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"MUNICIPALITY PUBLIC SECTOR EFFICIENCY": CHALLENGES AND OPPORTUNITIES IN PEJA MANICIPALITY

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Abstract
Regardless of where we live, the management of the municipality public sector impacts on our lives. Hence, we all have an interest, one way or another, in the achievement of efficiency and productivity improvements in the activities of the municipality public sector.. Local governments of post-war and transitional countries are under pressure to improve public sector performance and at the same time contain expenditure growth. While factors such as ageing populations and increasing health care and pension costs add to budgetary pressures, citizens are demanding that governments be made more accountable for what they achieve with taxpayers' money. This paper briefly reviews key institutional drivers that may contribute to improve municipality public sector efficiency, and focuses on one of them in more detail: performance information and its role and use in the budget process in Peja municipality. Increasing the use of performance information in budget processes is an important initiative that is widespread across transition post war countries. It is part of an ongoing process that seeks to move the focus of decision making in budgeting away from inputs (how much money can I get?) towards measurable results (what can I achieve with this money?).
Key words: Institutional drivers, public performance, public efficiency , budget process efficiency

INTRODUCTION

At a time when Transitional States have to deal with increased pressures on public balances, stemming from demographic trends (higher spending on life-long learning, pensions and long term care) and globalization (adjustment costs, mobile taxpayers) it is even more important that public resources are used in the most efficient and effective way. Given that resources in the public sector are mostly generated through taxes and taxes create distortions in the allocation of resources and thus constrain economic growth, it is essential that public expenditures are used to improve long-term growth perspectives and take equity considerations into account. Improved efficiency and effectiveness of public spending not only helps maintain the fiscal discipline requested by the Stability and Growth Pact (SGP) but also is instrumental in promoting the structural reform agenda of Lisbon. It alleviates budget constraints as it allows achieving the same results at lower levels of spending or increases value for money by achieving better outcomes at the same level of spending.

The objective of this paper is to outline the conceptual framework and to survey the different methods used for cross-country comparisons of the efficiency and effectiveness of public spending. The key questions addressed are: i) how to define efficiency and effectiveness; ii) how to measure efficiency and effectiveness; and iii) what are the main determinants of efficiency and effectiveness of public spending? The focus of this analysis is not on how to cut public expenditures, but rather more on increasing the value for money of public spending, i.e. how to make the most of limited public resources.

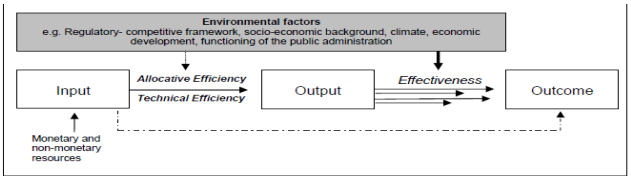
1. CONCEPTS OF EFFICIENCY AND EFFECTIVENESS OF PUBLIC PERFORMANCE

The analysis of efficiency and effectiveness is about the relationships between inputs, outputs and outcomes. In 1957, Farrell already investigated the question how to measure efficiency and highlighted its relevance for economic policy makers. "It is important to know how far a given industry can be expected to increase its output by simply increasing its efficiency, without absorbing further resources" (Farrell, 1957:11.).

Since that time techniques to measure efficiency have improved and investigations of efficiency have become more frequent, particularly in industry. Nevertheless, the measurement of efficiency and effectiveness of public spending3 remains a conceptual challenge. Problems arise because public spending has multiple objectives and because public sector outputs are often not sold on the market which implies that price data is not available and that the output cannot be quantified.

The monetary and non-monetary resources deployed (i.e. the input) produce an output. For example, education spending (input) affects educational attainment rates (output). The input-output ratio is the most basic measure of efficiency. However, compared to productivity measurement, the efficiency concept incorporates the idea of the production possibility frontier, which indicates feasible output levels given the scale of operations. The greater the output for a *given* input or the lower the input for a *given* output, the more efficient the activity is. Productivity, by comparison, is simply the ratio of outputs produced to input used.

Figure 1 illustrates the conceptual framework of efficiency and effectiveness. It makes the link between input, output and outcome.



Effectiveness relates the input or the output to the final objectives to be achieved, i.e. the outcome. The outcome is often linked to welfare or growth objectives and therefore may be influenced by multiple factors (including outputs but also exogenous 'environment' factors).

