Like-wise the collection of membership fees has continuously increased (with exception of election years). 34 municipalities (out of 38) are members of AKM. Six municipalities with Serb majority in the south have joined AKM membership in 2013, while four municipalities with Serb majority in the North have not joined AKM yet. The role and powers of the new Association of Serb majority municipalities is not yet defined, leading to heated political polarisation among political parties internally in Kosovo as well as in the dialogue with Serbia. The reviewers are

47

expected to assess the relevance and feasibility for continued SDC contribution to AKM and make recommendations related to the focus and components intervention and exit strategy.

Cluster 5 related to DEMOS Phase II: According to the strategy 2017 to 2020, given the potentials to achieve effective results at the local level, phase II will further support drivers of positive reform in municipalities to deliver public services in a more accountable, transparent and effective manner, e.g. being by more actively involved in local check and balances (local assemblies). Services at municipal level must extend their outreach and become more accessible to all citizens. Local governments should be made more accountable, transparent and socially inclusive, and thereby less prone to fragility. Municipalities will be supported in their active participation in the policy dialogue at the national level and in improving their capacity to finance their activities. The evaluation shall propose a guiding scope of intervention and define the areas of governance where DEMOS II shall focus (including an assessment of how wide the definition of governance should be – only accountability or also including financial and human resource management. Possible cooperation with and support to political parties shall be examined. Furthermore, the following *Lines of Intervention* envisaged by the cooperation strategy 2017 to 2020 and shall be examined and validated by the reviewers:

- Municipal development interventions will focus on local democracy (horizontal and vertical accountability), administrative and financial management, municipal service provision and a performance based grants scheme. Possibilities for an expansion towards a country-wide coverage of the grants scheme (i.e. with co-financing from other donors) will be explored.
- Potentials to contribute towards a sustainable municipal capacity development system will be examined.
- More substantive interventions in the policy dialogue shall be explored.
- Core contribution to the Association of Kosovar Municipalities (AKM) to ensure effective advocacy and lobbying for municipal interests at central level.
- Mainstreaming of best practices and capacity development to all municipalities through the AKM.
- Possibilities will be assessed for support to municipalities in the North and the Association of Serb-majority Municipalities (to be established) – either through a specialized tailor-made component, or a separate tailor-made program.
- Interventions in support of democratization of the society through increased citizen and civil society participation.

Transversal themes: The new Swiss Cooperation Strategy for Kosovo 2017-2020 puts a stronger emphasis to social inclusion especially in relation to the excluded groups that are considered most relevant at the domain level, such as RAE communities, women, etc, thus it will be important to pay special attention to designing interventions that will ensure adequate inclusion. In addition, the strategy 2017 to 2020 puts great emphasis on Fragility and therefore Swiss interventions in Kosovo should be designed so that they foster Kosovo in it's out of fragility endeavours.

Cluster 6 related to approach and geographic coverage:

- a) What is the proposed geographic coverage for DEMOS II?
- b) What is the proposed intervention strategy and approach?
- c) What are potentials for synergies with other Swiss funded projects?

4. SCOPE AND METHODS OF WORK

The team of consultants shall consider the following main steps for accomplishing this mandate:

- Briefing with the SCO management and prior with SDC HQ, Kosovo Desk and possibly someone in charge of governance.
- Relevant desk review work (a list of documents proposed in Annex 1)
- Interviews with relevant project partners, local institutions, donor representatives, private sector firms, focus groups discussions
- Interviews with Backstopper and Mentor
- Debriefing with the SCO management – discussion of the main findings
- Preparation of the report

The above list of steps is not exhaustive and the consultant may engage in other activities deemed important for accomplishing this mandate. The scope of DEMOS II shall be proposed based on significant empirical evidence from the field and in a participatory manner with key stakeholders.

4.1 Qualification and Professional requirements

The Swisspeace consultants should demonstrate a strong expertise in the following areas:

- Good knowledge of the Kosovo governance and local governance sector

57

- Excellent and proven experience in similar mandates;
- Excellent analytical skills, ability to propose recommendations;
- Excellent coordination, communication and reporting skills;
- Excellent in both spoken and written English.

