



**Non-Governmental Organization 'Emancipimi Civil Ma
Ndryshe'
EC MA NDYSHE**

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PRESS RELEASE

Prizren Municipal Administration Worsens its Poor Budgetary Performance

Within the scope of its project for monitoring online transparency of Prizren municipal authorities during the month of January, EC Ma Ndryshe NGO made an analysis to the January – 10 December 2014 Work Report of the Economy and Finance Directorate.

The data on that Report indicate that the debts receivable by the Prizren Municipal Administration have marked an increase in the past year. Whilst in 2013 the amount of debts receivable was EUR 11 million, last year this figure increased and currently amounts to EUR 12 million.

The biggest debts come from property tax and municipal tax, which at the same time are the key line items of Prizren municipality own-source revenues. Based on the EFD Report, the debts receivable from property tax starting from 2002 through to 10 December 2014 amount to EUR 6.896.000, while the debts receivable from municipal tax from 2001 until 10 December 2014 amount to EUR 5.173.000.

In reviewing the Report, the monitoring staff came across an uncommon reporting by the EFD. Page 3 of the Report shows that the property tax payments as of 10 December 2014 amounted to EUR 1.627.000, compared to the projections amounting to EUR 1.573.000, indicating tax payment at the rate of 103.44%. However, page 10 of the Report contains data indicating that the printed and distributed property tax bills for 2014 amount to EUR 2.124.000, whilst tax collection figure was EUR 1.627.000.

With regards to the municipal tax, the Report indicates that the tax burden from 2001 until 10 December 2014 amounts to EUR 14.526.000, whilst debt forgiveness for the period covering the years 2001 to 2006 amounts to EUR 3.830.000, meaning that the burden following the debt reduction amounts to EUR 10.696.000. Payments for municipal tax from 2001 until 10 December 2014 amount to EUR 6 million, whilst debts from municipal tax from 2001 until 10 December 2014 amount to EUR 5.173.000.

Such a balance of receivable debts is quite high considering the fact that some months ago the Prizren Municipal Administration established special groups composed of officials from the Economy and Finance Directorate and the Inspectorate Directorate, charged with the duty to collect the municipal tax, property tax, and other debts linked to own-source revenues. Those groups carried out actions for collecting own-source revenues under the request of the municipal leadership. Based on the media reporting, there were five mixed groups of municipal administration officials working in the field.

It is worth mentioning that the Prizren Municipal Administration has shown weakness in planning and collecting own-source revenues for quite some years now, what is already reflected in the municipal budget spending. In a roundtable discussion organized by EC Ma Ndryshe, representatives from the Office of the Auditor General pointed out that the total amount of uncollected revenues in the Prizren municipality as of the end of 2013 reached an amount of EUR 11 million, hence recommending measures to be undertaken into collecting those debts, including the local authorities to work in coordination with the central government for implementing relevant campaigns.

EC Ma Ndryshe has made enquiries at the Economy and Finance Directorate as to the reason of an increase in the amount of receivable debts in 2014, as to the types of measures undertaken for collecting the receivable debts, and as to whether there was any contact established with the Kosovo Government for solving this long lasting problem, however the municipal officials responded saying that they could not provide explanations on such issues without first reporting to MF, due on 31 January 2015.

Based on these records, EC Ma Ndryshe considers that the Prizren Municipal Administration has worsened its poor budgetary performance. In addition, the municipal administration has made it possible for legitimate suspicions to rise as to the ability to manage the budget, namely its ability to perform its tasks, since the receivable debts have almost reached the annual figure that Prizren Municipal Administration spends on capital investments.

Such a conclusion was also reached by the Office of the Auditor General in its 2013 Audit Report (http://oag-rks.org/repository/docs/RaportiAuditimit_KPZ_2013_Shqip_772263.pdf), pointing out, amongst others, “revenues management seems to be the key problem of the municipality” and “municipality management seems not to have a strategy in tackling this problem”. The risk the OAG foresees is that “poor planning of revenues and low collections have direct impact on the accomplishment of overall municipal objectives and, in particular, on the implementation of capital projects funded by own-source revenues”.

Taking into consideration these findings, EC Ma Ndryshe would recommend the Prizren Municipal Administration to:

- Undertake immediate measures into improving budgetary performances;
- Draft a proper plan for an efficient debt collection;
- Enter into dialogue with the citizens, business community and the civil society for improving debt collection;
- Duly and precisely implement recommendation no. 16 of the Auditor General, stating “The Mayor should take a comprehensive approach for addressing this problem, in respect of planning as well as deciding on effective mechanisms for bringing these debts to an acceptable level. The management should initiate a re-evaluation process, where all accounts would be analysed in respect of age, significant amounts, real possibilities for collection and application of administrative measures (if necessary)”.

The project ‘Monitoring the Transparency of the Executive’ implemented by EC Ma Ndryshe will continue publishing findings generated from the monitoring activities through regular press releases and on the project website, where the findings will be posted directly by the monitoring staff. All findings, including regular press releases and other information on Prizren, Mamusha

and Prishtina local government administrations are regularly posted on the Project website www.online-transparency.org.

Thank you for your cooperation,

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