The effectiveness is more difficult to assess than efficiency, since the outcome is influenced political choice. The distinction between output and outcome is often blurred and output and outcome are used in an interchangeable manner5, even if the importance of the distinction between both concepts is recognized. For example, the outputs of an education system are often measured in terms of performance or attainment rates of pupils of a certain age. The final outcome, however, could be the educational qualifications of the working-age population as a whole. The effectiveness shows the success of the resources used in achieving the objectives set (Afonso, A., Schuknecht, L. and V. Tanzi, 2006:14). This implies that efficiency and effectiveness are not always easy to isolate. In addition, outputs and outcomes may be affected by environment factors, which may or may not be within the control of the policy maker. For instance, if we scrutinize the efficiency of education spending, the wage setting mechanism is seen as an exogenous factor, whereas if we consider the efficiency of the public administration as a whole, the wage setting mechanism might be an important input of efficiency. Whether specific characteristics are taken as given or seen as under the control of policy makers depends among others on the level of aggregation of the analysis. A high level of aggregation can conceal inefficiencies. For example, when we work at the more aggregated level specific sector-related circumstances would be taken for granted like the combination of inputs (e.g. allocation of funds) within the spending item. This illustrates the importance of correctly defining the scope of any efficiency and effectiveness analysis. When measuring efficiency, a distinction can be made between technical and allocative efficiency. Technical efficiency measures the pure relation between inputs and outputs taking the production possibility frontier into account. Technical efficiency gains are a movement towards this production possibility frontier ("best practice"). However, not every form of technical efficiency makes economic sense, and this is captured by allocate efficiency, which introduces costs and benefits. Allocate efficiency reflects the link between the optimal combination of inputs taking into account costs and benefits6 and the output achieved. For instance to instruct pupils, there is a mix of inputs necessary, such as teachers, books and infrastructure. The attainment rate could be maximized by an optimal combination of these inputs. Thus, the measurement of allocative efficiency requires in-depth analyses of the area in question as well as information on the broad country-specific strategies and most notably information on input prices7. A high degree of technical efficiency achieved at the level of each individual input does not guarantee an efficient functioning of public sector activities if alternative combinations of inputs would result in higher outputs.

Another complication, which one encounters when measuring efficiency and effectiveness in terms of the identification of inputs and outputs, is that many public services are interlinked. This is the case, for example, when the outputs of one public service are used as inputs by another. For example, the research output of public research institutions is at the same time an input for R&D activities at universities. Similarly, public services can influence each other. For example, the public transport system – the output of spending on infrastructure – affects the spending on education (input) as school buildings have to be reachable. Unlike the private sector the public sector cannot easily be represented by a clear input – output relationship.

2. INPUTS

Assessing the efficiency and effectiveness of public spending requires the measurement of the inputs entering into the production of public sector activities. This can be done in monetary and non-monetary (physical) terms8. Compared to the private sector, the estimation of the actual costs of public sector activities is relatively complicated. While in the private sector, data are available at a very detailed level of activity, public sector accounts are typically designed differently, making it difficult to obtain information on all input costs, in particular at a disaggregated level. Estache et al. (2007) stress that public budgets are not really designed to track down specific sectoral expenditures.

Recent literature9 highlights especially the indirect costs, such as opportunity costs of using government-owned assets, like school buildings and hospitals, and the allocation of

government fixed costs. The higher tax burdens associated with an increase in public expenditures cannot be neglected either. This, however, would lead to an even broader approach to evaluating the impact of public policies. This paper chooses a more narrow approach and considers the public spending allocated to the production of a given public service, like public spending on health, education or infrastructure as a measure of input.

It also takes into account the complementarities of public and private spending. For example, the additional private spending on coaching has to be taken into account when measuring educational output (see box 1). An alternative approach to defining appropriate input indicators is to use non-monetary factors, like the number of civil servants deployed for a public activity or working hours spent on this activity. For instance, in the area of education the teachers/students ratio, class size and instruction time are quite common measures of inputs.

