

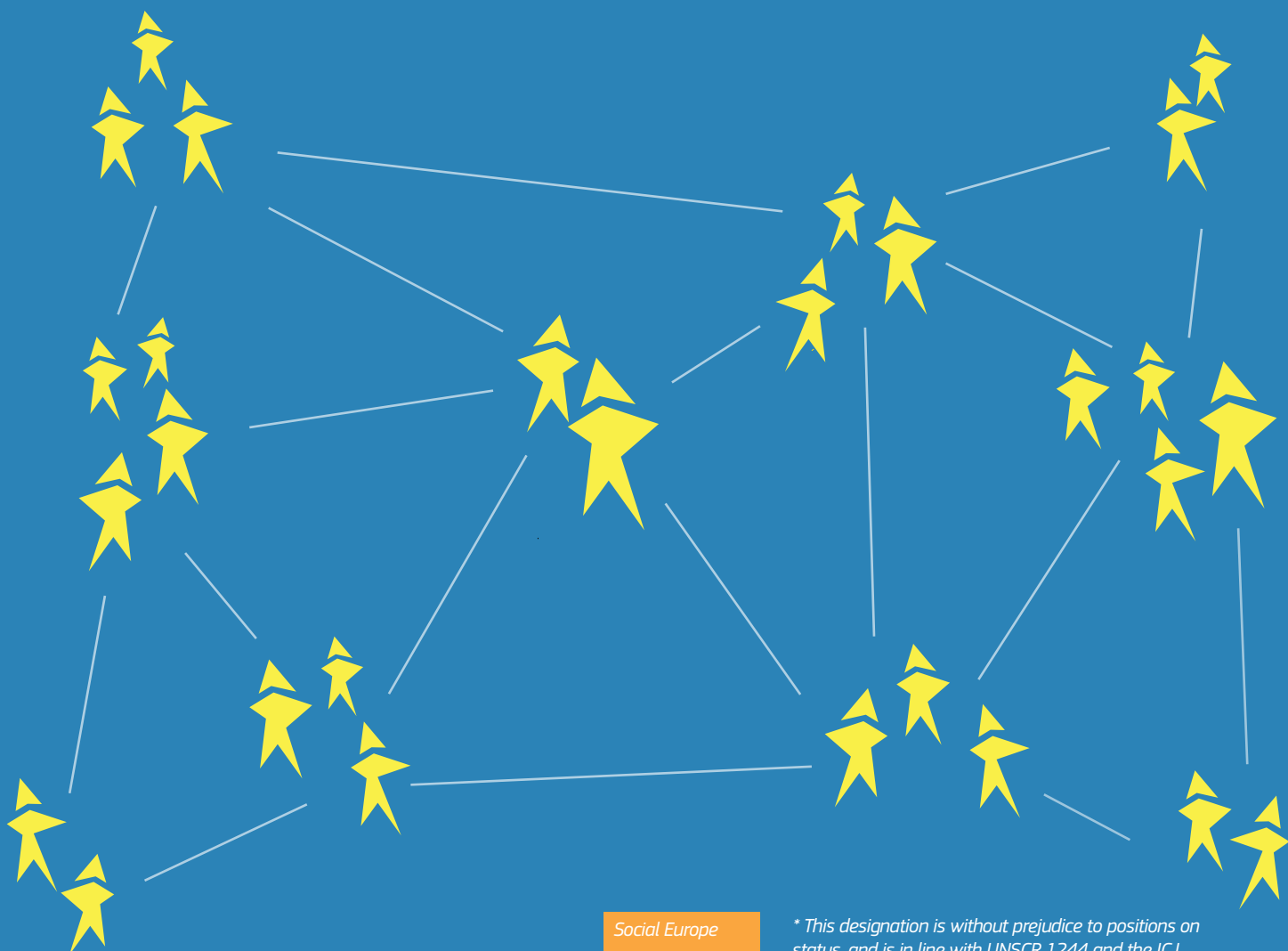


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

National monitoring frameworks for public social spending

Kosovo*

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Social Europe

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European Social Policy Network (ESPN)

**ESPN Thematic Report on
National monitoring frameworks
for public social spending**

Kosovo

2022

Artan Mustafa and Amir Haxhikadrija

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Summary

The public social spending monitoring and reviewing framework in place in Kosovo is made up of a multiplicity of reporting documents and reviewing tools.

