



**Non-governmental Organization Emancipimi Civil Ma Ndryshe
EC MA NDRYSHE**

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PRESS RELEASE

Poorly planned capital projects harming the municipal budget

Within the project of monitoring transparency of local governance of Prizren, EC Ma Ndryshe during September has looked at several capital projects funded from the municipal budget.

Several weeks inquiry has revealed that firstly, there are a number of capital projects that have been funded by the Municipality of Prizren with considerable means from the municipal budget, yet with works that were not carried out properly even after several years, secondly, that the objects are not functional, meaning that are not used for the intended purpose for which they were planned and constructed, and thirdly, when there are also cases where started works are left pending because of inaccurate planning.

The most controversial project is the construction of the House of Culture in Zhur. Implementation of this project started in 2009 and the building to this day has not yet been inaugurated. According to data from the Directorate of Culture, Youth and Sports (MDCYS), for the realization of this project two economic operators were contracted, where in the first phase were spent close to EUR 325,000, while for the works of the second phase over €526,000 were paid to the other operator, meaning that so far over €850,000 in total were spent for the project. As for the second contracted operator, the MDCYS stated that, "after the final installment paid on December 18, 2012, has ceased the works stating that if they are not to be paid for additional works in the amount of €92,000, they shall not proceed with works". This operator remained in that position until now, whereas the mayor of municipality, on August 21, 2014, has rendered the conclusion to allow additional funds in the amount of €52,000. "It is expected only the approval of the revision of the budget in the Assembly of Kosovo and the works will be realized," says in MDCYS's notification.

The other project is the construction of the Cultural and Sports Centre in Mušnikovo/Mushnikovë village. Implementation of the project started in 2011 and the object let alone for not being completed, but still has no rooftop. According to data from MDCYS, so far for this project were paid €84,000 from public money. Only in February of this year MDCYS has informed the Procurement Office that the contracted operator has failed to carry out works under the dynamics and forecasts set in the contract thus requested cancellation of the contract and announcement of a new tender for unfinished works. In the revision of 2014 budget, MDCYS requested additional €48,000 for this project.

Construction of the Sports Hall in Medvec started in 2012 and the works are not yet completed. The value of the project, according to MDCYS, is close to €240,000. So far, close to €173,000 were paid and remained to be paid over €66,000, while with the review additional €50,000 are foreseen to be paid. Residents of this village have pointed out the plan for the execution of works has envisaged 120 days, a period which, according to them, exceeded long time ago.

In addition, the Directorate of Public Services has contracted an operator to carry out works on the constructions of roads in Kushnin of Has region, for which undertaking the value of the contract is over EUR 58,000. Excavation and expansion works of the roads and the pavement of the first buffer layer were done, but because of a lack of funds the works were stopped. The explanation received from DPS reveals that this project, as well as several other projects, has been terminated in the absence of funds, which were foreseen to be provided by revenues. DPS has noted that funds for this project shall be obtained upon budget revision.

In the framework of monitoring municipal government's meetings we have also encountered in other projects where, due to poor planning, no proper amount was ensured for public expenditures. In the village of Bregdri a school was built for which were spent over EUR 230,000 from the municipal budget, while the students of 6th, 7th, 8th and 9th grades can not attend classes since the MDE has failed in adding 6 required class funds when preparing the 2014 budget, which must also be approved by the MEST.

Meantime, in the framework of participation in public debates it has been noted that Local Registry Office of Tusuz neighborhood has not been put into service for two years now, even though municipal leadership has reported it has been opened with the aim of providing higher quality services to citizens. In this regard EC Ma Ndryshe requested from the Directorate of Administration access to public documents related to this project, but such thing was not allowed, which constitutes violation of the provisions of the Law on Access to Public Documents. Conversely, in the media appearances, the DA officials stated that the Local Civil Registry Office has not been put yet into service for the reason that MIA should undertake installation of the network and the civil registry data software, which is not done yet, in spite of several letters that were addressed by the Municipality of Prizren.

On the other side, Office of the Auditor General in its latest report found that in the contract "Construction of City stadium" in the amount of €193,000, the amount committed for this project was only €20,000 and that cases of entering into contracts without sufficient funds committed were also found in 23 samples tested.

OAG has found also that the contract "Paving the road "Pirana-Reti" amounted to €167,000 – according to dynamic plan the project was foreseen to be completed for 50 working days and that it was noticed that this term was not adhered to, which, by the time of the audit, this delay reached 250 calendar days. According to the Management's claim, lack of funds for this project resulted in works being stopped and as such not being finalised in time. OAG found such delays almost in every project examined.

All these cases of capital investments of Prizren Municipality prove that projects without appropriate and accurate planning launched without any clear vision, damage the municipal budget, which is filled by taxpayers' means. Such manners of public money expenditure, according to EC Ma Ndryshe, are unacceptable and contrary to legal and moral obligations for good governance of public money.

For more, OAG in the report for 2013 had found that there are systematic weaknesses in procurement starting from committing funds, following procurement procedures up to contract management. It also found that contract management process was followed by inadequate

controls, reports without clear specifications and lack of technical acceptance for the works completed.

Taking into account these findings, EC Ma Ndryshe recommends the Municipality of Prizren:

- To fundamentally change the current practices of capital projects planning;
- To prepare budget with greater participation of citizens in order that municipal budget reflect actual requirements of the community;
- To ward off political pressure and influence from the Procurement Office;
- To apply stricter supervision on the implementation of projects, including supervisory bodies, professionals with integrity and politically independent;
- To improve control over a range of areas of expenditures in order to prevent the municipality from financial loss, poor value for public money and inefficient management of projects;
- To take measures that systemic weaknesses which exist in the area of procurement, from committing funds, following procurement procedures and up to contract management, are addressed in accordance to the recommendations of the Auditor General;
- Contract management process that so far been has been followed by inadequate controls, with reports without clear specifications and lack of technical acceptance for the works completed, is not repeated in any project paid from public money;
- To begin with enforcement of punitive measures for irresponsible operators.

EC Ma Ndryshe also recommends members of the Municipal Assembly of Prizren to demand accountability for the costs incurred for these projects as well as to exercise greater control over the work of the municipal executive body.

EC Ma Ndryshe's project for the transparency oversight of the executive branch will continue on publicizing monitoring findings through regular press releases and the project's website, where the findings will be posted directly by the monitors. To date, all monitoring findings, including regular press releases and other information relative to local governments of Prizren, Mamuşa/Mamushë and Prishtina are being regularly published on the project's website www.online-transparency.org.

Thank you for your cooperation,

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