3. PUBLIC SERVICE ACTIVITIES – THE OUTPUT

Effective and cost-efficient delivery of government services is something that should be expected at all times. It becomes even more paramount in trying financial times that are posing formidable challenges for local government entities. Do local governments have the tools in place to overcome those challenges? Not likely, when the basis for local government structure comes from the 1851 state constitution. Can any business, association or organization operate successfully on a formula established more than

150 years ago? (Herrerea, S., Pang, G. 2005:56) In the private sector, the market value of output is reflected in the national accounts. The public sector, however, mostly provides non-market goods and services, which implies that their market value is usually unknown. Input costs have therefore often been used as a proxy for the value of the output in the national accounts12. Consequently, public services could only produce more by employing more inputs (e.g. more teachers, nurses, etc.). This approach cannot be applied to measure efficiency as the input-oriented market valuation does not, by definition, take efficiency gains into account. Therefore, the output of the public sector has to be defined. An option is to use a volume measure of outputs that allows efficiency to increase and decrease over time. The most frequently used output indicators are performance indicators, such as pupils' performance at a specific level or doctors' performance in hospitals. When making cross-country comparisons the choice of appropriate indicators becomes even more difficult, since country-specific factors have to be taken into account . The monitoring of the performance of public sector activities, for example by collecting performance information, could improve the data on outputs. The OECD PISA study, for example, presents a well-known measure of the performance of the educational system, which is based on test scores of 15-year-old pupils.

4. BUDGET PROCESSING IN ORDER OF PUBLIC EFFICIENCY IN PEJA MUNICIPALITY

Local government needs to be accountable to the people it serves. This means participates in deciding how the money should be spent. The community should be assured that council's money is spent in a way that is not wasteful or for personal gain. Municipal councils should establish structures that will enable community participation and also allow the opportunity for the explanation or feedback to the community on how the money is spent (Aschauer, D. 1998:34),. Local government has to be transparent. This means that it has to make its statements available to all and reporting regularly to the community this information should be accurate and easy to understand. the community's needs as captured in the IDP. This process, like the IDP process requires input from the public and is designed to address basic and social needs in the community. Financial plans have separate budgets for operations and capital investments. This Operating budget - This part of the budget shows how much money is spent on running the administration and delivering the day-to-day services including the maintenance of existing assets and infrastructure. It shows where this money comes from (sources of revenue). This income may be from rates & taxes, service charges and inter-governmental transfers.
Capital budget - This part of the budget shows how much money local government is planning to invest in infrastructure or other capital assets. Municipalities have to know how much will be spent on this item each year, and where the money for this spending
will come from. This part of the budget is called the capital budget because it is used for new physical development, or infrastructure investment. The MFMA requires municipalities to prepare balanced budgets. This means that they have to make reasonable estimates of income and match it to anticipated expenditure.

Table 1 Budget Execution report

Budget Execution Report

Description		Original Budget Law Nr 03/L-105	Final Budget KFMIS	Payments	Progress in %	Progress in %
A		b	c	d	e=(d-b)/b	f= (d-c)/c
Total Payments	1+2+3+4	**12,638**	**16,152**	**14,579**	**15.36**	**(9.74)**
Payments from the General Grant	1	**10,758**	**11,016**	**10,887**	**1.20**	**(1.17)**
Wages and Salaries		6,951	7,207	7,119	2.42	(1.22)
Goods and Services		913	927	924	1.20	(0.32)
Utilities		475	480	478	0.63	(0.42)
Subsidies and Transfers		-	-	-	-	-
Capital Investments		2,419	2,402	2,366	(2.19)	(1.50)
Payments from Own Source Revenues of 2009	2	**1,880**	**2,777**	**1,596**	**(15.11)**	**(42.53)**
Wages and Salaries		67	96	90	34.33	(6.25)
Goods and Services		125	156	121	(3.20)	(22.44)
Utilities		-	-	-	-	-
Subsidies and Transfers		213	233	231	8.45	(0.86)
Capital Investments		1,475	2,292	1,154	(21.76)	(49.65)
Payments from Own Source Revenues carried Forward from 2008	3	**-**	**1,595**	**1,516**	**-**	**(4.95)**
Wages and Salaries		-	63	63	-	-
Goods and Services		-	44	43	-	(2.27)
Utilities		-	15	15	-	-
Subsidies and Transfers		-	14	13	-	(7.14)
Capital Investments		-	1,459	1,382	-	(5.28)
Payments from the pre-assigned Grant	4	**-**	**764**	**580**	**-**	**(24.08)**
Wages and Salaries		-	-	-	-	-
Goods and Services		-	40	24	-	(40.00)
Utilities		-	-	-	-	-
Subsidies and Transfers		-	1	1	-	-
Capital Investments		-	723	555	-	(23.24)