The framework for monitoring spending consists of documents issued by the Ministry of Finance, Labour and Transfers, the Kosovo Agency of Statistics and the Kosovo Pension Savings Trust, while reports by the Central Bank of Kosovo monitor private, voluntary pension and health insurance providers. The monitoring tools include: parliamentary budget hearings and oversight of public expenditure; regularity and performance audits conducted by the National Audit Office; and monitoring of the implementation of social schemes at the municipal level conducted by the Monitoring and Inspection Unit of the Ministry of Finance, Labour and Transfers and the Centres for Social Work. In addition, there are frequent ad-hoc reviews at both the legislative and the executive level, and ad-hoc assessments requested by the Government and conducted by international organisations in Kosovo. These focus on specific issues and, in many cases, lead to government reforms.

The strengths of the monitoring framework include the provision of good, timely and easily accessible public information on planned and actual expenditure, and the fact that it covers almost all social transfer programmes.

The framework enables the creation of various expenditure indicators, similar to those used in the European System of Integrated Social Protection Statistics (ESSPROS), such as on total expenditure, total expenditure according to function, as a share of GDP, etc. Reliable indicators on coverage may also be constructed. One strength of the reviewing tools lies in their vertical arrangement, which aims at assessing the appropriateness of public social spending at all levels. Reviews, field visits, public hearings and parliamentary assessments ensure the appropriateness of the laws and their adequate implementation. Audits, on the other hand, provide a reliable examination of the efficiency of government systems, operations, programmes, activities and organisations, and check that funds have been used for the intended purpose. Lastly, monitoring and inspection visits enable verification of the eligibility of beneficiaries of social programmes at the municipal level.

The main weaknesses of the monitoring framework are its incompleteness and fragmentation.

Some missing data make the construction of fully ESSPROS-like indicators impossible. These include data on social housing expenditure and the taxes withheld when lump sums or annuities are paid out from pension funds: these data are either not issued as a separate function or not issued at all. Moreover, data on social services spending and administration costs are scattered and can only be derived from larger financial reporting and documents on national revenue. Overall expenditure is not presented in a unified way or by following the standards and functions of ESSPROS. Nor is it presented according to population consumption decile or age group, and it does not contain information about the impact on social outcomes, such as poverty and inequality reduction. Furthermore, the framework does not cover some substantial expenditure, such as that financed by the Republic of Serbia for the Serbian minority population in Kosovo, or the 'hidden' expenditure of costs borne by employers or directly by private citizens.

Outdated design and lack of clarification regarding the roles and responsibilities of the monitoring agencies are the main weaknesses related to the reviewing tools.

Forms of monitoring at the local level are outdated, and limited staff capacity means that most of the data collected are not input into the electronic system. There is also a disconnect between the central and local levels regarding the data-collection process and a lack of clarity about which data are needed for policy planning and how they should be collected. Most importantly, the current tools and mechanisms are not effective in allowing the lessons and findings of the Monitoring and Inspection Unit to be translated into improved programmes or services. Some of these shortcomings are being addressed through ongoing legislation initiatives, such as the Social Assistance Scheme reform, which envisages the introduction of a Social Registry Management System – a database that will monitor social benefits in a better way.

1 Country-specific monitoring frameworks for public social spending

The Statistical Office of the European Union (Eurostat) has published ESSPROS indicators for the past few years (since 2015/2016) for Montenegro, North Macedonia and Serbia. This makes it possible to analyse and compare their social expenditure with that of other countries in Europe along various dimensions, such as total spending, expenditure according to the main functions, receipts, etc. (Eurostat, 2021a). Kosovo, like Albania and Bosnia and Herzegovina, has yet to be covered by ESSPROS statistics, but this section shows that it has in place a framework for monitoring public social spending that enables it to construct approximate (albeit not identical) indicators. Its framework consists of documents issued by the Ministry of Finance, Labour and Transfers (MFLT), the Kosovo Agency of Statistics (KAS) and the Kosovo Pension Savings Trust (KPST).

1.1 Country-specific dedicated monitoring framework(s)

Kosovo has in place a fragmented framework for monitoring public social spending. Although it does not have anything that, strictly speaking, can be termed a 'monitoring framework' for public social spending as such, a number of separate regular revenue and reporting documents effectively make up a framework. These are: 1) Regular budgetary documents issued by the Ministry of Finance, Labour and Transfers; 2) Regular social welfare statistics issued by the Kosovo Agency of Statistics, which itself operates under the MFLT; and 3) Data issued by the Kosovo Pension Savings Trust, an autonomous body created by the Parliament of Kosovo. There are no active policy debates or moves to suggest that a unified, explicit monitoring framework could be imminent.