Note: The Swisspeace international consultant will have a leading role in this mandate; the Swiss peace local consultants are expected to provide their expertise related to local governance context in Kosovo. The local consultants shall also provide their support in organising and facilitating the interviews with local counterparts.

4.2 Reporting

The report shall not be longer than 25 pages excluding annexes and shall comprise the following chapters:

- Executive summary
- Methodology for the assessment
- Findings (based on the ToR) and conclusions
- Main recommendations for next phase
- Annexes

The SCO-K reserves the right to request changes in the report or additional information.

The report shall be written in English. A first draft report shall be delivered to SCO-K not later than by 24th of March 2017. The final report revised based on comments and remarks of the SCO shall be submitted on 07th of April 2017.

4.3 Timeframe

The assessment mission in Kosovo shall be conducted from the 27.02.17-10.03.17. A detailed timeframe and schedule will be elaborated by the Swiss peace consultants in cooperation with SCO-K and the DEMOS project team. Activities (Consultants)	International Consultant	Local Consultant (1)	Local consultant (2)
Relevant desk review and mission planning	4 days	4 days	2
Briefings/consultations to SCO-K and SDC management in Berne	1 day (2x 0.5)		
<ul style="list-style-type: none"> • Interviews with key stakeholders, project partners, project clients, etc. • Focus group discussions and on-site analysis 	11 days (including Saturday)	10 days	4 days
Report writing (5 days for the draft report and 1 day to consolidate comments and finalize the report)	6 days	3days	1
Travel	1 day		
Total	23 days	17 days	7 days

Pristina 13.02.2017

Pristina..... 13.02.2017

Swiss Agency for
Development and Cooperation SDC



Saranda Cana
Senior National Programme Officer



Matthias Boss
Consultant

5.4 Mission schedule

Note: Logistical support provided by Leonora Gjirkokaj, Administrative assistant, Helvetas/DEMOS project

Time	Location	Organisation	Name	Function	Contact		Team
MON 27/02							
09.00-11.00	Prishtina	SDC	Patrick Etienne	Director Swiss Cooperation Office Kosovo	patrick.etienne@eda.admin.ch + 381 38 248 091		MB.KL.DP
			Saranda Cana	NPO Swiss Cooperation Office Kosovo	saranda.cana@eda.admin.ch + 381 38 248 091		
11.00-12.00	Prishtina	Swiss Embassy	Saskia Salzmann	Human Security Division	saskia.salzmann@eda.admin.ch Tel. +381 38 261 261		MB.KL.DP
12.00-13.00	Lunch break						
13.00-14.00	Prishtina	MLGA	Bajram Gecaj	Deputy Minister, MLGA	bairam.gecaj@rks-gov.net +381 38 200 35 593 +381 38 200 35 581 +377 44 500 783		MB.KL.
14.30-17.00	Prishtina	HELVETAS	Norbert Pijls	Project manager	Norbert.Pijls@helvetas.org +377 44 508 059		MB.KL.DP
			Ertan Munoglu	Deputy project manager	Ertan.Munoglu@helvetas.org +377 44 884 466		
			project staff: Mjellma, Visar, Fatime, Vjosa				
17.00-18.00	Prishtina						MB.KL.DP
TUE 28/02							
09.00-11.00	Prishtina	AKM	Sazan Ibrahimimi	Executive Director	sazanibrahimi@komunatks.net +381 38 245 734 +377 44 182 437		MB.KL.
			Gani Berisha	Programme Manager			
11.00-12.00	Prishtina	Kosovo Institute for Public Administration (KIPA)	Refike Sulcevci	Director	refike.sulcevsi@rks-gov.net +381 38 211 0887 +377 44 133 225		MB.KL.
			Enver Haxhijaj	Head of Training Department		-	
12.00-13.00	Lunch break						
13.00-15.00	Prishtina	Ministry of Finance (MoF)	Agron Thaqi	Department of property tax	agron.d.thaqi@rks-gov.net 038 200 34 654		MB.KL.
15.00-16.30		Kosovo Local Governanc	Besnik Tahiri	Director	besniktahiri@gmail.com +377 45 540 164	-	MB.KL.

