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RAPORT MONITORIMI 6-MUJOR I ZBATIMIT TË BUXHETIT VJETOR

Municipality of Kukes



JANAR - QERSHOR 2024

Budget Accountability and Transparency

Funded by the European Union

This monitoring report has been prepared in the framework of

of the project "Citizens First: Together for a Local Government"

t ransparente! ", implemented by the association "Together for Life", with the support of

from the "BAT-Civil Society" grant scheme, implemented by the Institute for

Democracy and Mediation, in partnership with the Center for Research

and Pol it ikê-bër je (QKPM) and Faktoje, financially supported

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The "Together for Life" association, within the framework of the project"Citizens First: Together for a Transparent Local Government!", with support from the "BAT-Civil Society" grant scheme, implemented by the Institute for Democracy and Mediation, in partnership with the Center for Research and Policy-Making (CRP) and Faktoje, financially supported by the European Union, prepares "6-month Monitoring Report on the implementation of the annual budget of the Municipality of Kukës"contributing to improving the budgetary transparency of this municipality in accordance with the obligations set out in the existing legal framework.

The Monitoring Report analyzes the (actual) expenditures made by the Municipality of Kukës for the first half of 2024 (January - June), according to expenditure items and public investment products/projects compared to the initial budget planning approved by the Municipal Council for 2024. Further, the report examines the achievements of the Municipality of Kukës in terms of achieving the objectives set in the 2024 budget, under the magnifying glass of transparency and accountability of these results to all stakeholders, where the citizens of this municipality and their needs have a special place.

The report is structured in four main parts.

In the first part of the report provides a general introduction to the focus of the monitoring report, the methodology used to prepare the report, as well as the limitations in the data analysis.

In the second part The report provides a detailed description of the main priorities of the Kukës Municipality budget for 2024, focusing on the quality of budget planning and investment planning.

Meanwhile in the third part describes the financial and non-financial performance of the Municipality of Kukës for the monitoring period (January - June 2024).

In the fourth part The main findings of the monitoring are presented as well as some recommendations for the Municipality of Kukës on how they can improve transparency and accountability for its citizens.

2. REPORT PREPARATION METHODOLOGY

The preparation of this monitoring report was carried out through an analytical and comparative approach of data published by the Municipality of Kukës and the Ministry of Finance responsible for the planning, implementation and monitoring phase of the budget of the Local Self-Government Units. The data used for the analysis are quantitative and qualitative. The monitoring report was prepared during the period June - September 2024 and the methods used for its preparation are:

Document Review: The documents published by the Municipality of Kukës in the second area of the transparency program: Transparency and Economic-Financial Accountability were reviewed. Specifically, the following documents were consulted: the calendar of the medium-term budget program and the annual budget; fiscal package (taxes and fees); the strategic plan for the development of the municipality/medium-term local budget program, the budget of the Municipality of Kukës 2024, Budget Monitoring and Supervision; donations, etc.

Comparative Analysis: The financial performance of the Municipality has been compared with the approved budget, identifying deviations and analyzing their possible reasons. This analysis has been done in accordance with the standards set forth in the national legislation for the management of the budget system in the Republic of Albania and that for local self-government finances, which have well-defined procedures and content that important documents produced by Local Self-Government Units must have at each stage of budget preparation.

Quality Assessment: The quality of budget documents and monitoring reports has been assessed according to the criteria set out in the legislation, to ensure that the documents meet the necessary standards.

The report is structured into four main parts, to ensure a systematic and easy-to-understand approach.

At the end of the report, concrete recommendations are proposed for the Municipality of Kukës to increase transparency and accountability towards citizens, improve budget planning and implementation, and ensure the most effective management of the Municipality's financial resources.

3. DATA AND DEFINITIONS

The data for the drafting of this report were taken from the official website of the Municipality of Kukës as well as from the official website of the Ministry of Finance.

On the official website of the Municipality of Kukes, it is noted that there is a very well-structured organization of information related to the budgeting process and its public consultation. All documents and reports related to the Medium-Term Budget Planning for the years 2024-2026, the approved Budget for 2024 and the Monitoring Reports in the years are published and fully accessible for preparing the report.

Because the data published by these institutions is on a 4-month basis (due to legal monitoring provisions on this reporting frequency), the 6-month actual implementation data has been requested in writing to the Municipality of Kukës.
The Municipality of Kukës responded to our request immediately and correctly by reporting on the financial data for the period as requested.

Meanwhile, in terms of the quality of published and reported data, we estimate that there is still room for further improvement. We emphasize that the lack of qualitative data has served as a limitation in the analysis of the performance of expenditures and products realized in this municipality during the first 6 months of 2024.

4. KUKA MUNICIPALITY BUDGET FOR 2024

The Municipality of Kukës consists of 15 administrative units: Kukës City - the center of the Municipality and 14 administrative units: Malzi, Bicaj, Ujmisht, Tërthore, Shtiqën, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën, Kolsh.