Certain regular documents issued by the Ministry of Finance Labour and Transfers reveal planned and implemented expenditure financed from national revenue. The first of these documents is a booklet entitled 'Information for Citizens'. It has been published annually since 2015, and contains, among other things, figures on expenditure (financed from national revenue) allocated to social transfers and social services (MFLT, 2021a). MFLT also issues annual drafts and laws (the latter also published in the Official Gazette of the Republic of Kosovo) on national revenue (MFLT, 2021b). From the tables contained in these laws, it is possible to derive detailed information on the resources allocated to social spending, including in the health sector, and its administration. The third of these documents is a regular 'financial report', which contains information on actual (implemented) expenditure (MFLT, 2021c).

'Social welfare statistics' reports issued by the Kosovo Agency of Statistics contain data on spending and beneficiaries. They include quarterly and annual regular administrative data collated and submitted by MFLT (formerly by the Ministry of Labour and Social Welfare – MLSW) and then organised and published by KAS (KAS, 2021a). The reports include data on means-tested transfers, tax-financed pensions (which still make up more than 80 per cent of pension expenditure in the country), transfers for specific, targeted programmes (e.g. transfers to veterans of war, top-ups to the pensions of teachers who worked during the 1990s, compensation for former political prisoners, etc.), and expenditure on persons in residential care. These social welfare statistics contain data on actual implemented (paid out) expenditure on all social transfers, except maternity benefit. In Kosovo, maternity benefit for *employed women* is paid by employers for the first six months (at a replacement rate of 75 per cent of earnings); and for the next three months by the Government (at the rate of 50 per cent of the average public wage). A woman may remain on maternity leave for a further three months, but that is unpaid and voluntary. Maternity benefit for *unemployed women* is paid by the Government (in an amount equivalent to the statutory minimum wage) for a duration of six months. Since September 2021, when the maternity benefit was extended to unemployed women, three additional monthly payments equivalent to the minimum wage have been added to the existing benefits of employed women. Although the figures on maternity benefit do not

appear in the social welfare statistics, the data on the part financed from general taxation are collected by MFLT and are accessible on request.

The Kosovo Pension Savings Trust's data provide information on expenditure on retirees with a pension savings fund. The KPST manages the mandatory pension savings funds, which (in the long term) constitute the main feature of Kosovo's pension system. Its annual reports contain regular information on the number of employees who leave the scheme due to retirement, as well as on the amounts disbursed in lump-sum withdrawals and annuities upon retirement, as regulated by the Central Bank of Kosovo (CBK). These KPST reports also contain information on annual administration costs.

1.2 Separate monitoring framework(s) linked to schemes provided by employers

There is a similar framework for schemes provided in the private market. One such scheme involves voluntary (employer-financed or personal) pensions at the Slovenian Kosovar Pension Fund (SKPF), the only operator of voluntary pension schemes. However, there is very little interest in voluntary personal pensions – the SKPF received only €554,100 in pension contributions in 2020 (CBK, 2021: 46), which amounts to 0.28 per cent of total pension contributions made during the year (the rest having gone on mandatory pension savings). The Central Bank of Kosovo, which supervises the market, reports annually on the value of total contributions collected by this third-pillar operator. The SKPF's annual reports contain data on the annuities paid out to retirees; the total amount is very small.¹ Another private scheme involves health insurance: the Kosovo Agency of Statistics issues regular data on expenditure on private health insurance premiums through its 'Health statistics'. For example, in 2020, spending on such premiums was €16.7 million (KAS, 2021b).

Other private market expenditure is 'hidden'. It is 'hidden' in the sense that it is borne directly by employers or consumers, and is not reported under Kosovo's framework for monitoring public social spending (Section 1.1). It includes employers' expenditure in financing maternity benefit for working women (the first six months), fathers' leave from work on the birth of a child (three days), employees' sick leave due to regular illness (up to 20 days a year), employees' sick leave due to professional illness (up to 90 days), other forms of leave from work, training of employees, etc. (General Collective Agreement of Kosovo, 2014). The 'hidden' expenditure also includes substantial private health spending at the point of delivery in private healthcare institutions and the purchase of medicines. Since the state provides only a few medicines free of charge (those on a basic list of medicines, which anyway in practice is poorly managed), most spending on medicines is financed privately. The number of private healthcare establishments has increased by 149 per cent in the space of a decade, up from 634 in 2011 (when first reported) to 1,582 in 2020 (KAS, 2011; 2021b).

