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PERFORMANCE AUDIT REPORT

**“MANAGEMENT OF COFINANCING AGREEMENTS WITH DONORS AND
RESULTS ACHIEVED”**

Prishtina, February 2018

The Auditor General of the Republic of Kosovo is the highest institution of economic and financial control which, according to the Constitution and domestic laws, enjoys functional, financial and operational independence.

The National Audit Office undertakes regularity and performance audits and is accountable to the Assembly of Kosovo.

Our Mission is to contribute to sound financial management in public administration. We perform audits in line with internationally recognized public sector auditing standards and good European practices.

The reports produced by the National Audit Office directly promote accountability as they provide a base for holding managers' of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

Performance audits undertaken by the National Audit Office are independent, objective and reliable reviews that assess whether government actions, systems, operations, programs, activities or organizations operate in accordance with the principles of economy¹, efficiency² and effectiveness³ and whether there is room for improvement.

The Auditor General has decided on this Report "Management of Cofinancing Agreements with Donors and Results Achieved" in consultation with Assistant Auditor General Vlora Mehmeti, who supervised the audit.

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¹ Economy -Principle of economy means minimising the cost of resources. The resources used must be available in a timely manner, in the right quantity and quality and at the best price possible

² Efficiency - The principle of efficiency means getting the most out of the available resources. It has to do with the link between the resources involved and the outcome given in terms of quantity, quality and time-

³ Effectiveness - The principle of effectiveness implies achievement of predetermined objectives and achievement of expected results-

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List of Abbreviations

AAR	Annual Audit Report
AI	Administrative Instruction
AMP	Aid Management Platform
BO	Budget Organization
BoD	Board of Directors
CDI	Community Development Initiatives
DDA	Department of Development Assistance
DEIPC	Department for European Integration and Policy Coordination
EO	Economic Operator
EU	European Union
FDI	Foreign Direct Investment
GoRK	Government of the Republic of Kosovo
HLF	High Level Forum
KD	Steering Committee
KFMIS	Kosovo Financial Management Information System
LPFMA	Law on Public Financial Management and Accountability
LPP	Law on Public Procurement
MED	Ministry of Economic Development
MEI	Ministry of European Integration
MEST	Ministry of Education, Science and Technology
MFA	Ministry of Foreign Affairs
MLSW	Ministry of Labor and Social Welfare
MoF	Ministry of Finance
MoH	Ministry of Health

MoU	Memorandum of Understanding
NAO	National Audit Office
POE	Publicly owned Enterprise
RAE	Roma Ashkali Egyptian Community
RC	Regional Centers
RWC	Regional Water Company
SSWG	Sub-Sector Working Groups
SWG	Sector Working Groups
VET	Vocational Education and Training
WiB	Women in Business

Executive Summary

Given the limited funds of the Government of the Republic of Kosovo, external financial support remains an important source for putting in place development priorities of the Government's Programme in Kosovo.

The Government, through the Ministry of European Integration as its representative, should implement a sound system for planning, coordinating and managing external assistance. The Ministry of European Integration in close cooperation with all ministries should consider that all project proposals for funding, are subject to preliminary assessment whether these projects are in line with government priorities or avoiding doubling with other donor funds.

Managing and organizing external assistance relies on the principles of the Paris Declaration, Accra Agenda, which practically is a roadmap to be actively oriented on improving the quality of assistance and its impact on development.

Regularity audits carried out in previous years by the National Audit Office have highlighted that the process of co-financing with donors is not properly managed and needs to be improved.

Knowing the importance of external support in improving infrastructure and public services to citizens, The National Audit Office is motivated to carry out the performance audit "Managing Co-financing Agreements and results achieved". The subject of the audit is the Ministry of European Integration, namely the Department of Development Assistance, the Ministry of Finance in terms of budget impact assessment as well as organizations in the capacity of beneficiaries such as: Ministry of Education, Science and Technology, Ministry of Health, Ministry of Development Economic, as owner of Publicly Owned Enterprises, RWC "Hidromorava" in Gjilan and RWC "Hidroregjioni jugor" in Prizren as well as municipal level: Municipality of Prishtina, Fushe Kosovo, Gjakova and Municipality of Prizren.

This audit covered co-financing agreements with donors for the period 2014 - 2016.

Conclusions

The Government of Kosovo did not manage to put in place sustainable mechanisms that would assist in coordinating, monitoring and reporting on co-financing. Access and traceability of government information on co-financing to the final beneficiary is quite difficult. Ratified agreements are published in Official Gazette but the Government did not delegate responsibility to any institution that would maintain information on how much the financial value of external assistance is, how much is the funding from Kosovo institutions, which sectors are funded, and what is progress of co-financing in terms of execution. Lack of complete information on co-financing affects improper decision-making, increases the risk of double funding in the same sectors and weakens accountability and transparency.

The Ministry of European Integration as responsible for coordination of external assistance at the level of the Republic of Kosovo did not manage to coordinate, monitor and report, including presenting government priorities to external donors. Our audit has highlighted that the mechanisms established by the Ministry of European Integration are not fully effective to ensure the smooth execution of processes since planning, coordination for project financing, as well as their implementation and monitoring.

The Ministries, Municipalities and Publicly Owned Enterprises as beneficiaries and project implementers have failed to execute the projects at a satisfactory level towards the purpose for which the funds have been allocated. Three (3) out of eight (8) audited projects despite some delays have been fully implemented and three other projects are still underway and are not being implemented within the foreseen deadlines. While the other two projects were executed within the timeframe, however, the Municipality of Prizren failed to promote the recreation center and consequently it is not accessible to the citizens. Whereas, regarding the Municipality of Fushe Kosova, entering into co-financing agreements for years except that it was not in line with the objectives of the program, it did not have the budget planned for the implementation of the project as well as the transfer of funds to the donor.

Key Recommendations

The Government of Kosovo should ensure that it has put in place sustainable mechanisms for managing co-financing with particular emphasis on ensuring that it has delegated responsibility to an institution that maintains information on co-financing. This would affect fair decision making and retain credibility for donors.

The Ministry of European Integration as a key authority on coordinating donor and ministry activities as beneficiaries of these donations should create a sound system to ensure that donor funds are full in compliance with development priorities and are linked to the possible extent with the strategic documents in order to achieve higher effectiveness.

In order to make the assistance more effective, the principles of the Paris Declaration (2005) which are oriented to improve the quality of assistance should be applied in this process and its impact on development. It offers a series of specific implementation measurements and lays down the

foundations of a monitoring system to assess progress and ensure that donors / beneficiaries hold each other accountable for their commitments.

The response of the parties involved in the audit

The Ministry of Economic Development, the Ministry of Health, Ministry of European Integration, Ministry of Education, Ministry of Finance, Municipality of Fushe Kosove, Municipality of Prizren POE-s "Southern Hydro Region" and "Hidromorava" agreed with the audit findings and recommendations. While we did not receive any response from: Assembly Secretariat of Kosovo, Municipality of Prishtina and Municipality of Gjakova. We encourage the institutions involved in this audit to make every effort to address the recommendations given.

1 Introduction

External support is the basis for economic development for all countries, especially for countries in transition such as Kosovo. They are an important indicator of capital flows and economic development. For a better governance of public and external funds, the Government needs to implement a revitalized system for planning and managing the funds. It is essential that the process of planning and prioritization of donor funded projects are reorganized in accordance with the needs of the state economic development.

The primary concern of the Government of Kosovo is to build an effective, responsible and accountable governance that will strengthen not only the trust of the citizens but also the trust of international partners.

The Government of Kosovo has approved the Government Programme 2015-2018, introducing the country's key priorities in the following five areas:

- I. Sustainable economic development, employment and well-being;
- II. Rule of law and state of law;
- III. European agenda and foreign policy;
- IV. Education, science, culture, sports and youth development; and
- V. Modern Health Care.

The Government through Ministries coordinates all donor activities at sectoral and subsectoral level, ensuring that these funds are fully in compliance with development priorities as well as links as far as possible with strategic documents so that to achieve higher effectiveness.

External support in Kosovo has been executed through some forms of cooperation. One of the most important forms for execution of development projects is the linkage of co-financing agreements with external donors.

What makes co-financing agreements important are the various modalities that can be used by entering into contracts, which reflect the division of a special risk and responsibility.

According to our research and analysis, the most important agreements in this context are Government-to-Government Agreements and Donor-Municipality Agreements.

International Government-Government Agreements - These agreements are a treaty between the Republic of Kosovo and foreign states or international organizations in written form, governed by

international law, irrespective of the designation and inclusion in one, two or more interrelated instruments⁴

The Inter-institutional Donor-Municipality Agreements – these agreements are memorandums entered into considering the competences of municipalities with relevant institutions and organizations of foreign countries. These agreements are not entered into on behalf of the state and the Government of Kosovo and are not ratified.

Kosovo's state organs have the right to initiate international agreements in accordance with the Constitution of the country and the laws in force.

Initiatives for international agreements coming from ministries are in principle approved by the Government, go through separate administrative procedures from the start-up phase, execution, monitoring and implementation.

Audit Problem

As indicators to identify the problems, we have initially relied on regularity Audit Reports conducted by the National Audit Office (NAO) and the Annual Audit Report (AAR) for 2014 and 2015.

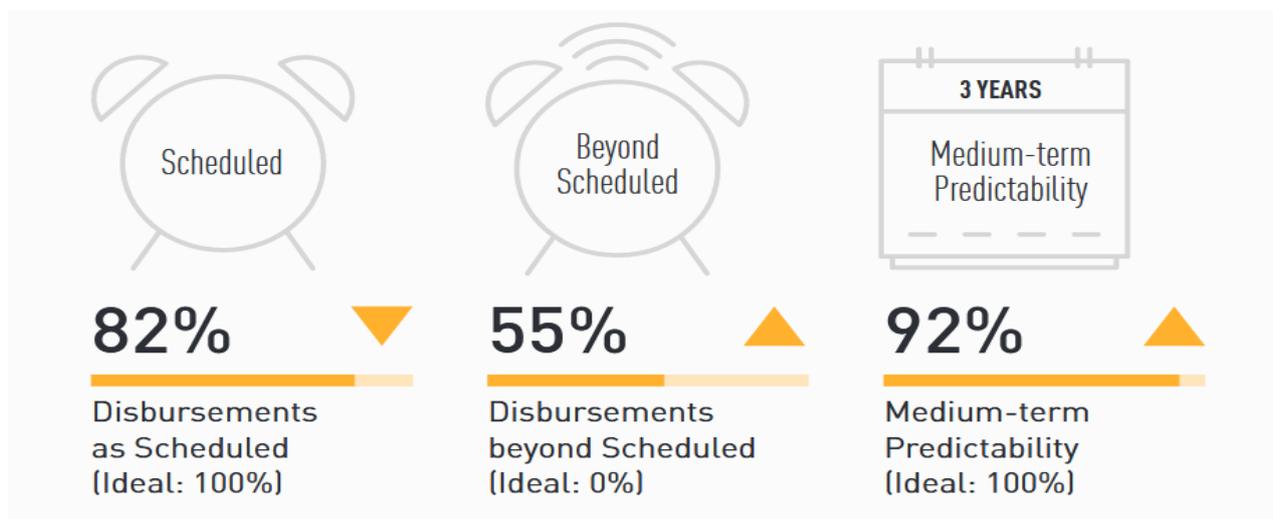
According to the 2014 AAR, co-financing projects at the municipal level according to agreements with different donors is considered a challenge. Since such projects are not monitored by municipalities, there are cases where information is missing if the donor is implementing the projects according to the agreements.