In accordance with Law No. 68/2017 “On Local Self-Government Finances”, the budget of each Local Self-Government Unit (LSGU) consists of the totality of the unit’s revenues, financing and expenditures, which are approved by the local self-government unit’s council. The revenues generated by the LSGU are grouped into three main groups: revenues from local taxes, revenues from separate taxes and revenues from local fees.

In addition to their own revenues, LGUs are also financed from the central budget in the form of unconditional general transfers and conditional and specific transfers. In managing local finances, local self-government units follow the principles set out in the law on the management of the budget system in the Republic of Albania. As a result, the process of budget planning, implementation and monitoring follows the same procedures as the budget approval process at the central level.

In this sense, the approval of the budget for the VU is based on the respective medium-term budget document, which defines the VU's objectives for the medium-term period, products and performance indicators at the budget program level.

Specifically, referring to the Medium-Term Budget Program 2024-2026 and the approved Budget for 2024, the focus of the Municipality of Kukës is expected to be on improving public services, keeping spaces clean, improving the supply of drinking water, increasing the safety of life and economic activity of residents, lighting streets and public spaces, increasing care and services for the family, for people with disabilities, for women and the elderly, improving and increasing the safety of life of residents.

To achieve this goal, the Municipality of Kukës is financed from two main sources: (i) its own revenues; and (ii) support from the central budget in the form of unconditional and specific transfers. The Medium-Term Budget Program 2024-2026 for the Municipality of Kukës, referring to the main expenditure programs, was approved by the Decision of the Municipal Council no. 66, dated 22.12.2023, and the 2024 Budget was approved by the Decision of the Council no. 65, dated 22.12.2023.

The table below presents, according to budget programs, the budget of the municipality of Kukës for 2024 in thousand lekë.

Table 1: Budget 2024 according to budget programs for the Municipality of Kukës

Program BUDGET	nomenclature	bUDGET Medium Term 2024	bUDGET 2024	The weight of program in % to the total
01110	Administration Planning	260,968	260,968	16%
01170	Civil status			0%
03140	Local police services	26,040	26,040	2%
03280	Civil emergency	62,669	62,669	4%
04220	Agricultural services	11,770	11,770	1%
04240	Irrigation and Drainage	7,025	7,025	0%
04260	Forest Service	13,535	13,535	1%
04520	Rural roads	34,516	34,516	2%
04960	Reserve/Contingency Fund	3,985	3,985	0%
05100	Waste management	15,241	15,241	1%
06140	Local Urban Planning	12,424	12,424	1%
06260	Community Services	281,423	281,423	17%
06370	UKK Projects			0%
8130	sports	5,603	5,603	0%
08220	Cultural heritage and artistic activities	18,220	18,220	1%
09120	Preschool education	149,110	149,110	9%
09230	Boarding and Secondary Education	26,862	26,862	2%
10430	Social Care	335,712	335,712	21%
10910	Civil Emergencies Headquarters			0%
10661	Social Housing	347,318	347,318	22%
	TOTAL	1,612,451	1,612,451	100%

08

The total budget of the Municipality of Kukes is planned at 1.612 billion lek and is expected to be spent mainly on: (i) social payments such as social housing, economic assistance and disability payments at 22%; (ii) for community services at 17%; and (iii) for administrative expenses of the municipality at 16%.

According to the sources of financing, the Budget of the Municipality of Kukës for 2024 plans to finance policy priorities with 13% of the total from its own revenues (including inherited revenues) and 87% from the central budget. As can be understood from this distribution, the own resources of the Municipality of Kukës are limited by an average of 9% (refer to Table 2 below), while dependence on the central budget is vital to enable the fulfillment of the basic and delegated functions of the central government. Referring to the Report 2023 – Local Public Finances[1], published by the Ministry of Finance, the Municipality of Kukës is ranked among the Municipalities with the largest decrease in revenues, along with the municipalities of Belsh, Skrapar and Memaliaj (over 20% decrease).

According to the same report, 9 municipalities out of the total had a decrease in expenditures in 2023 compared to the expenditures incurred in 2022. Among the municipalities with the largest decrease in expenditures are the municipalities of Kukës, Roskovec and Konispol, with a decrease of 10 -11% compared to the previous year. In this report, as well as in the budget documents of the Municipality of Kukës, there is a lack of analysis on the causes of this performance and the measures taken to improve it.



Table 2: Budget of the Municipality of Kukës for 2024 according to funding sources in 000/lek

Financial resources	Budget2024	The weight of the votes against TOTAL
Income from own sources	146,582	9%
Revenue from local taxes	61,908	4%
Revenue from separate taxes	10,331	1%
Revenue from local tariffs	68,441	4%
Other income	5,902	0%
Revenue from the central budget	1,396,902	87%
Unconditional transfer	428,363	27%
Conditional funds	666,068	41%
Specific transfers	302,471	19%
Inherited from the previous year	68,967	4%
Total resources	1,612,451	

* Conditional funds are the funds that the central budget allocates to the municipality of Kukës to enable the payment of economic and disability assistance, which is a function of the central budget.