1.3 Distinction between current expenditure and capital expenditure

The existing framework draws a clear distinction between current and capital expenditure. The framework for monitoring public social spending includes only current expenditure (social transfers, salaries of public-sector employees, purchase of goods and services), while capital expenditure is reported separately, in national revenue legislation.

1.4 Type of monitoring: level and outcomes

Kosovo's framework does not cover the impact of social spending on social outcomes. Between 2003 and 2017, the Kosovo Agency of Statistics and the World Bank have jointly produced regular periodic reports on 'poverty statistics'. These reports are

¹ Expenditure on annuities paid out to retirees was €365,759 in 2020 (SKPF, 2021).

focused on various dimensions of extreme and absolute consumption poverty, including on poverty by main source of income (such as from social transfers). The poverty lines are derived from formulae set out by the World Bank, and in practice Kosovo has relied on World Bank experts to produce them throughout the past two decades. Extreme poverty is calculated on the basis of the cost of a selected essential 'basket' of food items (that ensures an intake of 2,100 calories per day), according to the consumption habits of the second and fourth societal consumption deciles, equivalised for family members. Absolute poverty is calculated by dividing the value for extreme poverty by the value of the food share in the rest of expenditure (World Bank, 2001: 49-50). The reports also regularly include an indicator of inequality in consumption (Gini coefficient). However, these reports (except for 2001, when the report was produced solely by the World Bank) have never included statistics on the impact of social transfers, taxes and services on the reduction of poverty and inequality. Moreover, these poverty and inequality indicators have not been helpful in comparing the impact of Kosovo's policy with that seen in other countries of the region, since the latter generally rely on relative and income-based poverty and inequality measurements. When Eurostat published the first Statistics on Income and Living Conditions (SILC) indicators (2018) for Kosovo in 2021, the country emerged with the highest at-risk-of-poverty (AROP) rate, the highest at-risk-of-poverty and social exclusion (AROPE) rate and the highest Gini income inequality rate in the Western Balkan region, and with the lowest efficiency in reducing them through social transfers (Eurostat, 2021b).

1.5 Level of granularity of public social spending

The framework provides detailed, quality information on public social spending.

The information is not collected and presented according to ESPROSS functions or as a percentage of GDP, but – as mentioned above – it is possible to construct indicators that are almost identical to those of ESPROSS for each function, and to express the spending as a share of GDP. For example, when it comes to pensions, the framework provides information on expenditure on non-contributory universal basic pensions, early retirement pensions (miners, members of the security forces), pensions for former contributors to the old pay-as-you-go (PAYG) pension system that existed prior to 1999, top-ups to the pensions of former PAYG contributors who were teachers in the Albanian parallel education system during the 1990s, and lump-sum withdrawals and annuities from KPST (as well as expenditure on the third pillar of personal voluntary pensions). Similarly, information about spending on means-tested programmes covers the Social Assistance Scheme (SAS); targeted assistance for children with a disability or who have been placed in the care of relatives or the community; and benefits for persons with permanent disabilities, blind persons and persons with paraplegia and tetraplegia. Expenditure on the legacy of war includes social transfers to military and civilian invalids of war; transfers to the next of kin of those killed in war or of missing persons; transfers to war veterans; and compensation for former political prisoners. Expenditure on social services and administration costs is detailed and is provided through documents released by the MFLT and KPST. However, data on specific social housing expenditure and on taxes withheld on KPST annuities are not published.

The framework includes coverage of social transfer beneficiaries as well. A major quality of the framework is that it includes detailed information on the number of beneficiaries, which allows calculation of the coverage of pensions, means-tested schemes and programmes dealing with the legacy of war.