We have received questionnaires from municipalities where irregularities have been identified in terms of registration of donations that have not passed through the Treasury and there is no procedure or guidance for managing the donation process through the municipalities.

We have also noticed that in the Ministry of European Integration (MEI) there is a Donor Assistance Management Platform (DAMP) where we have identified that donor-reported data do not provide a clear and accurate picture of funding.

According to the report published in the Global Partnership, high difference of disbursements in addition to planned ones is noticed.

⁴Law no. 04/L-052 on international agreements

Graph 2. Donations disbursed as planned

*Audit Assessment

Source: Global Partnership Report

According to the above graph it is noticed that apart from disbursements that were not made as planned, disbursements were made even beyond planning.

Amongst other things, in our analysis during the pre-study phase we have also noticed irregularities in terms of donor reporting to MEIs as:

- Donation disbursements do not contain information on specific projects
- There is no complete information on commitments/donation disbursements;
- Disbursements are greater than commitments, and
- Reporting by donors is incomplete.

Audit Objective

The objective of this audit is to evaluate the co-financing of sectors according to the priorities set out in the government programme, donor coordination, implementation, monitoring, and if the intended purpose for the investments made has been achieved.

Audit Questions

In order to answer to the audit objective we have asked the following audit questions:

- Is the co-financing agreement supervision and coordination system functioning properly, and if not how it can be improved?
- Are the co-financing agreements properly managed to meet the intended purpose, if not why?

Audit Criteria

For defining the criteria, we relied upon the Government Programme, primary and secondary national legislation, as well as good practices for managing co-financing agreements in Western countries aiming to improve the quality of external assistance.

The criteria for the first audit question are:

- The Government through working groups should provide information and introduce national priorities to foreign donors⁵;
- Funding from donors should be in line with the government programme, based on the priorities set by sectoral division⁶;
- Reporting and monitoring of responsible actors should be harmonized, reporting guidelines/ regulations should be in place, or even under agreements clearly specifying the conditions and criteria for financial transfers when completing the works and completing the documentation for the respective projects⁷;
- Responsible actors, MEI in the capacity of the secretariat as organizer of working group meetings should measure the results of the activities they perform and report on the implementation and monitoring of co-financing projects as well as the results achieved⁸;

Criteria from the Paris Declaration (2005), under the “Accra” Agenda, which sets out the principles for managing donations in Western countries in order to improve the quality of external assistance:

- Communication and cooperation between stakeholders are based on functional systems, transparency and mutual accountability;

⁵ Regulation 04/20111 on the coordination of donors by 2015, Regulation 09/2015 on the coordination of external donor assistance

⁶ Regulation 04/20111 on the coordination of donors by 2015, Regulation 09/2015 on the coordination of external donor assistance

⁷ International Agreements, the commitment between the actors on terms and responsibilities in the Agreement

⁸ Regulation 04/20111 on the coordination of donors by 2015, Regulation 09/2015 on the coordination of external donor assistance

- Ownership: Developing countries set their own strategies for poverty reduction, improving their institutions and tackling corruption; and
- Harmonization: Donor countries coordinate, simplify procedures and disseminate information to avoid duplication of donor support.

While the criteria for the second audit question are:

- Agreements signed between stakeholders should contain clear and sufficient criteria in order to secure that timely obligations are being met and ensure smooth execution of the entire project implementation process⁹;

The criteria of the Paris Declaration (2005), under the “Accra” Agenda, which sets out the principles for managing donations in Western countries with the aim of improving the quality of external assistance are:

- Progress: donor countries stand behind these objectives and use local systems
- Results: Developing countries and donors shift their focus to development results and the results are measurable; and
- Mutual Accountability: Donors and Partners are held accountable for developing results.

⁹ International Agreements, the commitment between the actors on terms and responsibilities in the Agreement

Audit Scope and Methodology

To evaluate the management of co-financing agreements we have selected MEI as Government representative for putting in place a proper system for planning, coordination and management of external assistance, the Ministry of Finance (MoF) for Budget Impact Assessment (BIA) for signing international agreements, the Ministry of Economic Development (MED) as a signatory to the co-financing agreement for executing projects for Publicly Owned Enterprises (POEs) in the quality of an owner and monitoring of POEs and beneficiaries of projects: Ministry of Education Science and Technology (MEST), Ministry of Health (MoH), Water Sector POEs "Hidromorava" and "Hidroregjioni jugor", Municipality of Prizren, Gjakova, Fushe Kosovo and Pristina. The audit projects at the central and local level are selected according to the priorities of the government programme that is divided into sectors. This audit will cover the audit of co-financing agreements with external donors for the period 2014 -2016.

In order to carry out the audit and answer audit questions we have analyzed relevant documents, legislation and practices, compiled and used questionnaires for co-financing agreements and interviewed responsible parties. Within this audit we have analysed:

- Regulation on the process of coordination, monitoring, reporting and evaluation of donor assistance;
- Agreements signed between donors and beneficiary institutions;
 - ✓ Luxembourg Agreement (Healthcare, Vocational Education and Training) audit covers the MoH and MEST;
 - ✓ The Swiss Government Agreement (the audit will cover MED and POE "RWC" Hidromorava" in Gjilan and "Hidroregjioni Jugor" in Prizren;
 - ✓ Agreements signed at the local level in the respective municipalities (Prizren, Gjakova, Fushe Kosovo and Prishtina)
- The existing legal framework for initiating and entering into agreements
- Interviews with officials responsible for planning, coordination, registration and donation reporting
- Analysis of processes, existing procedures that are set for project management and implementation;
- Reviewing key controls implemented by relevant institutions and accountable officials in relation to project management;
- Reviewing and analysis of documents related to project implementation;
- Evaluation if funds have been used for the intended purpose; and
- Physical screening of projects.

2 Description of the system for entering into co-financing agreements with donors

2.1 Entering into Government-to-Government agreements with donors at central level

Law on International Agreements sets forth the procedure for entering into, signing, ratifying, and enforcing international agreements of the Republic of Kosovo. The power to enter into international agreements falls under the President, Prime Minister and Minister of Foreign Affairs, and have the right to carry out all related actions for entering into international agreements for the Republic of Kosovo.

International agreements that have financial implications are subject to a evaluation by the MoF/Budget Department, and through the Assembly of the Republic of Kosovo with two-thirds (2/3) votes of all MPs and they are ratified by law. Below are some of the responsibilities that some of the key local stakeholders have for co-financing agreements.

The Ministry of Foreign Affairs (MFA) as a representative of state institutions for entering into international agreements

- The MFA represents Kosovo and its state institutions abroad including intergovernmental international organizations through embassies, missions or representative offices established in accordance with the law on the Ministry of Foreign Affairs
- Enters into other international treaties and agreements with other states and acts in other countries and international intergovernmental organizations on behalf of ministries and other state bodies. Such activities may include (but are not limited to) the promotion of foreign trade and investment in Kosovo;
- Submits copies of treaties and international agreements, entered into on behalf of the state and the Government of the Republic of Kosovo with relevant authorities, keeps records of those treaties and agreements and publishes them on the website of the Ministry;

MoF as a Budget Impact Assessor (BIA) for the conclusion of international agreements

The Budget Department within the Ministry of Finance based on AI no.03/2015¹⁰ and Regulation no. 02/2011 is obliged to provide an independent opinion aimed at verifying budget impact assessments for the conclusion of international co-financing agreements.

¹⁰ Administrative Instruction no. 03/2015 on Budgetary Impact Assessment for New Government Initiatives

- No new initiative will be approved by the Government or by the head of the proposing body if the assessment form is not attached therein;
- Co-ordinates with the public administration institutions and, where appropriate, with multilateral and bilateral donors on issues related to donor funding and donated contributions;
- Ensures the effective and transparent use of donor funds for the intended purposes; and
- Coordinates the activities of international financial institutions.

MEI - responsible for coordination with donors and external assistance

- Coordinates external assistance at the level of the Republic of Kosovo, in relation to donors through various instruments, including the presentation of government priorities to external donors;
- Coordinates programming, planning, monitoring, reporting and evaluation of donor assistance;;
- In close cooperation with all ministries, coordinates all donor activities at sectoral and subsectoral level, ensuring that these assistances is fully in compliance with development priorities, as well as interlinked as closely as possible with strategic documents in order to achieve higher effectiveness of these assistance.

2.2 Entering into Donor-Municipality agreements at the local level

The Municipality's responsibilities should be exercised, organized and managed fully in compliance with the laws governing the responsibilities of the Municipality, the Law on Budget, the Law on Local Self-Government, the Law on Public Financial Management, regulations and rules of procedures in accordance with the Municipal Charter adopted by the Municipal Assembly.

The Municipalities as beneficiaries of donations have their responsibilities for entering into agreements, implementing and monitoring projects on the basis of guidelines or regulations, as well as the conditions and criteria foreseen in the agreements concluded in cooperation with donors.

The Municipalities may establish procedures or guidelines for a more attractive and transparent approach and for signing agreements with donors

In some cases, Municipalities in order to promote and introduce their priorities organize meetings, conferences with different donors, and a way of initiating the conclusion of co-financing agreements.

3 Audit findings

In this chapter, we have presented the findings related to the main stakeholders that carry out the planning, coordination, monitoring, reporting and evaluation of donor and institution assistance as beneficiaries of donations and execution of their projects. This report is structured in three groups that contain::

- External Assistance Coordination Procedures in Kosovo, including the introduction of government priorities to external donors, the status and findings of the audit are outlined in Chapter 3.1
- The process of prioritizing, monitoring, evaluating and reporting on the implementation of donor assistance projects, the status and findings of the audits are presented in chapter 3.2 and
- Chapter 3.3 outlines the audit findings regarding the management and implementation of projects by beneficiaries.

3.1 Information Management on Co-Financing with Donors

The Government of the Republic of Kosovo should have accurate and complete information on all co-financing agreements with donors. Accurate and complete information would provide the government with a good basis for decision-making and at the same time retain credibility towards donors. To achieve this, the Government needs to have a database for all co-financing agreements, and it would be necessary to designate a governmental institution. This institution will bear the responsibility for put in place and administering a database including all co-financing agreements based on those that have been implemented, those in the process or even those that have been signed but for various reasons are postponed.