4.1. QUALITY OF BUDGET PLANNING

According to the main expenditure items, the budget of the Municipality of Kukës for 2024 is planned as follows:

[1] https://core.fvv.al/storage/reports/analiza-e-financave-vendore-2023-finalpdf-1721811582.pdf

Table 3: Budget of the Municipality of Kukes by nature of expenses

	Budget2024	The weight of the votes against TOTAL
Personnel expenses	551,662	**34%**
Other current	903,158	**56%**
Capital expenditures	157,631	**10%**
TOTAL	1,612,451	**100%**

Referring to the nature of the expenditures, the budget of the Municipality of Kukes is planned to be spent as follows:

- 56% for operating expenses, maintenance, social payments and various services;
- 34% for salaries and social security for the administration of the municipality and administrative units;
- and only 10% of this budget is dedicated to public investments necessary to improve the quality of life of citizens.

If we refer to the Kukës Municipality's MTBP document, which also constitutes a policy and priority document, we note that there are 4 primary objectives on which the medium-term budget planning is based, specifically:

1. A better quality of life in the territory of Kukës;

2. Better access to the inner area of Kukes and assessment of inter-regional and cross-border connections;

3. Sustainable use of environmental resources in terms of tourism, energy and mining;

4.Assessment of the local production chain.

Despite the fact that the objectives set in the medium-term budget document are well formulated and address the needs and problems of the Kukës municipality, it is difficult to find further in the medium-term budget document concrete products for each budget program and measurable performance indicators to assess how these objectives will be achieved through the planned budget for 2024.

The quality of the medium-term budget planning of the Municipality of Kukës is weak and not in accordance with the legal and sub-legal provisions in the field of budget system management in the Republic of Albania.

4.2 TRANSPARENCY

This poor quality translates into a lack of information and transparency for the citizens of the Municipality of Kukës on the efficiency and effectiveness of the use of public funds in addressing the needs and priorities of the area. The information available for each budget program is based on expenditures and very little on products. And, in cases where an attempt has been made to identify products, they in reality represent expenditures by economic nature and not concrete expected results.

For each function, there is financial information on the planned expenditures to cover administrative salaries and planned operational or capital expenditures. However, there is no information on the concrete products of the program.

Specifically, we are illustrating with an example the case of the "Education" function and the respective budget program "Preschool Education", where there is only information on personnel and other current expenses related to this program. Apart from the statistics on the number of children in the area and the number of kindergartens that are presented at the end of the document (unrelated to the program's policy statement or the respective budget planned for it), there is no analysis of the program's results (i) on the provision of educational services, (ii) the various problems encountered by teachers or children, (iii) analysis of investment projects and how the reconstruction of kindergartens or kindergartens will be able to (iv) address the needs of parents in the area, etc.

4.3 INVESTMENT PLANNING

Regarding public investments planned to be implemented for 2024, the anticipated projects are divided into ongoing projects and new projects.

Table 4: Public investment projects planned for the Municipality of Kukës 2024-2026 in 000/lek

Investment planning for the municipality of Kukës	MTBP 2024	MTBP 2025	MTBP 2026
Ongoing projects	**80,904**	**27,565**	**10,000**
cofinancing	5,000	5,000	5,000
Project drafting	5,000	5,000	5,000
Purchase of road maintenance equipment	10, 752		
Nange village road asphalting system	7,214		
Asphalting of Kolsh road	11,951		
Construction of the Shtiqen-airport center road	18,996		
Asphalting of Kalimash road, Malzi unit	7,689	7,689	
Rehabilitation of the center, Gostil neighborhood, lot 1	9,000	9,876	
Rehabilitation of Bairam Avdiu-Canai High School, Niësia Bicaj	5,302		
New projects	76,727	133,219	133,820
Asphalting of internal streets, new Kukës neighborhood	28,000	31,000	31,000
Reconstruction of the Topojan bridge	10,000	6,250	6,250
Reconstruction of the Myc-Mames-Surroj road	17,461	95,969	96,570
Purchase of a vehicle for the needs of the Municipality of Kukes	4200		
Purchase of computer equipment	1,200		
Drinking water research study	2,500		
Study, design and reconstruction of the access road to the Black Drini Bridge - Radio Kukësi	8,400		
Study and design of asphalting of roads in the new neighborhood of Kukës	2,700		
Topojan road design study	675		
Design study of kindergarten no. 1, neighborhood no. 1	1,141		
Study and design of the water supply and sewage network in the village of Breg-Lume	450		
TOTAL	**157,631**	**160,784**	**143,820**