1.6 Breakdown of public social spending

The framework for monitoring social spending provides only limited information according to gender, municipality and ethnicity. Such information is provided by the Kosovo Agency of Statistics for such social transfers as non-contributory pensions and disability pensions. However, for most social transfers, the exact calculation of expenditure according to these dimensions (gender, municipality and ethnicity) would be almost

impossible, since benefits vary (in range). Some approximate calculations based on age can be done as well (starting from the age criteria set by legislation). The World Bank (2019: 18) has also reported that the main means-tested programme – the Social Assistance Scheme – reaches more of the population in the lowest income deciles than do programmes dealing with legacy of war (as it is expected to). But the framework does not provide direct information on expenditure according to age group or income decile. It is worth pointing out that neither the Household Budget Survey (at least prior to 2015) nor now the EU-SILC is in a position to capture well the directionality of transfers that target the legacy of war, since these do not fall into the categories of typical ‘means-tested transfers’ or ‘contributory pensions/programmes’. The KPST information on annuities paid out is similarly very brief and general. However, KPST’s information on the structure of contributors is richer, since it contains data on average contributions, based on type of employer (or self-employee), gender, age group and municipality.

1.7 Timing and public accessibility of data

The framework makes information available regularly and is easily accessible online. MFLT’s booklet ‘Information for Citizens’ is published annually, generally in May of the respective budget year. Draft laws on national revenue are published regularly around October/November of the preceding year, while the laws passed are promulgated around March/April, and the revised laws around August of the budget year. MFLT’s financial reports are quarterly, six-monthly, nine-monthly or annual, while the ‘Social welfare statistics’ and ‘Health statistics’ are issued by the Kosovo Agency of Statistics on a quarterly and annual basis. They are usually published three to six months after the last date of the time period they cover. The annual reports of KPST and SKPF usually appear six months after the end of the preceding year. All are made available online and are easily accessible.

1.8 Subnational frameworks

There is no particular framework at the subnational level. Municipalities have direct responsibility for managing the means-tested programmes and social services, but they do not issue data on their own – rather, they feed the information assembled to MFLT, and it is then published by the Kosovo Agency of Statistics. However, it is worth mentioning that Kosovo’s existing framework for monitoring social expenditure does not provide information on most of the social spending that takes place within the Serbian ethnic population. While it covers transfers and services financed by Kosovo, the largest share of transfers and other benefits to this community is actually financed and managed by the Republic of Serbia, through its social protection system. The scale and coverage of this expenditure remains unknown, however, since neither the Republic of Serbia nor its ‘parallel structures’ in Kosovo issue such information. The Household Budget Surveys that are used to calculate national poverty and inequality indicators suggest, however, that among the Serbian community non-Kosovo transfers are much more relevant in reducing poverty and inequality than are Kosovo’s transfers (Mustafa, 2019).

2 Reporting/review tools for public social spending

Kosovo’s welfare spending remains the smallest in the region and in Europe; hence, proper monitoring and evaluation of public social spending is critical. While the welfare effort in Kosovo initially targeted extreme poverty protection and very basic social care, over the years new cash transfers have increasingly targeted more powerful social groups, in the form of compensation for former contributors to the socialist-era PAYG pension systems; former invalids and veterans of war; former teachers in the Albanian parallel system of the 1990s; former political prisoners, etc. Despite various debates and calls for more ambitious care services, better social insurance institutions and more efficient labour market activation and training policies, there has been little progress on this. Overall, Kosovo remains the lowest spender on social protection in the region, and in terms of reducing poverty, inequality and job insecurity, the effectiveness of its policies

has declined. It is therefore more important than ever to vigorously monitor public social spending in Kosovo, in order to ensure that the limited resources and programmes are used efficiently and that they target those in need.

There are numerous tools and mechanisms at the central and local levels aimed at enhancing the effectiveness of public social spending; but the design and utilisation of these tools needs further improvement. The legal framework in Kosovo requires regular monitoring and reporting on public social spending at all levels, in order to ensure accountable public administration and efficient and effective service delivery. The list of monitoring tools and mechanisms ranges from the instruments of parliamentary oversight intended to review the appropriateness of laws and their adequate implementation, to the municipalities, which in most cases are in charge of service delivery and interaction with beneficiaries. While these review tools will be considered individually in terms of their effectiveness (see below), most reports (ECSWPR, 2019; KOMF, 2020) reveal that there is a need to strengthen the capacity of the administration for monitoring and evaluation and to clarify further the roles and responsibilities of the central and local levels, in order to enable proper implementation of the existing tools. In addition, current tools and mechanisms need further improvement to ensure that the limited public social funds are utilised effectively and efficiently. The Government is aware of these shortcomings and is working to address them through the planned reforms (see below).