In order to achieve this objective, it will be necessary to obtain information on foreign assistance from both donors as well as from governmental beneficiary institutions.

When it comes to reporting to governmental institutions we have identified the following audit shortcomings/findings of:

At the government level so far, no institution has been set up to administer a database for all co-financing agreements that are ratified by the Kosovo Assembly. The current legislation does not define that the institution's responsibility is to maintenance and administration of the database. Currently, two key institutions, The Ministry of European Integration (MEI) and the Ministry of Finance (MoF) have some information on co-financing agreements based on data from different sources, but these data do not correspond to one another and do not represent a complete picture with all appropriations by financing categories such as: loans, borrowings and co-financing agreements.

From 2009 until now for all categories, the Assembly and the Presidency have ratified around 300 financial agreements.

The MEI prepares and introduces the data in the annual donor report based on data from the Assistance Management Platform, while MoF prepares the Kosovo Annual Financial Report on the Kosovo Budget based on the data presented in the financial statements by the Budget Organizations (OBs) at the part of Donor Designated Grants. This chapter of the report generalizes the balance of the grants received by donors, but it is not specifically divided into each category of grants, a division that would reflect a complete and accurate view, a division which would facilitate the management of co-financing agreements as well as reflect a better reporting for internal and external needs.

Regarding the co-financing agreements, we have not managed to secure a database from relevant institutions MFA, MEI and MoF or the Assembly on the concluded agreements for the years 2014-2016. In the absence of this database we have secured this data through the Official Gazette that has served us for sampling, or the institutions part of the audit. According to the information in the Official Gazette for the period of three years, twenty-four agreements have been signed for all categories of funding, whereas there are only three agreements for co-financing.

Lack of complete and accurate information on co-financing affects improper decision-making and increases the risk for double financing in the same sectors. Further on, it weakens accountability and transparency regarding the management of external assistance.

3.2 Coordination of MEI with other Institutions on Co-financing Agreements

According to good practices of member states in the “Global Partnership”/European Network for External Assistance, Government Institutions¹¹ should engage in leading and managing foreign assistance by coordinating all ministries. This will help improve reporting and registration of foreign assistance and its link with the budget and government programme¹².

MEI as responsible for the coordination of external assistance should ensure that these assistance are fully in line with development priorities and be as close as possible to strategic documents in order to avoid duplication of funding of other donors.

When it comes to coordination we have encountered the following audit shortcomings/findings:

From the analysis we made on the AMP database we found that not all the projects are fully in line with the development priorities. Further on, the annual donor reports prepared by the MEI do not provide very clear information to correctly identify funding by sectors. According to the annual report of donors by MEI of 2015, out of 772 donor projects 229 or 33.5% were presented in the “other”

¹¹ MEI, MoF and MFA

¹² Foreign Assistance Orientation Document, Republic of Albania, page 59 (April 2008)

sector, involving projects that are in two or more sectors. Failure to clearly define the funded sectors causes uncertainty in the identification of the funded sectors, respectively clear reporting on the donor-funded sectors.

Regulation on the coordination of external donor assistance by the MEI determines the coordination, programming and harmonisation of national priorities. Bearing in mind the role of MEI as coordinator of all ministries for external support, a priority designated document has not been prepared, a document that will assess whether project proposals are in line with the priorities of the government programme.

Further on, the MEI has not developed formats or methodologies to guide all line ministries on the process of preparing and submitting funding projects, which would help institutions in designing and prioritizing projects in line with government priorities.

3.3 The role of MEI on the functioning of working groups for setting priorities

The coordination, monitoring, evaluation and reporting of donations in Kosovo is regulated by the regulation on donor coordination¹³. The purpose of this regulation is to coordinate external assistance, establish a system that ensures the effectiveness and transparency between the activities of the Government of the Republic of Kosovo and the Donor Community.

Based on the regulation on external donor coordination, the responsibilities, tasks and the functioning way of the High Level Forum (HLF) and Sector Working Groups (SWG) working groups should be regulated by internal normative acts of MEI, while the functioning of the Sub-Sector Working Groups (SSWG) should be regulated by internal acts within the organizations.

According to this regulation, MEI as the body responsible for coordination, review and oversight of aid progress for sector-related project projects has foreseen the establishment of these working groups:

The High Level Forum (HLF) is the highest structure for coordination of donor assistance external relations in the Republic of Kosovo that discusses national priorities for funding from external donor assistance and the main indicators of external assistance monitoring at national level and initiates discussions at the highest level with external donors in terms of development policies and strategies.

The Sector Working Groups (SWG) are the structure for coordinating and harmonizing external donor assistance with national priorities for monitoring foreign donor assistance based on sector-level indicators approved and initiated discussions with external donors in terms of policy and sectoral strategies.

¹³Regulation No. 04/2011 on the Coordination of Donors,
Regulation No. 09/2015 on the coordination of external donor assistance in the Republic of Kosovo

Sub-Sector Working Groups (SSWG) are the structure for coordinating external donor assistance, with technical and operational character within the organizations and sub-sectors, and their mandate is the coordination and monitoring of external donor activities in the sub sector in particular by ensuring the achievement of the conclusions reached in the HLF and SWG meetings.

Regarding the functioning of the working groups we have identified the following shortcomings/findings:

MEI as secretary for the HLF and SWG working groups did not prepare a document or regulation on how to organize and operate with these working groups, which prepare meetings, reports and present on RKS priorities for external assistance and follow-up on implementation of the Conclusions ions achieved. Also, SSWGs are not fully functional under normative acts within the ministries.

The HLF despite the legal requirements foreseen to be held at least one meeting per year, did not hold meetings during 2014 and 2016, except during the year 2015 a meeting was held where donor activities were discussed and the Draft National Development Strategy was introduced including main development priorities of the RKS Government. In addition to this meeting, HLF did not hold regular meetings with the working groups.

SWG, despite the legal requirements for at least two meetings a year, did not hold any meetings during 2014 and 2015, except that during 2016 a meeting was held where donor activities were discussed and implementation of projects that are in the process. In these meetings, SWG should define annual and multi-year priorities for funding from external assistance at sectoral level.

SSWGs despite the legal requirements foreseen for them to be led and organized by Ministries, Department for European Integration and Policy Coordination (DEIPC).

During our audit we have identified that in two ministries, as is the case with MoH and MEST, respectively DEIPC in the capacity of secretariat, did not function and held their regular meetings in MoH. In 2015, this Ministry approved an information circular aimed at implementing the government regulation on donor coordination, creating a system that ensures the effectiveness and transparency between the MoH and the donor community. According to this circular, all health institutions and the donor community should inform the DEIPC in the ministry on the occasion of initiating/receiving any donation.

While regarding MEST despite the absence of any internal act or circular, it has organized regular meetings with donors at sectoral and sub-sectoral level (pre-university education, vocational education and higher education), where donor projects, priority and activities of the ministry were reported.

The lack of internal normative acts has led to the lack of regular meetings and failure to have HLF and SWG in place. Consequently, the annual plan for the coordination of external donor assistance has not been prepared, approved and presented.

3.3.1 Integrated Coordination of Monitoring, Evaluation and Reporting of Government-Donor Financing and their Commitments

Monitoring/Evaluation and Reporting is a very important process which depends on the data, verification tools, potential sources of data and the methodologies to be used. This process should be organized at an institutional level where almost every institution establishes internal monitoring and reporting systems, and there should also be a plan for the integration of these systems, which requires the establishment of an Integrated Information Management System that will cover all government and donor commitments. The effective monitoring and evaluation process provides a clear picture of achieving the intended outcomes and objectives. The MEI in the capacity of the secretariat on donor coordination is responsible for assessing external assistance.

Regarding the integrated monitoring system and the definition of indicators we have identified the following shortcomings/findings:

The responsibility of HLF is to determine the main indicators for monitoring external assistance in Kosovo for all sectors and reaching conclusions MEI and HLF respectively have not set indicators to measure the results and compile evaluation reports on sectoral working groups and sub-sector working groups.

MEI did not prepare an integrated monitoring and evaluation plan that will support accountability and reporting of the activities carried out and their compliance with the set objectives and commitments made by both parties. Further on, the MEI did not produce any integrated monitoring report for all institutions that would cover all governmental and donor commitments in relation to the set objectives.

3.3.2 Reporting and Accountability

Quality and effective reporting should meet some criteria to ensure its viability, contain important and useful data, be timely and provide sufficient amount of information on intended use. Particularly important is the content of reporting when it comes to including other specific requirements, to be accurate, coherent and appropriate to the users.

Currently MEI administers the AMP, an online system that provides reporting on external aid management. This platform has been in operation since 2009 and enables each donor to record information on the commitments and disbursements at monthly, quarterly and annual intervals. As a result, the MEI draws up an annual donor coordination report that provides a summary of the effectiveness of external assistance compared with Kosovo's development priorities.

Regarding the reporting we have identified the following shortcomings/findings:

The MEI draws up the annual donor coordination report, which provides descriptive data on donor funding status and their sectoral distribution, as well as a general estimate of received funding from the municipalities involved.

Below in Table 1 and 2, distribution of donations according to government priorities for 2014 and 2015 is presented.

Table 1. Distribution of donations according to government priorities for 2014

2014				
GOVERNMENT PRIORITY	COMMITTED	% OF TOTAL	DISBURSED	% OF TOTAL
Economic Development, Employment, Welfare	53,536,745	30	87,914,859	42
Rule of Law	121,742,112	64	60,119,790	33
European Agenda and Foreign Policy	-	-	-	-
Education, Science, Culture & Sports	14,052,665	7	29,556,443	16
Modern Healthcare	2,312,739	1	3,809,201	2
Total	191,644,261	100	181,400,283	100

*Audit Assessment

Source: Annual Donation Report, MEI 2014

Table 2. Distribution of donations according to government priorities for 2015

2015				
GOVERNMENT PRIORITY	COMMITTED	% OF TOTAL	DISBURSED	% OF TOTAL
Economic Development, Employment, Welfare	71,328,322	36	102,490,160	49
Rule of Law	55,571,183	28	44,776,635	22
Education, Science, Culture & Sports	16,072,204	8	11,669,432	6
Modern Healthcare	3,824,362	2	5,250,964	3
Amount- sectoral and sub-sectoral	52,167,472	26	4,379,808	21
Total	198,963,543	100	207,980,999	100

*Audit Assessment

Source: Annual Donation Report, MEI 2015

Unlike 2014 and 2015, the 2016 donor annual report is prepared in sectors and sub-sectors to further detail the areas of official development assistance (according to the OECD there are 25 sectors and they all received different funding rates during 2016)¹⁴.

¹⁴ Organisation for Economic Co-operation and Development OECD <http://www.oecd.org/about/>

Unlike the previous reporting system, the reporting mode for 2016 is based on Kosovo donor working groups, from the fact that a significant amount of funding has been reported in the “other” sector, which includes important projects that do not fall under the other operational sectors created by the Kosovo government (see Annex 4).