		e Institute (KLG)					
16.30-17.30	Prishtina	GIZ	Kai Hofmann	Team Leader, GIZ SMS project	kai.hofmann1@giz.de	-	MB.KL.
WED 01/03							
09.00-11.00	Prishtina	Municipality of Prishtina	Shpend Ahmeti	Mayor, Prishtina	Shpend.Ahmeti@rks-gov.net +381 38 234 944 ext. 1011 +377 44 143 561	-	MB.KL.
			Ismail Kokaj	Director of Finance	ismail.kokaj@rks-gov.net +377 044 129 868		
11.00-12.00	Prishtina	Municipality of Prishtina	Halim Halimi	Head of the Municipal Assembly	halim.halimi@rks-gov.net		MB.KL.
12.00-13.00	Lunch break						
13.30-17.30	Prishtina						MB.KL.
THU 02/03							
09.00-11.30	Prishtina	National Audit Office	Besnik Osmani	Auditor General	besnik.osmani@oagks.org +377 44 503 903		MB.KL.
12.30-14.00	Prishtina	KCSF	Venera Hajrullahu	Director	venera.hajrullahu@kcsfoudation.org +381 38 248 636		MB.KL.
			Fatmir Curri	Director of Programme		-	
14.15-15.15	Prishtina	RECURA	Bersant Disha	Executive Director	bdisha@recura.biz	-	MB.KL.
15.30-17.00	Prishtina	OSCE	Christopher Tuetch	Director of Democratization	christopher.tuetch@osce.org +377 44 500 173		MB.KL.
17.00-17.30	Prishtina						MB.KL.
FRI 03/03							
09.30-12.00	Prishtina						MB.KL.DP
12.00-13.00	Lunch break						
14.00-16.30	Prishtina	SDC	SDC and HELVETAS/D EMOS	Patrick, Saranda, Norbert and Ertan			MB.KL.DP
16.30-17.30	Prishtina						MB.KL.DP
MON 06/03							
09.00-12.00	Gračanica	Municipality of Gračanica	Vladeta Kostic	Mayor of Gračanica	vladeta.k@gmail.com + 386 49 357 400	-	MB.
			Brankica Kostic-	Head of the Municipal Assembly	brankica.kostic@rks-gov.net		
			Slavisa Nivic-	Director of Finance	slavisa.nivic@rks-gov.net +386 49 776 577		
			Vladica Trajkovic	Director of Public Services	vtrajkovic@hotmail.com +386 49 773 275		
			Dusko Maksimovic	Head of Public Service Committee	+377 45 322 741		