Kosovo can improve its monitoring framework by reporting expenditure according to ESPROSS guidelines. The existing framework (Section 1) makes it possible to assemble the data and create indicators that approximate to those produced by Eurostat, following ESPROSS guidelines. Since the largest share of Kosovo's public social spending (over 95 per cent) is financed from national revenue (Mustafa and Haxhikadrija, 2019), documents published by the Government and the Kosovo Agency of Statistics provide most information. However, the indicators calculated cannot be the same as ESPROSS's, since, for example, the documents contain no specific information on social housing (granted, it should be a very small expenditure item), and the KPST data do not contain information on tax withheld on annuities (charged to retirees), which makes it impossible to differentiate between gross and net expenditure. While the information on social spending provided by the existing framework is easily accessible, good and usually referred to in academic research and in the reports of international organisations such as the International Monetary Fund (IMF) and the World Bank, Kosovo can improve it by assembling data and reporting expenditure according to the ESPROSS guidelines. It already works with Eurostat to produce the SILC survey, and the administration already has all the necessary information on expenditure.

2.1 Parliamentary tools and mechanisms

The Parliamentary Committee on Health and Social Welfare monitors the implementation of social laws and policies, and oversees public social spending. Parliament supervises the work of the Government through plenary sessions and parliamentary committees. In terms of social protection, the Parliamentary Committee on Health and Social Welfare is responsible for: i) monitoring the implementation of social laws through reviews, field visits, public hearings and parliamentary assessments; ii) oversight of public social spending through budgetary hearings and reporting from the line ministries and affiliated institutions in charge of social spending; and iii) monitoring of social policies (national strategies, government decisions, etc.). As an example, in 2018, the Parliamentary Committee on Health and Social Welfare conducted a detailed assessment of the implementation of Law 02/L-17 on Social and Family Services. The findings and recommendations of the assessment were presented to the former Ministry of Labour and Social Welfare (now the MFLT), which then initiated reforms by preparing a Concept Document for drafting of the new Law on Social and Family Services.

Public social spending is also overseen by other parliamentary committees. The Parliamentary Committee on Budget, Labour and Transfers monitors and reviews the Annual Financial Report on the national budget, which, among other things, includes all

public social spending during that year. On the other hand, the Parliamentary Committee for Oversight of Public Finances is responsible for supervision of the legality of all public expenditure, based on the audited reports of the National Audit Office (NAO). The Committee can request special reports from all governmental budget agencies, and is also in charge of overseeing the performance reports of government entities drafted by the NAO. Finally, Parliament can also establish ad-hoc parliamentary committees to oversee or investigate certain issues.

2.2 Central government tools and mechanisms

All public institutions are subject to 'regularity' and 'performance' audits carried out by the National Audit Office. Public social spending is subject to 'regularity auditing', which assesses whether accounts give a true picture of the budget outturn, whether management has complied with the applicable laws and sub-normative acts, and whether funds have been used for the intended purposes. Regularity audits are carried out every year. The audit process begins in September and reports are published by the end of the following June. The final regularity audit report on the Ministry of Labour and Social Welfare (2020) revealed that expenditure on certain spending categories had increased as a result of: i) individuals benefiting from two different social schemes (not allowed); ii) individuals receiving pensions or social assistance while being employed; and iii) pensions being paid to individuals after their death (NAO, 2021). The report recommended improvements in the databases of beneficiaries and their integration with the Civil Registry and Tax Administration to enable 'real-time' monitoring of beneficiaries, including their employment status, in order to prevent 'double payments' (ibid.). The findings of this audit report will be addressed in the forthcoming reform to the Social Assistance Scheme, which envisages the introduction of the Social Registry Management System (SRMS), a database that contains information about the socioeconomic status of individuals and households that can be used to manage the SAS and other social assistance and pension programmes, future Social Health Insurance (SHI) and energy subsidies.