According to the annual report of the donors for 2014 and 2015 data extracted from the database date AMP a large sum of funds is attributed to the unspecified sector “other”, where different financing was not identified as belonging to other operational sectors. With the 2016 reporting method, these challenges have been overcome and now reported for 25 different sectors, but despite this reporting format we have found that the system is not able to generate aggregated reports by priority. This has made it impossible to compare the investments for 2014 and 2015 with those of 2016 that have been made for certain categories and in particular sectors such as economic development, education, health etc.

The annual report prepared by MEI is not complete, accurate and coherent to reflect the situation of the donations. The annual report prepared by the MEI does not include all the information, given that all donors do not report to the AMP, but it is done on a voluntary basis. AMP information is not accurate since we have noticed that the presentation of donations at the central level provides a double reflection, as well as at the local level such as the Municipality of Prizren, for the Luxembourg agreement.

Harmonization of joint reporting at the government level on the overall status of co-financing agreements and in general foreign assistance has not been achieved. However, the MEI and the MoF have conducted several meetings and efforts for a co-operation regarding the presentation of funding from foreign donors, the establishment of a joint reporting platform for the purpose of harmonizing the MEP with the Public Investment Program (PIP) and Budget Management and Development System (BDMS).¹⁵

3.4 Execution of projects and government commitments for co-financing agreements

The overall objective of project objectives is defined in the form written in the Memorandum of Understanding signed between the Government of a partner country on one side and the Government of Kosovo/partner on the other side, where through the execution of these projects it is foreseen to achieve the development of the sectors and achievement of the objectives in line with the government priorities. The execution of these projects is aimed at the development of modern

¹⁵ According to the Paris Declaration (2005), “Accra Agenda” developing countries set their own strategies for harmonizing and sustaining donations. The principle of harmonization stems from the fact that donor countries coordinate, simplify procedures and disseminate information to avoid duplication.

health, vocational education and training (VET) and economic and social development, the benefit of the local population in certain rural areas.

At the central level we have audited two co-financing agreements funded by the Government RKS and the Government of Luxembourg where beneficiaries are MEST, MoH and the other agreement between the Government of RKS and the Government of Switzerland on capital projects for the period 2014-2016, where the beneficiary is MED under which there are two POEs- RWC "Hidromorava" in Gjilan and "Hidroregjioni Jugor" in Prizren.

As far as the local level is concerned, we have audited four municipalities (Prishtina, Prizren, Gjakova and Fushe Kosova) with a total of four funded projects by donor and Municipality with a percentage determined on the basis of the concluded agreement.

For agreements signed at the central level of institutions of the government, the period of implementation of the projects was 3 years in the amount of €29,359,944 (see Annex 3), while for those of local level, the implementation of the projects the projects were for one and two years, the cost of these projects amounted to €4,908,381 (see Annex 4).

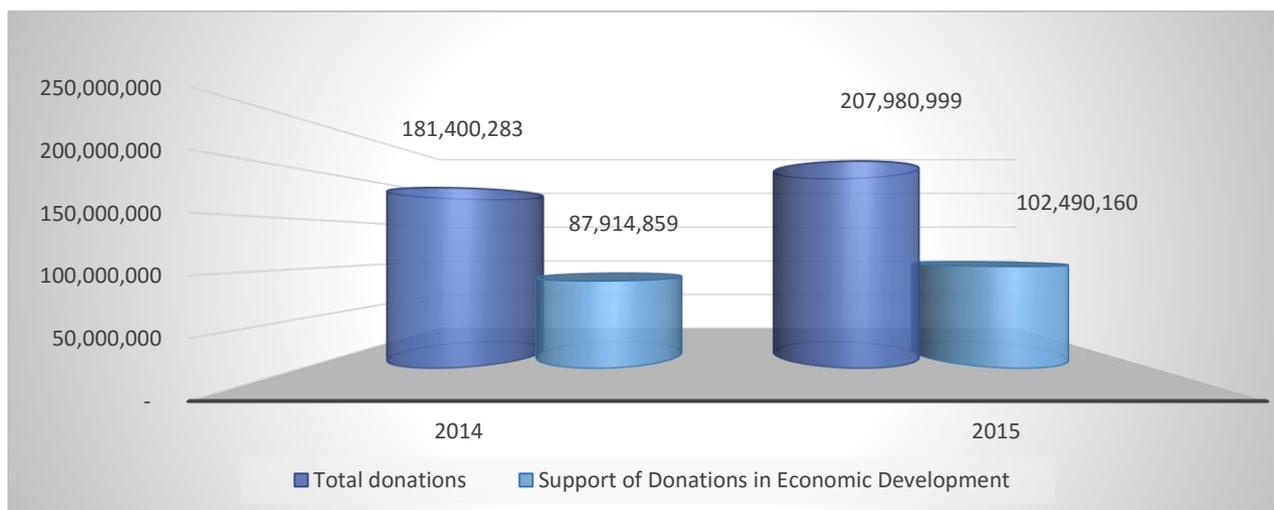
During the audit process we have focused on the three main pillars of the Government Programme of the Republic of Kosovo, outlined below.

3.4.1 Sustainable economic development, employment and growth of citizens' welfare

Economic development, employment promotion and growth of welfare is based on initiatives, competition and open market, as the main forces that provide economic prosperity. The role of the Government is to provide the institutional framework within which economic activities are developed, in order to secure the internal cohesion of the economy and society.

One of the primary goals and priorities of the Government is the economic development of the country. Kosovo for many years has received the largest number of donation funds with over 40% of total commitments and disbursements of donations and this is why we are focused on this pillar.

Below we have presented a graph of donor funding according to government priorities for the economic development sector.

Graph 4. Distribution of donations in the economic development sector against total donations

*Audit Assessment

Source: Annual Donation Reports, 2014, 2015

According to the graph above, the distribution of donations in the economic development sector represents a high support in relation to total donations of 42% in 2014, and in 2015 with support of 49%.

The Swiss government is among the largest donors in Kosovo. This donor is implementing a support program for water and sanitation in rural areas in cooperation with MED. The other project funded by Swiss Caritas, which in cooperation with the Municipality of Gjakova has implemented the project “Housing and integration of Roma, Ashkali and Egyptian RAE communities” in Ali Ibra neighborhood in Gjakova.

Further on, according to the donor[s] report on investments in this sector, the largest donor in Kosovo is the European Union (EU) which has implemented several projects including the project “Establishment of the mobile market of farmers”, a project executed in cooperation with the municipality of Prishtina where the main objective was to increase employment.

In the following subchapter we have disclosed these three projects and audit findings for each project.

3.4.1.1 Agreement signed between the Government of Switzerland and the Government of Kosovo

Since 2005, the Swiss government has significantly contributed to the improvement of supply with drinking water and sanitation in rural areas in Kosovo through 4 previous phases of the Water Support and Sanitation Program in Rural Areas in Kosovo.

While our focus is the period from 2014 we have taken the co-financing agreement signed in 2014 between the Swiss government and the Kosovo government known as the fifth phase of this program, which is at a higher level and the continuity of the program from the previous phases.

The overall purpose of this support program for water supply and sanitation in rural areas is to contribute to increasing the access of Kosovo's population to proper water supply, sewage and sustainable management of water supply services and sanitation. The project was funded by the Government of Kosovo with €7,945,604, while the rest by the Swiss Government, the Swiss Agency for Development and Cooperation (SADC) in the amount of €11,814,340 or € 19,759,944 in total. The project will be implemented by Community Development Initiatives (CDI). The duration of the project implementation according to the agreement is for the period 2014-2017.

The agreement was implemented in seven water companies, out of which we have sampled RWC "Hidromorava" Gjilan and RWC "Hidroregjioni Jugor" in Prizren. The expected effect foresees the expansion of the water supply network to the majority of the population in rural areas, improved water supply, sewage and improved coordination of all sectors.

RWC "Hidromorava" in Gjilan

Project Execution

One of the beneficiaries of this project is the RWC "Hidromorava" project initiation phase of which started in February 2015. Implementation of procurement procedures and contract award for project implementation started on 25/05/2016 and is expected to be completed by March/2017 at the latest. The coverage of the V phase project includes mainly the villages of Gjilan region with three villages, Novo Brdo with eight villages, Pasjani with one village, Viti with three villages, Ranillug with two villages and Kamenica with four villages.

Project execution went through these implementation phases, whereas we will disclose our assessment below based on the official data and reports of the RWC "Hidromorava" in Gjilan.

Objective I - foresees the rehabilitation of reservoirs for 21 villages, project is executed from 80 to 95% in 16 villages, around 10% in Livoc I Ulet and 50% in Topanice, while in the other three villages it is not executed at all.

Objective II - foresees the rehabilitation of the pumping station for 19 villages, the project has been implemented for 11 villages from 50 to 90%, while in 8 other villages the works have not started at all, because most of these maintenance systems have been done by their own residents of these villages and have encountered residents' resistance.

This has caused problems when accessing those water supply systems in those villages and consequently caused delays in the implementation of the project.

Objective III - foresees the rehabilitation of water disinfection systems, this objective has not yet begun to be implemented since it is considered that the works can begin after the completion of the first two objectives.

According to the dynamic plan it is foreseen that the works are completed within 230 days, the deadline for completion of the project was foreseen until March/2017, while works are still ongoing.

According to official reports, the project is not being implemented according to the foreseen dynamic plan in MoD. The project has encountered difficulties in execution due to atmospheric conditions, ownership, wastewater, electricity or other reasons, such as resistance of residents.

The company "Hidromorava" as a supervisory body has contracted a private company which monitors the execution of the works and reports to the project manager of the RWC "Hidromorava" on the flow and performance of the works. Regarding the project execution, the contracted company as a supervisory body drafted daily reports on the work being carried out, reporting these with very simple data without any clarification or reasoning in case of termination or non-execution of the works.

Periodic reports that provide accurate, relevant and timely information on the progress towards achieving the envisaged plan were not prepared in order to enhance accountability for the resources used and the results achieved. These reports are more of descriptive nature.

Based on the situation that we have verified, we conclude that for the first objective from 21 villages the works have not been fully carried out for 18 villages, while in three villages the works have not started at all. Regarding the second objective, there is an unsatisfactory level of implementation of the project as a considerable number from 19 villages have not started and implemented the foreseen works. The project was implemented for 11 villages, while in 8 other villages the works have not started at all. The execution of the third objective has not started yet since it is considered that the works could start after the completion of the first two objectives.

RWC "Hidroregjioni Jugor" Prizren

Project Execution

Further on, one of the beneficiaries of this project is the RWC "Hidroregjioni jugor", whereas the project's inception phase started in September/2014. Audit coverage for 2014-2016 for the V phase of this project includes the villages of Prizren region (18 villages), Dragash (15), Malishevo (11), and Suhareka (12) with a total of 56 villages. The project execution went through these implementation phases, whereby we will disclose their implementation below.