09.30-11.30	Lipjan	Municipality of Lipjan	Imri Ahmeti	Mayor	imri.ahmeti@rks-gov.net +381 38 581 214 +377 44 505 179		KL.
			Shkelzen Hajdini	Director of finance	shkelzen.hajdini@gmail.com +381 38 2004 1512 +377 44 173 512		
			Vlora Limani	Head of the Municipal Assembly	vlora.limani@hotmail.com +381 38 2004 1523 +377 44 470 575		
			Heset Sahiti	Director of Public Services	heset.sahiti@rks-gov.net +381 38 581 067 +377 44 206 831		
			Labinot Shahini	Head of Public Service Committee	labinot.shahini@uni-pr.edu +377 45 532 619		
12.00-12.30	Lunch Break						
13.00-14.00	Klokot	Municipality of Klokot	Hidajet Ahmeti	Director of Administration			MB.KL.
15.00-16.30	Prishtina	KFOS	Luan Shllaku	CEO	luans@kfos.org +386 49 944 444		MB.KL.
16.30-17.30	Prishtina						MB.KL.
TUE							
07/03							
09.30-12.00	Gjakova	Municipality of Gjakova	Mimoza Kusari - Lila	Mayor of Gjakova	Mimoza.Kusari.Lila@rks-gov.net +381 38 390 330 183 +377 44 540 018		MB.
			Luan Gola	Head of the Municipal Assembly	luan.gola@rks-gov.net +381 390 327 259 +377 44 188 352		
			Teki Shala	Director of Finance	teki.r.shala@rks-gov.net +381 390 330 074 +377 44 188 424		
			Shkumbin Kastrati	Director of Public Services	shkumbin.kastrati@rks-gov.net +381 390 320 050 +377 44 129 184		
			Saranda Hyseni	Head of Public Service Committee	sarandah@yahoo.com		
09.30-12.00	Junik	Municipality of Junik	Agron Thaqi	Mayor	agronthaqijunik@gmail.com 049 236 236		KL.
			Kosovare Gacaferri	Director of Budget			
			Hasan Krasniqi	Director of Urbanism			
12.00-13.00	Lunch break						
14.30-17.30	Prishtina	Hotel Sirius					MB.KL.DP
WED							
08/03							
09.00-10.00	Prishtina	UNDP	Shqipe Neziri	SAEK Project Manager	mato.meyer@undp.org s shqipe.neziri@undp.org +381 38 249 066, ext: 110		MB.KL

			Mato Mayer	CTA			
			Rezarta Reka	Officer			
10.00-12.00	Prishtina						MB.KL
12.00-13.00	Lunch break						
14.00-16.30	Prishtina	SDC	SDC and HELVETAS/D EMOs	Patrick, Saranda, Norbert, Ertan			MB.KL.DP
THUR 09/03							
09:30-10:30	Prishtina	SDC	Saranda				MB.KL
10.30-12.00	Prishtina	Ministry of Finance (MoF)	Salvador Elmazi	Director of Budget	salvador.elmazi@rks-gov.net +381 38 245 734 +377 44 666 792		MB.KL.
12.00-14.00	Prishtina	Restaurant Gizzi	Veton Surroi	Koha Ditore CEO			MB.KL.DP
14.30-16.00	Prishtina	BIRN	Jeta Xharra	Director	+377 44 135 209		MB.KL.
16.00-17.00	Prishtina	MLGA	Avni Sahiti	Director of Municipal Performance			MB.KL
17.00-17.30	Prishtina						MB.KL.DP

5.5 List of interviews

	Person	Function	Institution
1.	Patrick Etienne	Director Swiss Cooperation Office Kosovo	SDC
2.	Saranda Cana	NPO Swiss Cooperation Office Kosovo	SDC
3.	Liliane Tarnutzer	Program Officer, SDC Head Office	SDC
4.	Saskia Salzmänn	Human Security Division	Swiss Embassy
5.	Roland Salvisberg	Head, Peace Policy; Europe, Asia, Mediation, Democratization	Human Security Division
6.	Norbert Pijls	Project manager	Helvetas/DEMOS project
7.	Ertan Munoglu	Deputy project manager	Helvetas/DEMOS project
8.	Fatime Rrahmani	Project officer Local democracy	Helvetas/DEMOS project
9.	Visar Zekaj	Senior project officer Policy support	Helvetas/DEMOS project
10.	Majlinda Jupolli	Senior project officer Municipal services	Helvetas/DEMOS project
11.	Artan Loxha	Senior project officer Local finance	Helvetas/DEMOS project
12.	Vjollca Behluli	Senior project officer PBGS	Helvetas/DEMOS project
13.	Bajram Gecaj	Deputy Minister	MLGA
14.	Avni Sahiti	Director of Municipal Performance	MLGA
15.	Sazan Ibrahim	Executive Director	AKM
16.	Gani Berisha	Programme Manager	AKM