The 'performance audit', on the other hand, focuses on how public-sector organisations have used their available resources to achieve their objectives, and includes a 'follow-up' stage. All government entities also undergo 'performance audits' – an independent, objective and reliable examination of whether government engagements, systems, operations, programmes, activities and organisations are operating in accordance with the principles of economy (minimisation of costs), efficiency (getting the most out of available resources) and effectiveness (fulfilling the set objectives and meeting target). Performance-audit topics, objectives, timing and reporting are determined on a case-by-case basis, depending on the audit relevance, scope, risks, existing capacities and other relevant criteria. The topic selection is made in consultation with civil society organisations and other stakeholders. In order to examine the performance of the audited entity, the NAO pursues one of three approaches: i) a results-oriented approach, which assesses whether the objectives set have been achieved; ii) a problem-oriented approach, which verifies and analyses the causes of the problem(s); or iii) a systems-oriented approach, which examines the functioning of the management systems. It can also use a combination of the three approaches. Importantly, the auditing process also includes a 'follow-up stage' – the NAO may conduct an assessment of the audited entity's progress in responding to the audit findings and in implementing the recommendations, and report on this through a follow-up audit.

Monitoring and evaluation of the National Strategy and Action Plan ensures proper implementation of strategic measures and reviews the achievement of strategic objectives. The Office of Strategic Planning (OSP) – part of the Prime Minister's Office – works with line ministries to develop five-year National Strategies and Action Plans, which guide the work of central and local institutions and enable their coordination. The Sectoral Strategy of the Ministry of Labour and Social Welfare (now MFLT) for 2018-2022 identifies social protection and social inclusion measures that have the overall goal of reducing the absolute poverty rate in Kosovo from 17.6 per cent in 2018 to 15 per cent in

2022. Implementation of the Strategy and its Action Plan is regularly monitored – the Action Plan is monitored six-monthly, while the Strategy is reviewed annually by MFLT and the OSP. The reports focus on the achievement of strategic objectives and results, including the timeliness, efficacy and availability of financial resources to implement the strategy measures. Each strategy measure is reported to have been either fully achieved, partially achieved or not achieved. Monitoring reports also identify the key challenges faced during implementation of the strategy and ways of mitigating them. In addition, according to the procedures set out by the OSP, all National Strategies are evaluated twice. There is i) a mid-term evaluation aimed at adjusting and improving the strategic measures; and ii) a final evaluation (ex-post) to assess whether the objectives have been met and whether they fulfil the needs of the final beneficiaries.

Annual Social Welfare Reports highlight the achievements and challenges of social services and social programmes during that year. The Department of Social and Family Policy (DSFP) within the MFLT, which is in charge of organising the delivery and development of social and family services, prepares a detailed 'Annual Social Welfare Report', which highlights the key achievements and challenges that year. The report reflects the Annual Work Plan of the DSFP and is intended for the Government and the wider public. It is very detailed and includes disaggregated data (gender, social status, size of the household, etc.) on the beneficiaries of different social schemes, the amounts received by them, the eligibility criteria and the findings of the Monitoring and Inspection Unit – including the cases of illegal beneficiaries, who claim from two different schemes or who receive social assistance while being employed (currently not allowed under the Social Assistance Scheme in Kosovo).

Ad-hoc evaluations of individual social schemes conducted by the Government can lead to cost containment, as a result of improved eligibility checks. The Government, through its respective ministries, can establish ad-hoc working groups to investigate and evaluate the eligibility of beneficiaries for certain social programmes. In January 2015, after thoroughly investigating the eligibility criteria for the basic pension scheme, the former minister of labour and social welfare signed a new Administrative Order, which allowed only citizens aged over 65 and permanent residents of Kosovo to receive the basic pension. According to the former minister, as a result of the new measures, 18,000 beneficiaries were removed from the scheme between 2015 and 2016, resulting in €10 million of annual budget savings (Lajmi, 2016).

Eligibility checks are an important tool in preventing the misallocation of public social funds, and the Government is continuously trying to improve them. Since 2010, several governments in Kosovo have added various eligibility verification and cost-containing measures, including i) regular checking with the Tax Administration of Kosovo to avoid people collecting multiple pensions; ii) better registration of deceased pensioners, thanks to an agreement with the Muslim community, which notifies the Civil Registration Authority (CRA) of a death; the CRA then passes the information on to the ministry; iii) better enforcement of the residency requirement; and iv) a requirement that beneficiaries should be personally present at the bank to collect social assistance, etc.²

The Social and Family Services Monitoring and Inspection Unit at the MFLT conducts regular inspection and monitoring visits. The MFLT is responsible for organising the delivery and development of social and family services, as well as for ensuring an efficient monitoring and evaluation system. A dedicated Monitoring and Inspection Unit has been established at the MFLT to undertake general monitoring visits,