Source: Annual financial report Peja Municipality 2010

The following discussion deals with each of these two budgets separately. Operating budget - This part of the budget is divided into operating expenses and operating revenue. It shows how much money is spent on running the administration and delivering the day-to-day services. It also shows where monies used for this purpose comes

from. The budget is divided as follows: Operating expenses - An operating budget is used to cover the following expenditure items which are ongoing expenses that a municipality needs to deliver day-to-day services and to conduct its own administration: Salaries and allowances: This refers to salaries and wages for municipal staff and allowances such as travel. General expenses: This includes items that are used for the general running of a municipality: e.g. telephone, post, rent and also the purchase of bulk water and electricity for resale to the residents. Councillors' allowances are also included here. Repair and maintenance costs: These are the costs incurred for maintaining infrastructure including electricity and water plants and maintaining infrastructure such as buildings and municipal facilities. Capital charges: This refers to money that is used for repayment of loans to commercial banks and the Development Bank. Municipalities are discouraged from loaning money for operational expenditure. If they do they should repay it within Municipalities may contribute to purchase and funding of equipment and capital projects.

Contributions to special funds: Municipalities may contribute to funds dedicated for acquisition of special commodities such as land for developments, for example for low cost housing. Provision for working capital: This refers to money that may be used to write of bad debt of the arrears of poor people, insolvent companies, etc, who are unable to pay for basic services already provided to them. Operating revenue - Typical sources of revenue to meet the above expenditure items include: Property rates: This is tax that is charged on properties. It should be charged in terms of the Property Rates Act (currently municipalities still use Local Government Ordinances).

The Table 2 will represent the operating budget of all municipalities in Kosovo

	Municiplity	Total Staff 2011	Wages and salaries	Goods and services	Expenditure Utilities	Subsidies and transfers	Total Operational Expenditures	Capital expenditures	Total 2011
1	Deçan	845	3.013.272	287.859	119.889	10.314	3.431.333	1.827.541	5.258.875
2	Dragash	771	2.507.588	320.640	96.240	36.098	2.960.565	1.958.901	4.919.467
3	Ferizaj	2.317	7.931.954	1.410.170	510.844	587.365	10.440.333	6.301.214	16.741.547
4	Fushë Kosovë	716	2.487.741	424.139	168.168	81.478	3.161.526	1.750.955	4.912.481
5	Gjakovë	2.239	7.555.219	1.309.064	524.740	314.059	9.703.082	6.072.611	15.775.694
6	Gjilan	2.527	9.003.687	1.647.926	369.340	216.907	11.237.860	4.316.109	15.553.970
7	Gllogovc	1.302	4.490.726	768.203	150.433	92.514	5.501.876	2.573.228	8.075.104
8	Hani i Elezit	210	789.696	150.696	29.528	8.251	978.172	396.836	1.375.007
9	Istog	945	3.296.157	589.833	131.276	93.855	4.111.121	2.314.091	6.425.211
10	Junik	166	621.837	135.140	33.721	4.125	794.823	338.917	1.133.740
11	Kaçanik	793	2.795.300	364.476	81.904	42.286	3.283.966	1.470.374	4.754.340
12	Kamenicë	1.158	4.367.375	395.193	123.879	25.784	4.912.232	1.353.561	6.265.793
13	Klinë	941	3.298.270	515.686	133.025	56.725	4.003.707	2.031.935	6.035.642
14	Leposaviq	469	1.385.767	209.459	26.189	7.635	1.629.050	904.956	2.534.007
15	Lipjan	1.495	5.016.355	528.400	119.667	82.510	5.746.931	3.557.904	9.304.836
16	Malishevë	1.293	4.364.578	713.805	156.676	61.882	5.296.941	2.751.947	8.048.888
17	Mamusha	133	532.359	75.123	21.122	1.547	630.151	304.355	934.506
18	Mitrovicë	2.429	7.792.444	1.018.753	342.039	273.562	9.426.798	2.559.012	11.985.810
19	Novobërdë	338	1.182.079	157.333	30.348	36.098	1.405.858	522.653	1.928.511
20	Obiliq	616	2.204.020	265.899	83.313	54.663	2.607.895	1.142.134	3.750.028
21	Pejë	2.365	8.057.580	1.179.216	498.208	296.156	10.031.159	5.405.507	15.436.666
22	Podujevë	1.965	6.788.263	808.588	292.580	149.548	8.038.979	5.918.690	13.957.669
23	Prishtinë	4.782	16.281.196	4.905.856	2.116.674	563.274	23.866.999	31.145.543	55.012.543
24	Prizren	3.163	10.988.966	2.076.942	660.032	360.979	14.086.920	13.935.576	28.022.496
25	Rahovec	1.154	4.053.128	674.947	268.712	123.764	5.120.551	3.315.972	8.436.524
26	Shtërpcë	501	1.418.479	327.257	51.442	10.314	1.807.492	675.699	2.483.190
27	Shtime	644	2.202.953	381.024	109.968	62.914	2.756.858	1.234.752	3.991.610
28	Skenderaj	1.360	4.485.272	706.860	157.892	104.168	5.454.192	2.087.168	7.541.360
29	Suharekë	1.304	4.597.588	807.789	201.392	118.607	5.725.376	4.457.513	10.182.888
30	Viti	1.146	4.155.444	702.988	202.078	76.321	5.136.832	1.707.803	6.844.635
31	Vushtrri	1.565	5.416.468	980.051	233.822	159.862	6.790.203	3.668.235	10.458.438
32	Zubin Potok	336	1.072.310	85.979	11.392	7.853	1.177.534	666.737	1.844.271
33	Zveçan	233	731.076	123.459	33.200	5.157	892.892	794.032	1.686.924
34	Graçanicë	527	2.089.524	545.289	100.300	83.120	2.818.233	1.486.688	4.304.921
35	Klokot	123	479.524	71.108	10.500	5.157	566.289	211.446	777.735
36	Mitrovica e veriut	263	815.073	386.275	112.935	15.471	1.329.753	2.082.958	3.412.712
37	Partesh	31	89.813	95.930	10.000	5.157	200.900	592.500	793.400
38	Ranillugë	181	670.813	59.998	5.000	5.866	741.677	92.791	834.468
Total 2011		43.346	149.029.896	26.207.352	8.328.468	4.241.346	187.807.062	123.928.844	311.735.906