Objective I - is the construction of new water supply systems in rural areas. Beneficiaries of this project are the Municipality of Suhareka and Malisheva with villages.

According to official reports prepared by the project manager we have assessed that in the Municipality of Malisheva works are continuing with a higher intensity, and so far the project has managed to be executed up to 60%, while in Suhareka municipality works are continuing with a very poor intensity, so far only 16% of the works have been executed. The reasons for the project's stagnation based on the project manager's reports are the difficulties in completing the works by the Economic Operator (EO). Contracting of the EO was done only with the evaluation conducted by the CDI commission, without considering the opinion of the commission of the RWC "Hidroregjioni Jugor". According to RWC officials, the selection of EO as a contract beneficiary was

evaluated as a result of the lowest bid price, which was outside the cost price rates (the price below the cost of the service), this is the main reason for failure and non-execution of works.

According to the Memorandum of Understanding on the Parties' Obligations, on Procurement Activities for the Implementation of the Project in Malisheva/Suhareka Municipalities, the procedures should be conducted in cooperation and in accordance of CDI-RWC partners. According to the procurement reports for the implementation of this project, most of the procurement procedures were run by the RWC, with the exception of two of them being managed in cooperation but the decision for selecting the EO was taken only by CDI. The implementing partner CDI did not take into account the commission's assessment and the one of the RWC "Hidroregjioni jugor" in Prizren who had recommended that the contract should not be given to this EO because of the very low price, where according to the analysis by the RWC this operator will not be able to cover even the costs.

As a consequence, the project was not implemented according to the dynamic plan, where the completion of works were foreseen for May/2016, the contract was terminated with this operator and are in process of considering the possibility of contracting another operator.

Objective II - rehabilitation existing water supply systems in the self-managed rural areas

According to the technical and financial evaluation of rural systems, it is planned to include close to 100 villages and the number of villages included is 56 villages: Malishevo (11) Suhareka (12) and Prizren (18) and Dragash (15), while other villages are not integrated into this system. According to the reports of the Company, other villages have not expressed their willingness to use water supply services and make payments to the Company, as these villages up to know have managed and maintained the water supply system themselves.

Objective III - wastewater treatment, pilot project, biological treatment

As a pilot project it is foreseen to include sewage treatment in the village of Llukfic, Municipality of Prizren and all project implementation procedures have been developed.

The Municipality of Prizren in cooperation with the water company has not reached the agreement with the citizens for the construction of the wastewater plant. Even though the procedures for the expropriation of land have been completed by the Municipality, the main project was drafted and EO was selected to carry out the works. However, the citizens of the village Llukfic have refused to construct the facility with reasoning that it is close to their settlements and may have a negative impact on the pollution of the environment and air.

Objective IV - awareness raising, citizen's awareness on the importance of water, quality, utilization, treatment and collection

Within this objective, working groups were established from the RWC "Hidroregjioni Jugor" and CDI where there were joint meetings with municipalities and villages about program awareness, water quality, water use and water conservation. This project has foreseen voluntarily awareness of citizens rather than foreseeing a compulsory act. According to the technical assessment report

conducted by RWC “Hidroregjioni jugor” this project is envisaged to include 100 villages, but so far have only 56 villages were made aware of. There is still no awareness raising of the inhabitants of 44 villages foreseen for connection to the water supply system.

While other villages according to RWC officials were verbally notified of the implementation of this project but there were no records of awareness raising meetings or announcements for holding these meetings.

Several EOs were contracted out for the fulfillment of all the objectives foreseen in the project, where they encountered problems in implementation according to the plan and requested a postponement of the works schedule under the justification of inadequate atmospheric conditions and obstacles by residents.

The annual progress report was prepared in February 2017 by CDI regarding the implementation of the project as a whole and the execution for all the water companies that have been supported by the donor. This report presents the results against the foreseen objectives at the overall project level. This report has a lot of information about the overall achievements, difficulties and risks for the project, but there is no individual information on the execution percentage of the objectives within each RWC.

MED as the owner and representative of the Government for the signing of MoU with CDI in the supportive role of POE support has managed to assist in meeting the objectives of some POEs for the establishment and improvement of public infrastructure.

The Ministry has put in place a monitoring mechanism to ensure that funded projects are being implemented according to the criteria set out in MoU. According to this agreement, the ways and forms of reporting by the CDI, as well as the timetable and the financial means to be transferred to the implementing partner, are foreseen. MED has performed all financial obligations according to the schedule foreseen by the agreement on the basis of regular reports prepared by the CDI.

3.4.1.2 The signed agreement between the Municipality of Prishtina and the European Union for the project “Establishment of Mobile Market of Farmers” in Prishtina

This project is based on the MoU signed in December 2014, between the EU office in Kosovo and the Municipality of Prishtina. The main parties to the project are the European Commission, the Municipality of Prishtina, NGO Women in Business (WiB) and Entrepreneurship Center, as well as project beneficiaries.

The Municipality of Prishtina, WiB and Entrepreneurship Center have established the Managing Board/Steering Committee (SC) consisting of one representative from each project partner. the Steering Board (BD) met at least once a month.

The project was financed 80% from the EU amounted to €383,517, while the other 20% from the Municipality of Prishtina in the amount of €95,879 or in total of €479,397 with extension for the period 2014- 2016.

The overall objective of the project is to contribute to the improvement of the economic development conditions in Kosovo, by engaging farmers and agribusinesses with the possibility of placing products on the regional market and influence export growth and replacing imported products with local ones. The main aim has been to create new employment opportunities especially for young farmers, reduce unemployment, poverty and migration in Kosovo.

Referring to activities on the basis of the EU annual report, the level of achievement of project objectives has had a positive impact on rural economic development in regional municipal centers and a positive impact on the replacement of imported products in Kosovo.

Project Execution

Objective I of the project is to improve services and increase the value of local products by establishing a “Mobile Farm Market” aimed at promoting these products, revitalizing the rural economy by creating new employment opportunities. The planned activities are the creation of 9 farmers’ markets in Prishtina and engaging 1,200 farmers.

As a result, 5 mobile operational markets in Prishtina have been created and 1008 local farmers have directly and indirectly improved the supply and promotion of fresh local products in the farmers’ market.

While the reasoning by the project implementers for not establishing the other 4 markets is due to inappropriate sites for placing products on the part of farmers. During the planning by the Municipality of Prishtina, the following difficulties were not foreseen: the placement and displacement of movable tents in inappropriate locations where stands cannot be appropriately situated to develop their activity. The mobile market of farmers was initially established in Prishtina by granting them the right to sell and promote their fresh local production to 30 farmers and farmers/businesses associations from 8 municipalities of the regional centers (RCs). The type of mobile market of farmers is a market with open stalls, providing a place to exhibit local products.

Objective II of the Project foresees the revitalization of rural economy in Prishtina and other regions related to the creation of new jobs. Planned activities are the engagement of 1,200 farmers in the mobile markets in Prishtina, 200 farmers from RCs will increase knowledge on farm management, 20 farmers to be trained and certified on the Global GAP standards.

According to the EU annual report, the project has had an impact on the rural economy, creating new jobs on an average of 34%, namely 1008 local farmers have sold directly and indirectly in the mobile market, as well as farmers have improved knowledge on the management of farms, promotion and competitiveness.

One of the difficulties of the project was the inclusion of all municipal centers, three of the most beneficial and active centers in this project were Podujeva, Prishtina, Lipjan, while more inactive centers were Fushe Kosovo, Obiliq, Drenas, and Gracanica. According to MoU, municipality's responsibilities are the coordination of inter-municipal activities for project implementation. Further on, among the responsibilities it is foreseen that the Municipality of Prishtina will cooperate with the eight municipal centers by entering into a Memorandum of Understanding which it did not manage to execute. Despite holding several meetings with municipal centers, the Municipality of Prishtina did not manage to include all centers according to the project because not all municipalities expressed interest in such cooperation.

Lack of project controls and management by the Municipality. According to MoU, the Municipality of Prishtina is responsible for management and decision-making during project implementation, while the other two organizations are subordinate partners from the Municipality. The Municipality of Prishtina as Project Coordinator - in co-operation with the two implementing partners (WiB and Entrepreneurship Center) has authorized a project coordinator/manager from WiB, delegating all tasks and responsibilities to the implementing partner of the project, but it did not fulfill the obligations of the Municipality for defining an institutional officer for project coordination and institutional accountability. We have ascertained that all official data regarding this project are under the ownership of the WiB and the Municipality does not possess any information or documentation on project implementation and progress. The Municipality has not assigned a project manager from the Municipality for the purpose of controlling and maintaining this project through which accountability and transparency would enhance.

3.4.1.3 Project for Housing and Integration for Roma, Ashkali, Egyptian RAE communities in "Ali Ibra" neighborhood in Gjakova

This project is based on the Memorandum of Understanding concluded in September 2009, initially between the Swiss Caritas and the Municipality of Gjakova. Other stakeholders joined to later the implementation of this project agreed to co-operate as co-implementing parties, establishing a SC consisting of Swiss Caritas, Swedish Liaison Office in Kosovo, Austrian Development Agency, Prime Minister's Office, Ministry of Communities Returns, Municipality of Gjakova and RAE community. Based on the signed memorandum, the project's SC was established with a view to guaranteeing continuous direct supervision over project implementation.

The overall objective of the project is "Sustainable improvement of living conditions for RAE community" Ali Ibra "in Gjakova, and relies on social integration, community development, income generation and overall economic development. The total value of the project is €3,804,000 with a two-year duration of 2010-2012. The execution of this project lasted from 2011 to 2015.

The co-financing for execution of this project, apart from the allocation of 3.8 hectares of land by the Municipality of Gjakova, it has also committed to contribute to the regulation of infrastructure with a value of €809,418, as well as funding from other local institutions such as the Ministry of Communities Returns and the Office of the Prime Minister with a value of approximately of

€550,000, while the other share was given by Swiss Caritas as the main donor and other donors with an approximate value of €2,445,000.

Project Execution

Objective I foresees the improvement of permanent housing conditions - the cost for achieving this objective is €2,323,146. Implementation has went through three phases, the first phase of September 2010 - September 2011, 29 houses were built, Phase II included the period from October 2011 to May 2013, 35 houses were built and the Phase III from June 2013 to December 2015, 52 houses were built.

The implementation of the project was not completed according to the MoU signed in September 2009. Municipality of Gjakova according to the commitments in the Memorandum, during the first phase of 2011 has carried out some surface works (regulation of main water pipes and sewerage) in the amount of €88,218 while for the other years, it did not allocate the funds for executing this project, which had stagnation during the period 2011-2014. This project was not implemented within the deadline foreseen by the MoU due to failure to meet the commitments from the Municipality of Gjakova.