17.	Refike Sulcevc	Director	KIPA
18.	Enver Haxhijaj	Head of Training Department	KIPA
19.	Salvador Elmazi	Director of Budget	MF
20.	Agron Thaqi	Department of property tax	MF
21.	Besnik Tahiri	Director	KLGI
22.	Kai Hofmann	Team Leader	GIZ/SMS project
23.	Shpend Ahmeti	Mayor	Municipality of Prishtina
24.	Ismail Kokaj	Director of Finance	Municipality of Prishtina
25.	Halim Halimi	Head of the Municipal Assembly	Municipality of Prishtina
26.	Besnik Osmani	Auditor General	National Audit Office
27.	Venera Hajrullahu	Director	KCSF
28.	Fatmir Curri	Director of Programme	KCSF
29.	Bersant Disha	Executive Director	Recura
30.	Christopher Tuetch	Director of Democratization	OSCE
31.	Vladeta Kostic –	Mayor	Municipality of Gračanica
32.	Brankica Kostic-	Head of the Municipal Assembly	Municipality of Gračanica
33.	Slavisa Nivic-	Director of Finance	Municipality of Gračanica
34.	Vladica Trajkovic	Director of Public Services	Municipality of Gračanica
35.	Dusko Maksimovic	Head of Public Service Committee	Municipality of Gračanica
36.	Imri Ahmeti	Mayor	Municipality of Lipjan
37.	Shkelzen Hajdini	Director of finance	Municipality of Lipjan
38.	Vlora Limani	Head of the Municipal Assembly	Municipality of Lipjan
39.	Heset Sahiti	Director of Public Services	Municipality of Lipjan
40.	Labinot Shahini	Head of Public Service Committee	Municipality of Lipjan
41.	Hidajet Ahmeti	Director of Administration	Municipality of Klllokot
42.	Luan Shllaku	CEO	KFOS/Soros
43.	Mimoza Kusari - Lila	Mayor	Municipality of Gjakova
44.	Luan Gola	Head of the Municipal Assembly	Municipality of Gjakova
45.	Teki Shala	Director of Finance	Municipality of Gjakova
46.	Shkumbin Kastrati	Director of Public Services	Municipality of Gjakova
47.	Saranda Hyseni	Head of Public Service Committee	Municipality of Gjakova
48.	Agron Thaqi	Mayor	Municipality of Junik
49.	Kosovare Gacaferri	Director of Budget	Municipality of Junik
50.	Hasan Krasniqi	Director of Urbanism	Municipality of Junik
51.	Shqipe Neziri	Project Manager	UNDP/Saek project
52.	Mato Mayer	CTA	UNDP/Saek project

53.	Rrezarta Reka	Officer	UNDP/Saek project
54.	Veton Surroi	Publicist	Koha Ditore Newspaper
55.	Jeta Xharra	Director	BIRN
56.	Kelmend Zajazi	Backstopper AKM	Executive Director NALAS
57.	Andreas Tarnutzer	Backstopper AKM	Consultant

5.6 [Documents consulted](#)

Will still be completed

About swisspeace

swisspeace is a practice-oriented peace research institute. It analyses the causes of violent conflicts and develops strategies for their peaceful transformation. swisspeace aims to contribute to the improvement of conflict prevention and conflict transformation by producing innovative research, shaping discourses on international peace policy, developing and applying new peacebuilding tools and methodologies, supporting and advising other peace actors, as well as by providing and facilitating spaces for analysis, discussion, critical reflection and learning.

swisspeace is an associated Institute of the University of Basel and member of the Swiss Academy of Humanities and Social Sciences. Its most important partners and clients are the Swiss Federal Department of Foreign Affairs, the State Secretariat for Education, Research and Innovation, international organizations, think tanks and NGOs.

Sonnenbergstrasse 17, Postfach
CH-3001 Bern
Bernoullistrasse 14-16
CH-4056 Basel

T +41 (0)31 330 12 12
info@swisspeace.ch
www.swisspeace.ch

swiss
peace

Schweizerische Friedensstiftung
Fondation suisse pour la paix
Fondazione svizzera per la pace
Swiss Peace Foundation