P*The investment budget for 2024 is forecast at 157.6 million lek, of which 80.9 million lek are foreseen for ongoing projects and 76.7 million lek for new projects. A detailed look at the Kukës Municipality's MTBP document and the 2024 Budget document shows that, apart from the project name, it is difficult to analyze how their prioritization was made and consequently the choice for funding for the year in question. There is a lack of information in terms of beneficiaries and qualitative analysis to connect the needs expressed in the budget consultation meetings of the citizens of the Kukës municipality with their concrete addressing in the budget.*

In conclusion, we assess that the budgetary planning link in the public expenditure management cycle for the Municipality of Kukës turns out to be mostly a theoretical, non-concrete and low-transparency exercise. This makes it difficult to understand how realistically this budget meets the needs of the city and administrative units, how expenditures and projects are prioritized to provide a quality service to the citizen, and what are the potential problems of the area, which should be the focus of the local and central government as well as all interested parties.

5. FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE MUNICIPALITY OF KUKA FOR THE 6-MONTHS OF THE YEAR 2024

5.1 Municipality revenue performance

Budget monitoring for local self-government units is carried out based on Law No. 68/2017 “On Local Self-Government Finances”, Law No. 9936/2008 “On the Management of the Budget System in the Republic of Albania”, as amended, and Instruction No. 22, dated 30.7.2018 “On Standard Procedures for Monitoring the Budget of Local Self-Government Units”. According to these acts, LGUs must prepare periodic and annual monitoring reports.

These reports should contain information on the performance of expenditures and products of the local self-government unit and its subordinate institutions. According to instruction no. 22/2018, the monitoring of objectives is carried out based on the relevant performance indicators that are given mainly at the product level, while the monitoring of products is carried out in quantity and value. Monitoring reports are prepared with a frequency of 4 months and should contain:

- Data regarding the performance of objectives; Data
- regarding the performance of each product;
- Analysis explaining significant discrepancies with respect to the period plan; Updated summary
- of expenditures and product realization;
- Other issues.

Given that the first monitoring report for 2024 published by the Municipality of Kukës is for the first 4 months of the year, the data published to enable a detailed analysis of the results of the work of the Municipality of Kukës are limited. Based on the reporting of data by the Municipality of Kukës, below we present the actual realization of the municipality's own revenues for the first 6 months of 2024 according to the main items:

Table 5: Realization of own revenues of the Municipality of Kukes, first half of 2024

Financial resources	Budget2024	The weight of voices against TOTAL	Implementation 6 monthly 2024	Realization in % compared to PLAN
Income from own sources	146,582	9%	144,034	98%
Revenue from local taxes	61,908	4%	47,739	77%
Revenue from separate taxes	10,331	1%	33,104	320%
Revenue from local tariffs	68,441	4%	62,803	92%
Other income	5,902	0%	387	7%

As can be seen, the revenue realization for the first 6 months of 2024 is at 98%, exceeding the forecasts made for the 6 months. High performance is shown by revenues from local taxes, which include annual taxes on the circulation of used vehicles, mineral royalties and infrastructure impact tax from new construction.

Once again, the low quality of revenue planning is striking, both according to items that show significant deviations from the initial planning, as well as the total revenue, which has exceeded the expected level since the first 6 months of the year. In the official documents published by the Municipality of Kukës regarding the monitoring of the revenue situation, we do not find any analysis of revenue performance and what the expectations are until the end of the year.

5.2 Expenditure performance

Meanwhile, the performance of expenditures according to the main budget programs (this includes own revenues, as well as financing from the central budget) results as follows:

Table 6: 6-month budget execution of the Municipality of Kukes according to budget programs in 000/lek

Program BUDGET	nomenclature	Program BUDGET Term 2024	bUDGET 2024	The weight of progrAm in % to TOTAL	bUDGET progressive 2024	Fact 6 monthly	The percentage of sation
01110	Administration Planning	260,968	260,968	16%	374,115	134,839	36%
01170	Civil Status			0%	13,363	6,014	45%
03140	Police services LOCAL	26,040	26,040	2%			0%

Program BUDGET	nomenclature	Program BUDGET Term 2024	bUDGET 2024	The weight of program myths in % to TOTAL	bUDGET progressive 2024	Fact 6 monthly	percent of realization
03280	Civil emergency	62,699	62,699	4%	87,806	22,214	25%
04220	Agricultural Services	11,770	11,770	1%			0%
04240	Irrigation and Drainage	7,025	7,025	0%	14,691	493	3%
04260	Forest Service	13,535	13,535	1%	22,998	9,754	42%
04520	Rural Roads	34,516	34,516	2%	32,431	9840	30%
04960	Reserve/Contingency Fund	3,985	3,985	0%	7,801	2,068	27%
05100	Waste Management	15,241	15,241	1%			0%
06140	Local Urban Planning	12,424	12,424	1%			0%
06260	Community services	281,423	281,423	17%	257,274	182,755	71%
06370	UKK Projects			0%	20,207	0	0%
08130	sports	5,603	5,603	0%	3,500	3,000	86%
08220	Cultural heritage and artistic activities	18,220	18,220	1%			0%
09120	Preschool education	149,110	149,110	9%	199,958	71,370	36%
09230	Boarding and Secondary Education	26,862	26,862	2%	80,946	14,228	18%
10430	Social Care	335,712	335,712	21%	549,188	361,591	66%
10910	Civil Emergencies centerfold			0%	10,586	0	0%
10661	Social Housing	347,318	347,318	22%	0	0	0%
	TOTAL	**1,612,451**	**1,612,451**	**100%**	**1,674,864**	**818,167**	**49%**