After June 2014, the project implementation was reactivated by allocating the funds from the Municipality to initiate procurement procedures for phase II and III for carrying out works on infrastructure regulation. Despite the budget constraints and the lack of financial resources, the project was completed on January 31, 2015. The Municipality has also faced court proceedings for non-payment of liabilities to EO because the execution of this project was not completed within the foreseen deadlines and has affected the budget of the following years.

According to the Memorandum, Switzerland Caritas has been in the role of quality management including external expertise for professional planning, implementation and project evaluation. It also was an active observation and monitoring member, providing information on the project dynamics and becoming part of the discussions and solving problems that may have arisen during the implementation.

Also based on the memorandum, the SC is responsible for correct monitoring and evaluating all donors of the project, the responsibility delegated to the Municipality. Housing construction was not monitored efficiently and as a consequence construction of houses was found to be ineffective as the constructed houses were inadequate for housing.

Gjakova Municipality has contracted a private company to oversee the construction of houses until Caritas identified serious building defects, the appearance of humidity in the built houses, which has led to demolition of homes during the second phase, as well as the operator was replaced for failure to meet the obligations of efficient housing monitoring. The tender repetition in Phase 3 was carried out by Caritas, where afterwards the other company was contracted as the supervisory body for the fields of statics, electricity and water. Other areas are directly monitored by the Construction Officer appointed by "Caritas" and the deficiencies identified above have been avoided and functionalized for housing.

Objective II- Social inclusion of the RAE community is promoted through community development activities and access to education and health services at the municipal level. Professional training of different profiles for young people and women has been organized for the RAE community. Meetings, trainings, roundtables and workshops with different topics in the sectors of health, education and psycho-social support were organized during this project. A social inclusion planning workshop was organized in the three components of the project: community development, integration through education and economic development.

Objective III - foresees new employment opportunities and sustainable income. With the implementation of this point the project met the third objective by constructing a waste recycling company. This objective was supported by the waste management company “Çabrati” to ensure the efficient access of RAE community members to the waste dump. The consolidation of this RAE waste recycling business and the long-term employment of 10 persons, as well as the engagement of the RAE community group in the construction of houses have been undertaken.

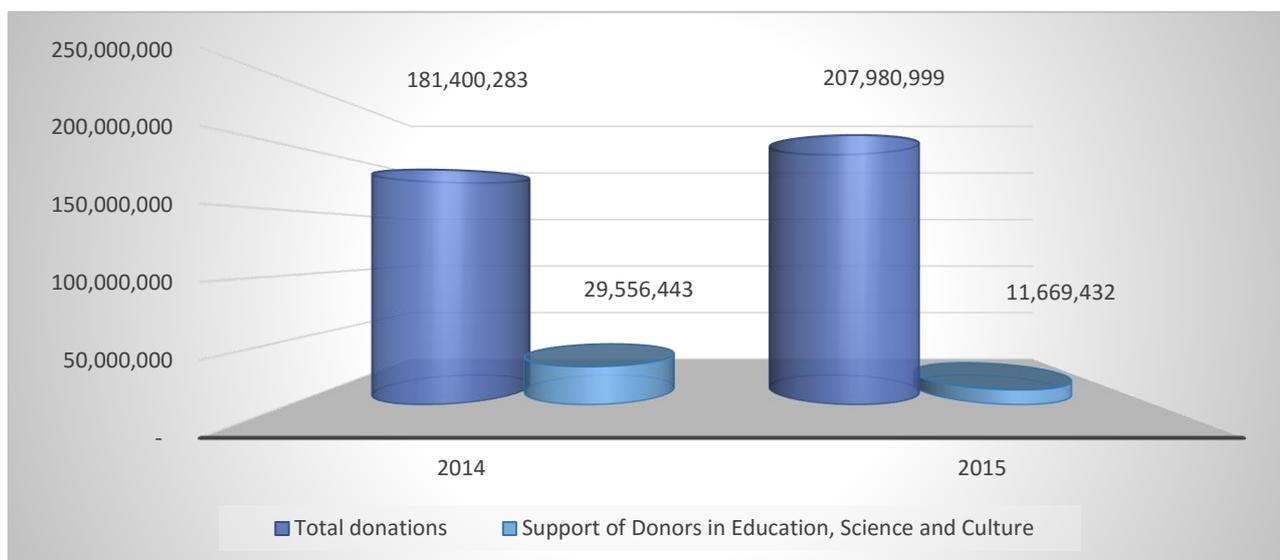
In general project implementation has undergone several challenges, lack of infrastructure in 2011 has caused stagnation of works after the first phase. The second phase lasted from 2011 to 2013, and infrastructure construction started only in 2014. This meant project difficulties in terms of being efficient. The execution of this project has improved the living conditions of the RAE community, with the construction of 119 houses, employment and education of this community.

3.4.2 Education, science, culture, sport and youth development

The Government of the Republic of Kosovo intends to build a society of knowledge, integrated into European flows and with equal opportunities for personal development. In line with this vision, the Government of the Republic of Kosovo is committed to build up a comprehensive education system that provides conditions for qualitative training and in accordance with the needs of the labour market and society. The education and employment sector is one of the country’s three most funded priorities under the Government of Kosovo Programme. According to the Donor Report after Economic Growth, the rule of law, this sector has for a number of years received a significant number of donation funds with approximately 16% of total commitments and disbursements of donations.

Below we have presented the donor funding chart by governmental priority for education sector.

Graph 5. Distribution of donations in the education, science, culture, sport and youth development sector against total donations



*Audit Assessment

Source: Annual Donor Reports, MEI 2014, 2015

According to the graph above, the distribution of donations in the education, science, culture and youth sector represents a 16% support in 2014, while there was a decrease of 6% in 2015 compared to the overall donations.

Luxembourg Government is one of the most major donors in the education sector which has assisted in executing the project “building of centres of competence” at the central level, helping to build, equip and train the staff of the new competence centres in Prizren and Ferizaj. Strengthening vocational training in Kosovo aims to help reducing long-term poverty with quality vocational training programs related to the employment market.

As far as donor investment at local level is concerned, we have analysed the project “Construction of a recreational and sporting facility at mountaineers home”, a project funded by the Municipality of Prizren and the Finnish Government ECNC (European Centre for Conservation of Nature).

The following we disclosed information on these two projects and the following shortcomings/findings:

3.4.2.1 Agreement signed between the Government of Kosovo and the Government of the Grand Duchy of Luxembourg

This co-financing agreement was signed in 2013 between the Government of the Grand Duchy of Luxembourg and the Government of the Republic of Kosovo. Implementation of this agreement started in 2014-2016 and is a continuation of a preliminary agreement concluded in 2010-2013. The budget for the period 2010-2013 was a total of €9, 200,000, consisting of Luxembourg contribution: €8,000,000 and local contribution by MEST of €1,200,000. While the additional budget for the extension of the 2014-2016 project was €3,552,500, consisting of the Luxembourg contribution of €2,000,000 and the local contribution by MEST of €1,552,500.

The overall objective of this project is to contribute to economic development by modernising education system in Kosovo. The high number of unemployed requires active measures for the development of economic sectors in order to increase employment and development in Kosovo. The role of Vocational Education and Training (VET) is to contribute to the development of these economic sectors by developing knowledge, skills and competences. The specific objective of the project is to contribute in VET reform in Kosovo by establishing two Centres of Professional Competence.

One of these centres is in Ferizaj, which was established with the purpose of developing new profiles of the health sector, while another centre is established in Prizren with the aim of developing trade, economy and tourism profiles.

Project Execution

Objective I - reviewing and developing curricula and relevant training and didactic materials for the two centres compatible with the labour market. At the Centre of Competence in Ferizaj, nine professional profiles have been approved, six of them are functional and three have not yet begun to be implemented. Six profiles are currently being taught at this centre, which are optical technicians, technicians for hearing and acoustics, orthodontics and prosthetics, orthopedics and nutritionists. According to the annual report of the Luxembourg Liaison Office, the other three profiles: surgical mechanics, aids in pharmaceutical production and health care for the elderly remained for considering the opportunity to continue due to labour market data and the number of jobs required in Kosovo or in the region over the next decade, as these profiles are special and require great investment.

In the Centre of Competences in Prizren, 13 professional profiles have been adopted and are functional in three professional areas of economy, trade and tourism. Although the project will support the development of more profiles than are foreseen in the project document, there are common basic modules for business and trade profiles.

Objective II - construction, supply of equipment and functionalization of two centres in Ferizaj and Prizren. The project proposal foresees that these two centres are developed through a module system with a capacity of 800 students. These facilities are functional and are built and supplied according to the planning and nature of the special profiles.

This project has foreseen to evaluate the impact to see and include the students of these professional profiles upon completion of the education. According to this project, this module is foreseen to be developed in the future in order to measure the impact. This evaluation project will support the implementation of a new data management system that is linked to the “Quality Assurance Framework for VET”. This project is foreseen to be executed by collecting data from secondary data sources (MEST, VET Schools, MoH and MLSW). Since the first generation has just completed the education qualification in these two centres, these data are currently missing.

According to MEST officials, the sustainability of these centres and the new system of centres in Kosovo is challenging due to the high cost of supply and maintenance of equipment in the future. Donors have confirmed that they will make efforts to ensure that MEST and other key stakeholders take ownership of project activities and outcomes. Based on this to increase the capacities and sustainability of these centres will be a challenge in the future. The project encourages close working relationships between the VET division in MEST, MLSW, MoH and employers.

3.4.2.2 Agreement signed between the Municipality of Prizren and the Finnish Government ECNC (European Centre for Natural Conservation)

This project is based on the Memorandum of Understanding concluded at the end of 2013, while implementation of this project was made in 2014 as it was foreseen under the schedule. This project has been developed within the framework of the Western Balkans Network, a planned action plan for local biodiversity, aimed at improving and protecting nature. The total value of the project is €25,000, the ECNC donor contribution was €20,000 and €5,000 was the contribution by the Municipality.

During 2011-2013 the Municipality of Prizren was actively involved in the drafting of the Local Action Plan for Biodiversity, led by the European Conservation Centre for Nature Conservation (ECNC), in cooperation with the Regional Environmental Centre (REC).

This plan was approved in 2013, and has started its implementation with the selection of this project. According to the MoU, the project evaluation committee should evaluate that this project has a greater impact on the conservation of Biodiversity at that location and to evaluate the success of the project on a periodic basis.

The overall project objective is investment on behalf of protecting the Bio Diversity, while regarding the specific objectives of the project in the Prizren region is “Construction of a recreational and sporting facility in the mountaineers’ house” near the village Struzha.

Project Execution

The Municipality of Prizren has used the fund of this project for the construction of a recreational recreation centre based on MoU and local biodiversity plan. The overall purpose of this objective has been achieved, but by field visits and according to responsible officials we have found that there is no report by the project evaluation committee for the construction of this sports centre and there is no evidence on the success indicators for increasing the number of vacationers for 30% as foreseen

in local action plan for biodiversity. Further on, the Municipality of Prizren has not promoted the use of this recreation centre to the stakeholders. The project as such has achieved the goal of the overall objective for which it is intended but has not managed to make this centre available for use.