Source : Budget municipality plane, MEF, 2011

Service charges: This is money collected for services offered by the municipality. Municipalities do monthly meter readings of water and electricity usage and charge for services accordingly. Other service charges include refuse

removal and sanitation. Grants: This is money made available by national government to provide basic services. It is allocated to municipalities without conditions attached and supplements the municipalities' own income. It is allocated annually according to the Division of Revenue Act and is allocated to all municipalities by a formula which also takes into cognisance the revenue needs for the poorest municipalities whose local tax base is limited. The money is mainly to enable municipalities to provide basic services to low-income households and to maintain basic administration. Interest and investment income: Some municipalities may receive income on investments or from interest on overdue accounts.

Follow Table 3 illustrates the plane grants for all municipalities on Kosovo, including the period from 2009- 2013.

	2009	2010	2011	2012	2013
	Actual	Budget review	Projection	Assessment	
1. Grants for own competencies	**207,7**	**233,17**	**248,49**	**259,6**	**268,4**
Total Grant	85,0	94,27	105,56	113,14	118,61
Specific Grant for Health	23,0	27,31	31,09	32,28	33,26
Specific Grant for Education	98,2	109,30	110,47	112,80	115,20
Basic Financing	98,2	109,30	109,82	112,80	115,20
New Policies 2011:			0,65		
Center for Excellence			0,04		
English language (I class)			0,46		
Examiners			0,15		
Specific Grant for Social Services	1,5	1,92	1,00	1,00	1,00
Specific Grant for culture		0,37	0,37	0,37	0,37
2. Grants for additional competencies	**0,0**	**0,93**	**2,39**	**2,96**	**2,93**
Secondary health care		0,93	2,39	2,96	2,93
3. Own source municipal revenues	**37,2**	**50,40**	**51,88**	**53,33**	**55,58**
4. Contingent Financing for Decentralization	**3,2**	**3,20**	**1,50**	**0,00**	**0,00**
MSLA (new municipalities)	3,2	3,20			
MFE (new municipalities and municipalities in the north)			1,50		
5. MUNICIPAL FINANCING (April 2010)	**248,1**	**284,50**	**302,76**	**315,88**	**326,95**
6. Review Process (Jun 2010)	**0,0**	**9,9**	**9,0**	**8,97**	**8,97**
Transfers from central level, municipal and OSR:					
Financing for salary increase of civil servants of 30 €		2,52	3,75	3,75	3,75
Transfer from MIA for wages of the firefighters		0,92	0,92	0,92	0,92
Transfers from MLSW for implementation of employment strategy		1,90			
Transfer of competencies from MAFRD to the municipalities for Forestry		0,49	0,98	0,98	0,98
Transfer from OPM for Gracanica		0,13			
Transfer from MLSW for implementation of the employment strategy		0,25			
Transfer from MFS for Istog		0,04			
Financing for salary increase in Health (44 € and 30%)		2,98	3,08	3,08	3,08
Transfer from Municipalities to the MIA certificates of registry		(0,70)			
Secondary health care		0,24	0,24	0,24	0,24
Decrease for financing of RTK		(0,80)			
Transfer with Government Decision (Shterpce and Grcanica)		0,33			
Increase of the Municipal Own source revenues (MOSR)		1,59			
7. TOTAL MUNICIPAL FINANCING	**248,10**	**294,39**	**311,73**	**324,85**	**335,92**