The overall realization of expenditures results in a level of 49% compared to the 2024 amended budget, an realization that is considered normal for the period. But what is noted from the comparison of official data is that the amended budget results in the amount of 1.674 billion lek from the 1.612 billion approved in the Municipal Council Decision, i.e. a difference of 62.4 million lek. Regarding this difference, we do not find explanations in the official data reported by the Municipality of Kukës. In addition to the total difference between the initial budget and the amended budget, what is striking is the deviation between the planned expenditures at the budget program level in the initial budget and the plan reported by the Municipality of Kukës for the period. It is noted that some budget programs for which there was an initial budget plan such as:

- "Local police services";
- "Waste Management"
- "Cultural heritage and artistic activities"
- "Social Housing"

in the budget with changes result in unbudgeted. The budget foreseen at the beginning of the year for these items results in reallocation to other programs. In the official documents published by the Municipality of Kukës we do not find information on the budget redistribution between programs and what was the reason for these changes. The redistribution of funds between budget programs, referring to the legislation in force, must be carried out with a decision of the municipal council accompanied by the relevant arguments for its implementation.

5.2.1 Expenditure performance for budget programs

Referring to the expenditure performance for each budget program, ranking it according to the percentage of funds realization, we conclude that:

a)Only 2 out of 14 budget programs show a normal performance of expenditures for the period, specifically the "Civil Status" program with 45% expenditure realization and the "Forestry Services" program with 42% performance.

b)The “Sports”, “Community Services” and “Social Care” programs show an expenditure performance above the normal 6-month average of 50%, reaching 86%, 71% and 66% respectively. In the absence of relevant analyses made on official data, this level of implementation proves poor budget planning by the Municipality of Kukës, which will lead to the need for budget reallocation during 2024 to meet the needs of these 3 programs. Referring to the data we have, we estimate that:

- In the "Sports" program, it turns out that the planned budget has been revised downwards, from 5.6 million lek planned at the beginning of 2024, to 3.5 million lek with the revised budget. The actual implementation of the program results in the highest level of all other budget programs with about 86%. From the analysis of the 2024-2026 MTBP document of the Municipality of Kukës, we are unable to identify concrete products or sports activities planned to be implemented by this program.

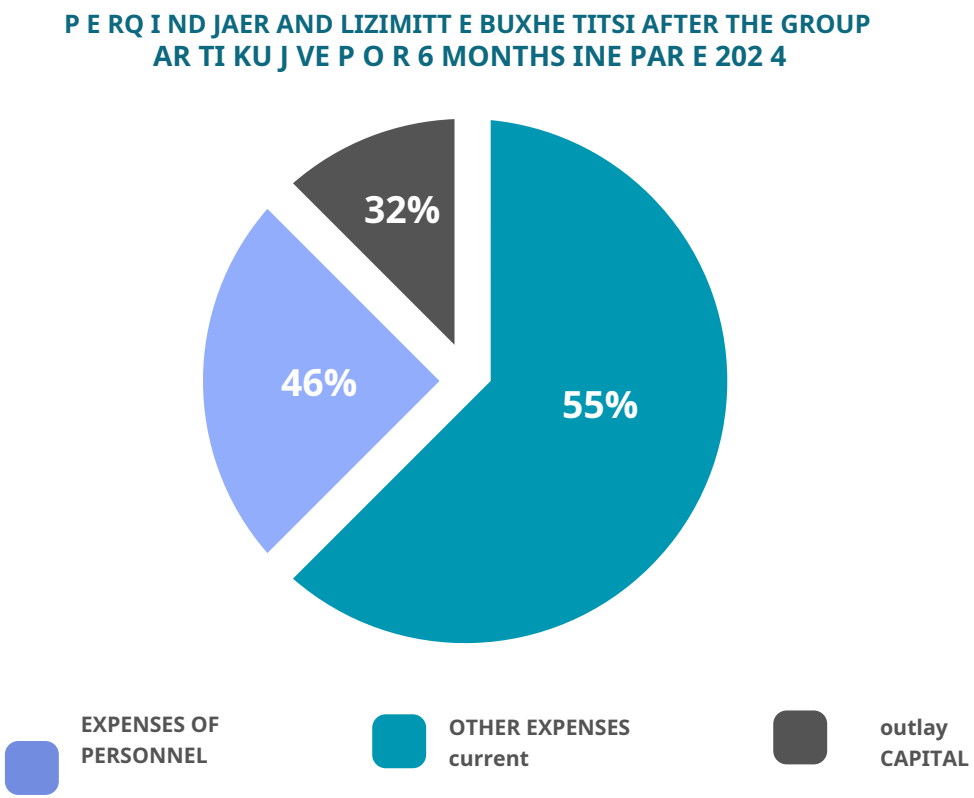
- In the “Community Services” program, performance is high in both operational and capital expenditures, and it remains difficult to analyze what the concrete products are related to. Meanwhile, the high performance in administrative and operational expenditures needs to be analyzed carefully, as it results that the funding planning will be insufficient to fulfill the program’s activity by the end of the budget year.