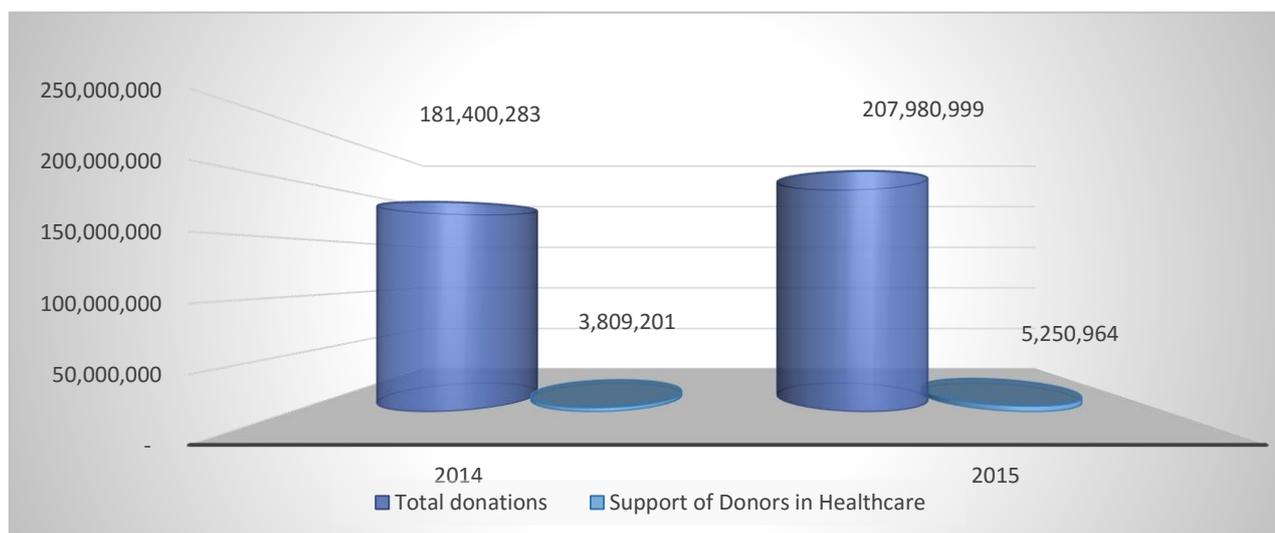
3.4.3 Modern Healthcare

This pillar foresees the continuation of improving the health condition of the population as one of the priorities of the Government aiming at building an efficient health system, based on sustainable human resources and with adequate sustainable funding, ensuring equal access to quality and cost-effective health services for all citizens.

The health sector is one of the priorities of government which are not sufficiently funded by donors. According to the annual donor reports of 2014 and 2015, modern health care has received very little support from external donors, not more than 3% of the total funds.

Below we have presented a graph of donor funding according to government priorities for the health sector.

Graph 6. Distribution of donations in the modern health care sector against the total donations



*Audit Assessment

Source: Annual Donor Reports, MEI,, vitet 2014, 2015

As shown in the graph above, the distribution of donations in the health sector represents a support of 2% in 2014, while there was a low increase of 3% in 2015 compared to general donations.

The health sector has received few contributions from donors, one of the donors with a major contribution being the Luxembourg Government in cooperation with the Government of Kosovo, beneficiary of which is the MoH, which is implementing the project “Advancing governance in policy development, enhancing the quality of health services” and executing a local project “Home Care” focusing on providing health services through support to the elderly who are neglected.

The following information has been disclosed for execution of these two projects including the following shortcomings/audit findings:

3.4.3.1 Agreement signed between the Government of Kosovo/Ministry of Health and Government of the Grand Duchy of Luxembourg

This co-financing agreement was signed in 2013 between the Government of the Grand Duchy of Luxembourg and the Government of Kosovo. This agreement was approved by the Assembly at the end of 2015, while the implementation of this project is foreseen for 2016-2019. The total value of the contract is €9,600,000, where the contribution of Luxembourg is €6,000,000 and the contribution by the MoH is €3,600,000.

Following the bilateral agreement between the two states, a MoU was also signed foreseeing the general objective of the health support programme and that is advancement of governance of state by focusing on policy development that will enhance the quality of health services in public and private health institutions as close to international standards as possible. The specific objectives of this project are to improve the planning, leading and management capacities of healthcare stakeholders.

The Ministry of Health did not provide the documentation during the phase we were in the audit despite our engagement and the ongoing requests for provision of supporting documentation for the implementation of the project covering the agreement signed with the Government of Luxembourg.

After submitting the draft report to the audited entities, MoH has provided the documentation as a supporting document for the findings identified in the draft report, which we have analyzed and are presented in the report.

Project execution

Objective I - strengthening institutional capacities and organizations of health stakeholders in fulfilling their new roles and responsibilities.

Regarding this objective, the project is currently continuing to work on supporting the implementation of health sector reform by strengthening the capacities of health actors for better planning, leadership and management skills.

According to the annual report prepared by Luxembourg Liaison Office for 2016, the implementation of project activities focuses on MoH, two regional hospitals (in Gjilan and Prizren) that are a constituent unit of Kosovo Hospital and Clinical Hospital Services, the Kosova Chamber of Doctors and the Centre for the Development of Family Medicine in Kosovo.

According to this report, which was provided as the only evidence related to project activities, a number of activities have been recorded; M & E training of 50 officers from the MoH and other health institutions, re-accreditation of the three-year specialization program in family medicine,

signing of a new memorandum of understanding between MoH and the Royal College of General Physicians for the next six years, as well as providing technical assistance to the Kosova Chamber of Doctors in the framework of capacity building efforts.

However, all these activities could not be proven with the supporting documentation during the audit period. Based on the documents provided we have identified that activities on the training of 50 officers from the MoH and other healthcare monitoring and evaluation institutions (M&E) have been executed. The execution of this activity contains the list of trained persons, the exam results, trainings and materials presented for this field.

Also during 2016, a three-year re-accreditation of the family medicine specialization programme was signed, the signing of a new Memorandum of Understanding between the MoH and the Royal College of General Practitioners (RCGP) for the next six years, as well as the provision of technical assistance to the Kosovo Chamber of Doctors.

This report highlights the project results which are: the development of a Monitoring and Evaluation (M & E) system, which is harmonized with the Logical Framework of the Health Sector Strategy. Another result in this report is a project manual that includes 16 Indicator Identification Cards, an M & E Matrix, and the Risk Assessment Matrix.

From the materials we have received, it has been proved that within this objective the “Health Sector Strategy Action Plan 2017-2021” and “Situational Analysis in the Clinical and University Hospital of Kosovo” were published.

Objective II - Improving the performance and quality of public health services

Considering the annual report prepared by the Luxembourg liaison office, project objectives and outcomes remained largely unchanged, but changes were suggested in the logical framework with a view to greater harmonization of tasks and activities with those of the Health Sector Strategy Action Plan 2016-2020 of MoH.

Also, during 2016, activities were carried out to improve the performance and quality of health services related to re-accreditation between the MoH and the Royal College of General Practitioners (RCGP).

The repeated accreditation of the specialization programme in family medicine as well as the new MoU between the RCGP and the MoH provides a strong foundation for further developments in primary health care in the coming years.

The Memorandum of Understanding foresees execution of some activities and there has been little progress in developing a family medicine training programme in Kosovo because doctors cannot be trained on a continuous basis due to their engagement and the costs that these trainings have.

Objective III - foresees the successful use of Integrated, Installed and Functional Health Information System (HIS) in all Public Health Institutions¹⁶.

During the audit of this project by the Ministry we have provided only with the Luxembourg annual report for 2016 for the execution of the objectives set out in the agreement.

Given that all of these activities had to be supported by relevant documentation within the audit execution period, we consider that the MoH failed to cooperate at the appropriate level. Furthermore, no other information on budget use and expenditures for these activities was provided.

3.4.3.2 Agreement signed between Fushe Kosovo Municipality and Caritas Kosova

The Cooperation Agreement between Caritas Kosova and Municipality of Fushe Kosove was signed in February 2016 for the project “Establishment of social, home care and outpatient care” in Fushe Kosovo. The budget spent for this project is €242,848, the contribution of the Municipality of Fushe Kosovo was €222,818 while from Caritas Kosova €20,030. We have not been documented or given any reason why the highest percentage of funding is by the Municipality. The project is foreseen to be completed for a period of 11 months. This agreement was implemented at the end of 2016. The overall objective of the HomeCare Program focuses on providing home care services by supporting the elderly who are neglected, abandoned and disabled.

Project execution

Despite the overall objective of the Homecare Program, the Municipality of Fushe Kosovo has implemented the specific objectives set out itself through the Memorandum, which to a small extent are within the scope of the project and the basic agreement for the project “Establishment of social, home and outpatient care “. The objectives set out in the signed agreement were:

Objective I - social, educational and health services, to improve the conditions for social levels;

Objective II - to continue the financial support for the employment of the citizens of the Municipality, various social and educational objectives

Objective III - Preventing the illegal migration process through job creation

Objective IV - social and health care for RAE community families.

The objectives set by the Municipality of Fushe Kosovo have deviated against the objectives of the “Home Care” program and the Agreement in general. The Municipality has had to fulfil the main objective of the Home Care program, which is to provide home care services by supporting the elderly who are neglected.

¹⁶ This objective will be addressed under a special audit

Deviations from the results and objectives of the project

The implementation of this project includes objectives for other sectors within which 75 persons were employed in different activities and profiles as in: Public Municipal Administration were employed 47 workers (detainees, security guard, administrators, cook, driver, and co-worker), healthcare employed 19 workers, and there are 9 other employees in education. Since the Caritas Home Care project foresees the establishment of mobile mobility care teams, out of the 75 employees under this project, only 19 employees are in the health sector for which the project is dedicated and that we therefore consider that the goal of this project is not achieved. Employees in the health sector have mainly contributed to people with disabilities and elderly and neglected people.

Caritas Kosova has reported on health workers on quarterly basis for the activity performed when the respective payments have been made, while for other employees it has reported describing the title of the performed works but without providing details on the activities carried out. Contracts for these services have been signed by Caritas Kosova with employees on an annual basis. Lack of reporting weakens accountability and transparency regarding external assistance activities

Lack of transparency in the process and transfer of financial resources to the donor

The Municipality of Fushe Kosovo has signed an agreement with Caritas Kosova bypassing the transparency and open procedures process for public announcement. It also did not plan the budget for the implementation of the project, therefore for the execution of this project, it has received the approval directly from the Municipal Assembly. In absence of funds, the Municipal Assembly has issued a decision for cooperation with Caritas Kosova, a non-governmental organization (NGO). This decision was based on the preliminary request of "Caritas" Kosova for continuing with joint cooperation with the Municipality for years.