² According to World Bank (2018), the agreement with the Muslim community to report deaths began in October 2015, and the number of pension claims terminated in 2016 was 9,489, more than 50% higher than in 2015 (6,012). Furthermore, stricter measures to avoid the collection of multiple pensions resulted in 2,700 cases being removed from the roster during the same year (ibid.). Unfortunately, despite stricter eligibility verification measures, the abuse continues – nearly €1.45 million of public social funds were misused during 2020, as reported by the National Audit Office (2021). This is likely to have been mostly due to individuals who received double benefits as identified in other reports (see World Bank, 2018).

focusing mainly on checking the eligibility of beneficiaries of social programmes at the municipal level.³ According to the MFLT, the Monitoring and Inspection Unit conducts 5-7 planned inspections and additional ad-hoc monitoring visits annually, targeting mostly Centres for Social Work and SAS beneficiaries. Some reports have revealed that current institutional mechanisms are ineffective in supporting the translation of the lessons and findings of the Monitoring and Inspection Unit into improved service performance (ECSWPR, 2019).

2.3 Tools and mechanisms at the municipal level

Municipalities are in charge of delivering services and assisting beneficiaries, but the lack of fiscal decentralisation acts as a disincentive and discourages them from conducting more robust monitoring and inspection. Development of social services and implementation of social protection programmes are tasks for the Municipal Directorate for Health and Social Welfare (MDHSW) and the Centres for Social Work (CSW). They develop Municipal Action Plans for Social Services and the plan for monitoring and inspection is integrated into this plan, based on the existing protocols and data-collection methodologies. The CSWs have a system in place to collect data about their beneficiaries and the services provided. They use standardised forms prepared by MFLT, and then report regularly (weekly to annually) to the MDHSW via the Social Services Information System (SSIS). The staff of CSWs collect data on beneficiaries through various standardised paper-based forms, which are then entered into an information system manually at a later stage. These forms are outdated and, due to limited capacity, most of the data collected are not transferred into the electronic system. There is also a disconnect between the central and local levels regarding the data-collection process, and no clarity about which data are needed for policy planning and how the data should be collected (ECSWPR, 2019).

There are no tools or mechanisms in place to monitor social spending by parallel structures in the Kosovo-Serb municipalities, and no data exchange with private providers of benefits. Municipalities in Kosovo that have a predominantly Kosovo-Serb population receive support from 'parallel structures' funded by the Republic of Serbia. Kosovo does not have any mechanism in place to monitor this spending and there is no data exchange with the 'parallel structures', hence it cannot identify cases where individuals or households receive support from both systems. Similarly, the current monitoring framework in Kosovo does not allow for data exchange between public and private providers, and hence there is no possibility of detecting instances where the beneficiary receives support from both sides.

2.4 Reviews from international organisations

Many international organisations conduct regular or ad-hoc reviews in certain areas of social protection in Kosovo and are directly involved in key social protection reforms. The appropriateness, effectiveness and efficiency of social public spending is subject to periodic or ad-hoc assessments carried out by international organisations, such as the World Bank, the United Nations Children's Fund (UNICEF), the IMF, etc. Between 2003 and 2017, the World Bank and KAS jointly produced regular periodic reports on 'poverty statistics', and the World Bank produced a 'Social Protection and Health Expenditure Note' in 2018, which revealed the challenges facing different social protection programmes and their impact on poverty in Kosovo. Similarly, UNICEF conducts periodic reviews of social protection and the social inclusion of children and adolescents in Kosovo, and assists KAS in conducting the Multi Indicator Cluster Survey. In addition, the Government of Kosovo may ask international organisations to conduct ad-hoc assessments of current programmes if it is planning to reform a particular scheme. In 2019, the former

³ During 2019, the Monitoring and Inspection Unit reviewed the files of 818 SAS beneficiaries and identified 297 (36 per cent) who were not eligible for the benefit. It also conducted 486 field visits and found that 10 per cent of the households visited were ineligible for SAS (MFLT, 2020).

Ministry of Labour and Social Welfare asked the World Bank to conduct an assessment of the current Social Assistance Scheme and to propose reform options. The recommendations of the report were taken up by the ministry and constituted the basis of the Concept Document that envisaged reform of the SAS in Kosovo. Furthermore, the Government of Kosovo requested financial support in the form of a soft loan from the World Bank to implement the SAS reform. As stated earlier, this will also seek to improve monitoring of public social spending.

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