- The high performance in the “Social Care” program is related to economic assistance and disability payments, which constitute a function delegated to the Municipality of Kukes from the Central Budget. The increase in spending in this direction may have 2 causes: (i) poor planning or (i) the number of families benefiting from economic assistance and disability payments has increased. These causes are assumptions made by us since official data are insufficient to draw clear conclusions.

Meanwhile, all other budget programs have a poor financial performance for the 6-month period, spending an average of about 32% of funds. The reasons for this poor performance cannot be analyzed in the absence of published information to understand more.

If we refer to the performance according to the main expenditure groups, below is a picture of the 6-month situation for the Municipality of Kukës:

Figure 1: Expenditure performance by main items for the first 6 months of 2024



5.2.2 Level of implementation of public investment projects

If we focus on the analysis of public investment projects, below we are reporting their actual implementation according to budget programs:

Table 7 Plan and Actual Expenditures for Public Investment Projects

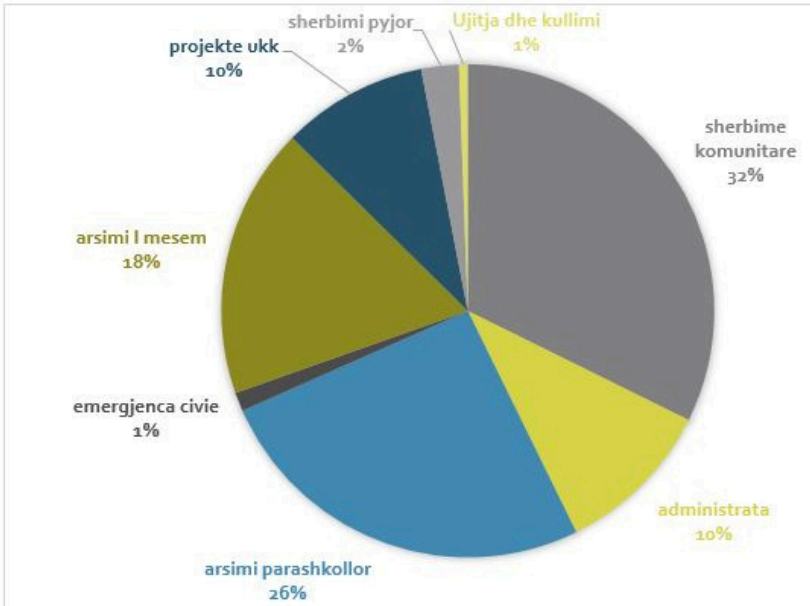
Programi	Projekti	Plan	Fakt	% e realizimit
Administrata	Ndertim I rrjetit KUZ Lagjia Drinas, Kukes	1 329 604	0	0%
Emergjencat Civile	Rikonstruksion I sherbimit zjarrfikes dhe sheshit	264 344	0	0%
Sherbimi Pyjor	Investim per pyllezimin e ekonomike pyjore	1 926 364	1 926 364	100%
Administrata	Studim projektim per rehabilitimin e lagjeve nr.4.5.6	1 500 000	1 500 000	100%
Administrata	Hartim projektesh per investime prioritare	19 240 000	0	0%
Administrata	Ndertimi I banesave sociale	137 286	0	0%
Ujitja dhe Kullimi	rehabilitimi I kanalit ujites Shkinak-lezhe, Bushtrice	1 223 130	0	0%
Sherbimi Pyjor	Investim per pyllezimin e ekonomike pyjore	3 332 403	3 332 403	100%
Sherbime Komunitare	hartim projektim I rikualifikimit te lagjeve nr.1,2,3 Kukes	11 880 000	6 000 000	51%
Sherbime Komunitare	restaurimi I lapidarit dhe varrezave te deshmoreve	33 000	0	0%
Sherbime Komunitare	rehabilitimi I rruges per tek varrezat e deshmoreve	27 000	0	0%
Sherbime Komunitare	Asfaltim i rruges se fshatit Bushat	116 653	0	0%
Sherbime Komunitare	Rikonstruksion I rruges Malqene	53 824	0	0%
Sherbime Komunitare	Ndertim I bazementit te fushes stervitore	124 025	0	0%
Sherbime Komunitare	Sistem asfaltim fshati nange	7 253 793	7 214 193	99%
Sherbime Komunitare	ndertim I rruges Kolsh	28 980	0	0%
Sherbime Komunitare	Ndertim I rruges Qender Shtiqen Aeroport	19 048 891	18 996 091	100%
Sherbime Komunitare	Rikonstruksion I sherbimit zjarrfikes dhe sheshit	33 600	0	0%
Sherbime Komunitare	Rikonstruksioni I lagjes Gostil lot 1	19 201 373	18 875 988	98%
Sherbime Komunitare	Asfaltim I rruges Kalimash	7 960 762	7 931 962	100%
Sherbime Komunitare	Mobilim I zyrave te MZSH	690 000	0	0%
Sherbime Komunitare	Mobilim pajisje per qendren e moshave te treta	1 021 200	1 021 200	100%