For payments made under the agreement, the Municipality has transferred to Caritas accounts funds in the amount of €222,818 for salary payments of employees, as the contracts are concluded between Caritas Kosova and the employees. Although more than 90% of this project has been funded by the Municipality of Fushe Kosovo, the transfer of funds has been made to the donor, not foreseeing the risks of mismanagement and failure to carry out the donor project. The Municipality has transferred funds to the donor during the four phases or every three months as foreseen by the agreement. This practice of transferring funds to the donor has been practiced for years. Caritas Kosova in the attached reports did not report to all employees, transfer from the Municipality was done without ensuring that the services were performed on time and are being spent for what they are intended.

4 Conclusions

Conclusions on the external assistance coordination procedures in Kosovo, prioritizing, monitoring, evaluation and reporting

- The current legislation does not specify the responsibility of relevant institutions for administering and maintaining the database. Government institutions do not have a general database for ratified treaties in the Assembly and the Presidency to reflect the number of signed agreements in number and financial value. Due to the lack of this database at the country level there is no complete and accurate information on the agreements reached, those in the process of execution and other agreements that have been signed but for different reasons their execution has not started yet.
- The coordination of institutions for international agreements has failed to be functional so that the reporting and registration of foreign assistance provides the right effects. Some of the donor-funded projects are not in line with government programs by specific sectors. MEI failed to provide practical advice and models to other ministries in drafting projects or methodologies for project preparation and delivery
- Priority setting working groups have not been fully operational, did not hold regular annual meetings whereas they met only once in three years. The lack of these meetings resulted in the non-drafting and presentation of annual plans and strategic priorities of the state. DAD as secretariat has not drafted regulations on how to organize and function these working groups
- The integrated monitoring, evaluation and reporting system is not yet functional. The definition of key monitoring indicators has not been proposed by the working groups in order to measure progress on the implementation of donor assistance in line with government priority
- Reporting on donor activities is not a complete and does not provide clear picture of co-financing. The MEI prepares an annual report based on the Aid Management Platform where not all donors report. This report presents a descriptive picture of funding from donations and their sectoral distribution as well as funding received from the municipalities involved; and

Conclusions on Managing and executing projects by beneficiaries

- Beneficiary institutions have managed their projects in accordance with the purpose for which they are intended. The implementation of the projects was done according to the requirements foreseen for these projects, which has contributed to meeting the needs as well as improving the water supply and sanitation infrastructure, increasing the quality of education and market development, thus reducing the unemployment rate.
- However, it is worrying that the two projects of Water Companies “Hidroregjioni Jugor” in Prizren and “Hidromorava” in Gjilan are not being implemented according to the deadline for the completion of the works. The implementation of projects for these two companies is at a low level of execution despite the fact that the timeframe for the implementation of the project has passed. The water company “Hidroregjioni jugor” in Prizren failed to meet their objectives under the agreement with the citizens for the construction of water plants, making the inhabitants of the Prizren region aware for connection to the water supply network. Also, the water company “Hidromorava” in Gjilan has encountered difficulties in implementing the project in terms of ownership, energy connection and ethnic affiliation.
- RWC “Hidroregjioni jugor” for not performing works has encountered difficulties due to not selecting the appropriate economic operator which was unilaterally selected by the CDI. Consequently, the project was not implemented according to the dynamic plan, EO failed to perform the works as foreseen, where the contract was terminated and the project was delayed
- RWC “Hidromorava” in Gjilan did not managed to prepare periodic reports that provide accurate, relevant and timely information about the progress towards achieving the envisaged plan in order to increase accountability for the resources used and the achieved results. The company “Hidromorava” as a supervisory body has contracted a private company to monitor the project on the flow and performance of the works. These reports are more descriptive reports and there was no summary report prepared to introduce the achievements against the foreseen dynamic plan;
- The Municipality of Prishtina has managed to execute almost all the objectives set, with the exception of not putting in place four other markets due to inappropriate locations for developing business activities. The Municipality has not entered into agreements with other regional centres as foreseen under MoU for achieving better co-operation for full project implementation because of non-cooperation between other regional centres. It also did not set up own control and reporting mechanisms for project management for this, it did not authorize a project implementation partner to manage all project procedures;
- Municipality of Prizren has managed to meet the overall objective of the construction project of the recreation centre but has not promoted this centre and consequently it is not accessible to the citizens

- The MoH did not cooperate properly during the audit period to analyse whether the objectives set were met. After submitting the draft audit report, this Ministry provided additional evidence on the performance of some activities although they were not complete. Based on this we have assessed that the situation under these data represents a partial execution of the activities against the objectives. The lack of complete, supportive and relevant documents in the audit execution period reduces accountability and transparency regarding the activities carried out for external aid assistance; and
- Municipality of Fushe Kosove deviated from the results and objectives of the project. In addition, the Municipality of Fushe Kosova was not transparent for open procedures and public announcements. Further on, the transfer of funds has been made to the donor every quarter as a prepayment although the majority of the funding was from the Municipality, which increases the risk of mismanaging with public money;

5 Recommendations

Recommendations for external assistance coordination procedures in Kosovo, putting Priorities Monitoring, Evaluation and Reporting

We recommend the Assembly of Kosovo through the Government of Kosovo:

- To share responsibilities and clearly define the institutions responsible for maintaining and administering the database for co-financing agreements in order to have a state level reporting on the overall status of co-financing agreements and other financial agreements.

We recommend the MEI that:

- As secretariat should ensure the coordination of institutions for international agreements so that all donor funded projects are in line with government programs according to specific sectors;
- It prepares practical models so they could serve as a guide for all ministers to prepare project funding proposals. These models will ensure that donor - funded projects are identified and reviewed by the responsible actors in order to be in line with the government's priorities and not double them;
- It should draft and produce regulations on how to organize and operate the working groups, organize regular meetings, prepare reports and presentations for priorities of the Republic of Kosovo;
- It should ensure the coordination of an Integrated Monitoring System in close cooperation with all ministries demonstrating the execution of activities in line with the objectives set and the commitments made by both parties. Such a report will provide the Government with the assistance to be fully in line with development priorities and to be as close as possible to strategic documents in order to achieve higher effectiveness of such assistance;;
- It should consider developing advanced reporting methods by meeting the criteria of completeness, accuracy and coherence to reflect the status of the donations as well as the presentation of the achieved results against the foreseen objectives; and

Recommendations for project management and execution by beneficiaries

We recommend Ministries/Municipalities as beneficiaries and implementers of co-financing projects by external donors that:

- implementers of RWC “Hidroregjioni Jugor” in Prizren and RWC “Hidromorava” in Gjilan in cooperation with the municipality to execute their objectives for the agreement with the citizens for the construction of water facilities, awareness of the inhabitants for connection to the water supply network;
- RWC “Hidroregjioni jugor” in Prizren to co-operate and coordinate their activities for conducting procurement procedures with implementing partner CDI
- RWC “Hidromorava” in Gjilan to design and establish a system through which it will produce periodic reports that provide accurate, relevant and timely information on the progress towards achieving the foreseen plan in order to increase the accountability for resources used and results achieved
- The municipality of Prishtina as project owner and co-financier should ensure that in course of co-financing, coordinates their activities with other municipalities for the purpose of executing the project as a whole. Also in the future when implementing projects, assign the project manager in order to enhance transparency on the process of implementation, oversight and monitoring of projects
- The Municipality of Prizren as project implementer should ensure projects are being implemented alongside set objectives of donor development programs and promote them in order to achieve results;
- The Minister of Health should in the future secure proper cooperation with NAO officials as well review the archiving, storage and document filing processes and identify the reasons for not providing full information for audit purposes, at the same time to strengthen the mechanisms of control and accountability so that these situations are not repeated in the future; Further on, to ensure that the objectives set out in the project implementation agreement are completed on time; and
- The Municipality of Fushe Kosovo in the future should ensure the implementation of projects based on the objectives of the program. Contracts to be signed based on open and transparent procedures. As well as current practices of transferring funds for execution of projects with donors to be terminated in order to avoid potential misuses

Annex 1. Government revenues and foreign assistance

Year	2014	2015	2016
Budget of the Republic of Kosovo	1.486	1.576	1.588
Donations	212	208	197
The percentage of donations in relation to the Budget of the Republic of Kosovo	14%	13%	12%

Annex 2. Donor revenues for 2016

2016		
SECTORS AS PER OECD	DISBURSED	COMMITTED
Government and civil society	57,703,838	46,671,704
Water and sanitation	24,094,919	9,855,509
Bank and finance	18,634,290	32,992,362
Generation of energy and supplies	18,581,161	7,491,075
Education	17,601,700	8,953,231
General/Sub-sectors	17,227,159	21,473,843
Communication	12,862,741	12,695,273
Business and Other Services	11,218,914	11,884,316
Social Infrastructure and Services	10,360,443	8,269,615
Agro-culture	9,930,203	11,698,937
Health care	3,722,469	2,370,688
Unallocated/Unspecified	2,955,379	353,434
Trade policy and trade-related regulations	2,870,606	3,256,539
Industry	2,638,270	2,794,101
Humanitarian aid	1,390,590	490,090
Forestry	1,037,401	1,037,401
Support for NGOs	389,131	368,128
Administrative costs for donors	212,780	150,000
Population Policies/Reproductive Health Programs	208,090	302,193
Transportation and Warehousing	87,545	518,600
Accommodation Assistance and General Assistance Progr	76,677	-
Tourism	20,243	60,535
Total	213,824,549	183,687,574

Annex 3. Central level projects with donor co-financing

Projects financed 2014-2016 - Central level				
Government partners	Beneficiary institutions	Project	Financing	
			Donor	Beneficiary
Agreement between Grand Duchy of Luxembourg - Government of Kosovo	MoH and MEST	Support Program for Education and Health in Kosovo (KSV/017)	6,000,000.00	3,600,000.00
Agreement between CDI- Government of Kosovo	POE "Hidromorava" POE "Hidroregjioni"	Support Program for Watter and Sanitation in Rural Areas, Phase V	11,814,340.17	7,945,604.62
Total: Euro			17,814,340.17	11,545,604.62

Annex 4. Local level projects co-funded by donors

Municipality-Donor financed Projects for 2014-2016				
<i>Co-financing partners</i>		<i>Project</i>	<i>FINANCES</i>	
<i>Municipalities</i>	<i>Donatori</i>		<i>Donatori</i>	<i>Komuna</i>
Prishtina	EU - Pr	Establishment of farmers' mobile market in Prishtina	383,517.00	95,879.00
Prizren	Finnish Government	Construction of Sports Recreative Centre	19,930.00	5,191.00
Gjakova	Caritas, Swedish Liaison	Project for housing and integration of RAE Community, "Ali Ibra" neighbourhood	2,798,386.00	1,362,630.00
Fushe Kosova	Caritas Kosova - FKM	Building up social, health outpatient care - Home Care	20,030.00	222,818.00
Total: Euro			3,221,863.00	1,686,518.00