Sherbime Komunitare	Fatkeqesi natyrore te menaxhuara	233 734	0	0%
Arsimi Parashkollor	Rikonstruksion kopshti lagjia nr.1 Kukes	1 610 240	85 080	5%
Arsimi Parashkollor	Rehabilitim I shkolles fshati Bicaj	5 065 580	0	0%
Konvikti dhe Arsim I Mesem	Rikonstruksion I shkolles Havzi Nela	882 248	827 956	94%
Projekte UKK	Optimizimi I furnizimit me uje te qytetit Kukes	18 569 772	0	0%
Projekte UKK	Supervizion punimesh per projektin optimizimi I furnizimi me uje te qytetit Kukes	1 637 588	0	0%
Arsimi Parashkollor	Rehabilitim I shkolles fshati Bicaj	24 118 547	0	0%
Arsimi Parashkollor	Rikonstruksioni I kopshtit nr.3, lagjia nr.5, Bashkia Kukes	17 000 000	0	0%
Arsimi Parashkollor	Pajisje Mobileri arsimi B.Kukes	6 768 812	0	0%
Konvikti dhe Arsim I Mesem	Rehabilitim I shkolles Avni Rustemi Kukes	33 000 000	0	0%
Konvikti dhe Arsim I Mesem	Pajisje Mobileri arsimi B.Kukes	3 647 985	0	0%
Emergjencat Civile Qendrori	Fatkeqesi natyrore te menaxhuara	2 418 565	0	0%
	TOTALI	211 775 303	68 107 237	32%

The approved budget for 2024 for public investment projects for the Municipality of Kukës is 157.6 million lekë. Meanwhile, referring to the official budget data with amendments, it results that the total planned fund for public investments for the Municipality of Kukës is 211.7 million lekë, or about 55 million lekë more.

This difference between the budget plan figures is explained by the fact that the reporting of public investments of the Municipality of Kukës also includes funds invested from the Central Budget on behalf of the Municipality, but from the official data it is not possible to clearly identify which projects are financed from the municipality's revenues and which from the central budget.

Chart 1: Distribution of public investments by budget programs



If we analyze the distribution of budget funds in public investment projects according to budget programs, it is noted that 32% of the funds go to the “Community Services” program, which mainly includes the rehabilitation of rural roads and city neighborhoods. 26% of the public investment funds are planned to be used for the “Preschool Education” program and 18% of the funds go to the “Secondary Education” program. Very few funds for public investments are dedicated to the Forestry, Irrigation and Drainage Service, only 1-2% of the total, despite the fact that the strategic objectives of the Municipality of Kukës focus on the agricultural and forestry economy as a priority area in which to invest.

Public investments were realized for the first 6 months of the year at the level of 68.1 million lek or about 32% of the total plan.

5.2.3 Project performance

5.2.3.1 Financial performance

From a comparison of the projects planned in the Budget document for 2024 with those actually financed, we find deviations from the plan which are mainly related to the projects of the "Community Services" program. The list of projects results to be increased in number compared to those approved in the Budget Document for 2024.

Regarding the financial performance of public investment projects, we note that out of 35 investment projects planned to be implemented, 12 projects have made progress. Specifically, according to the main functions, the following projects have been successfully implemented:

✓ For the Forest Service program, the project "Investment for the Afforestation of the Forest Economy" was implemented;

✓ For the "Administration" program, the project "Design Study for the Rehabilitation of Neighborhoods No. 4.5.6" was implemented;

✓ For the “Preschool Education” program, work has begun on the project “Reconstruction of Kindergarten, Neighborhood No. 1, Kukës.” The project is planned to cost 1.6 million lekë and by the end of the first 6 months, only 5% of the funds have been spent.

✓ For the "Boarding and Secondary Education" program, the requalification of the "Havzi Nela" high school has been completed, with a contract value for 2024 of 882 thousand lek.

✓ For the "Community Services" program, 7 out of 16 projects planned in this program have been successfully implemented, including:

✓ Construction of the Qendër-Shtiqen-Airport road with a value of 18.9 million lek out of 19 million lek planned in the budget;

✓ Reconstruction of the Gostil neighborhood, lot 1, with a value of 18.9 million lek out of 19.2 million lek planned in the budget;

✓ Nange village asphalting system;

✓ Rehabilitation and furnishing of the senior center with a planned and fully realized value of 1.6 million lekë;

5.2.3.2 Non-financial performance

Despite the fact that the projects result in high financial performance, in terms of non-financial performance, we do not find in official documents how these projects are expected or have positively impacted the fulfillment of the objectives of the Municipality of Kukës for 2024 and, also, how these investment projects have impacted the lives of the citizens of this Municipality.

Products and other performance indicators which, according to the legislation in force for the management of the budget system and local self-government, should be part of the Municipality's reporting documents in the budget monitoring process, are completely absent or, in the few cases where they appear sporadically in some budget programs, do not meet the criteria to be classified as such. Most of the products formulated by the Municipality of Kukës represent economic activities or expenditures and not genuine products of the Municipality's work.

As a result, it is impossible to analyze the non-financial performance of the first 6 months in terms of products and performance indicators.

In conclusion, we assess that the official information published by the Municipality of Kukës regarding the planning, implementation and monitoring of the budget for 2024 is limited, of poor quality and basic financial analysis. The published reports related to the Medium-Term Budget Planning, the Budget and its 4-month Monitoring are theoretical exercises without essential content, affecting the level of transparency as a whole regarding the budgeting process followed by the Municipality of Kukës in all its links.

6. CONCLUSIONS AND RECOMMENDATIONS

Main findings of the monitoring report:

- The revenues of the Municipality of Kukës are limited by an average of 9%, compared to the total budget of the Municipality, while the dependence on the central budget is vital to enable the fulfillment of the basic and delegated functions of the central government. According to the latest report on the financial situation of 2023, published by the Ministry of Finance, the Municipality of Kukës is ranked among the Municipalities with the largest decline in revenues. This report, as well as the budget documents of the Municipality of Kukës, lacks analyses on the causes of this performance and the measures taken to improve it.

- The quality of the medium-term budget planning of the Municipality of Kukës is poor and not in accordance with the legal and sub-legal provisions of the field of budget system management in the Republic of Albania. This poor quality translates into a lack of information and transparency for the citizens of the Municipality of Kukës on the efficiency and effectiveness of the use of public funds in addressing the needs and priorities of the area.

- A detailed look at the Municipality's MTBP document and the 2024 Budget document on public investments shows that, apart from the name of the project, it is difficult to analyze how their prioritization was made and consequently the choice for financing for the year in question. There is a lack of information in terms of beneficiaries and qualitative analysis to connect the needs expressed in the budget consultation meetings of the citizens of the Kukës municipality with their concrete addressing in the budget.

- Referring to expenditure performance, 9 out of 14 budget programs have a poor financial performance for the 6-month period, spending an average of about 32% of funds. The reasons for this poor performance cannot be analyzed in the absence of published information to understand more.

- 3 out of 14 budget programs have an above-normal performance for the period, raising the alarm for insufficient funds to carry out their functions in the second half of 2024.

- Public investments were only 32% realized during the first half of 2024 and the majority was distributed to the "Community Services", "Preschool Education" and "Boardings and Secondary Education" programs, leaving the needs of citizens related to the city's primary functions such as agriculture and forests unaddressed.

- Some of the investment projects result in high financial performance for the 6-month period, however, in terms of non-financial performance, we do not find in official documents how these projects are expected or have positively impacted the fulfillment of the objectives of the Municipality of Kukës for 2024. There is also no information on how these investment projects have impacted the lives of the citizens of this Municipality.

- Products and other performance indicators which, according to the legislation in force on the management of the budget system and local self-government, must be part of the Municipality's reporting documents in the budget monitoring process, are presented sporadically in some budget programs or are completely absent in other cases.

Based on the above findings, we recommend for the Municipality of Kukës:

- Improving the quality of budget documents throughout the budget management cycle, fully respecting the methodology for preparing the budget and its implementation and monitoring reports;

- Increasing transparency and accountability for citizens in terms of presenting the results achieved by budget products and projects for 2024 and beyond, not only by organizing public hearings in the context of budget preparation, but also in the context of its monitoring throughout the year. Citizens need to be informed about the budget implementation process and the results achieved for the area, presenting the information in terms of beneficiaries and concrete achievements;

- Increasing transparency regarding the process of selecting and prioritizing public investments for the Municipality of Kukës, to make it clearer how projects are selected and what their funding sources are (central vs. local);

- Drafting policies and plans of respective measures to increase the municipality's own revenues, focusing on its most problematic areas.

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