Next table 4 will illustrate the payments of grant in Peja municipality.

Payments from Designated Grants

Functional classification	Economic classification					
	Wages and salaries	Goods and services	Utilities	Subsidies and Transfers	Capital Outlays	Total
Social protection	-	-	-	-	-	-
General public services	-	24	-	1	301	326
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	201	201
Economic affairs	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-
Housing and Community Amenities	-	-	-	-	-	-
Health	-	-	-	-	-	-
Recreation, Culture and Religion	-	-	-	-	45	45
Education	-	-	-	-	8	8
TOTAL	-	24	-	1	555	580

Source: Annual financial report Peja Municipality 2010

Capital budget - This part of the budget shows how much money local government is planning to invest in infrastructure or other capital assets.
These projects are also referred to as capital projects. Physical developments, such as road constructions and housing, are costly. If the yearly contributions from residents (property taxes, levies, tariffs and services charges) have to cover the entire cost of physical development projects, local government would only be able to afford a few small projects.
On the other hand, physical development projects which are usually called capital projects are an can borrow money to initiate a capital project.

Table 3 Capital Budget of municipalities

Municipalities	General Grant	Salary increase for civil servants (30 €)	Firefighters (107 €)	Total General Grant	Financimi për APK (Agjensioni Pyjor i Kosovës)	Specific Grant for Education - 2011	New MEST policy			Total Specific Grant for Education - 2011	Specific Grant for Health - 2011				Total Specific Grant for Health	Funding for Secondary Helath	Specific Funding for Social Services	Special Financing for Culture (Theatre and Libraries)	Projections of municipal own source revenues 2011	TOTAL MUNICIPAL FUNDING FINANCIMI 2011
							Pedagog	Center of ekselence	Language English		Specific Grant for Health	5 % of performance in health	Total Specific Grant for Health	Salaries increase in Health (44 € dhe 30%)						
Calculation>>																				
1 Deçan	1.916.367	69.277	19.260	**2.004.904**	**55.652**	2.020.946	3.600	-	8.700	**2.033.246**	534.754	26.738	561.492	63.105	**624.597**		27.036		513.400	**5.258.875**
2 Dragash	2.109.357	72.491	23.112	**2.204.960**	**37.056**	1.729.073	3.600	-	9.900	**1.742.573**	463.277	23.184	486.441	53.717	**540.158**		26.499		368.221	**4.919.467**
3 Fushë Kosovë	4.822.922	172.836	42.372	**5.038.129**	**47.712**	7.020.509	3.600	11.390	27.000	**7.062.499**	1.489.250	73.462	1.562.712	164.282	**1.706.994**		39.613	28.418	2.818.181	**16.741.547**
4 Fushë Kosovë	1.619.976	74.991	7.704	**1.702.671**	**3.540**	1.793.771	3.600	-	6.900	**1.804.271**	445.831	22.292	468.123	56.325	**524.448**		26.778		850.774	**4.912.481**
5 Gjakovë	5.187.168	195.333	59.064	**5.441.565**	**44.616**	5.746.724	3.600	-	21.900	**5.772.224**	1.522.196	76.110	1.598.305	187.751	**1.786.056**		42.310	43.932	2.644.990	**15.775.694**
6 Gjilan	4.445.246	197.475	41.088	**4.683.809**	**37.056**	6.133.409	7.200	-	23.700	**6.164.309**	1.328.255	66.413	1.394.667	165.847	**1.560.514**		42.595	65.686	3.000.000	**15.553.970**
7 Gllogoc	2.673.826	101.416	20.544	**2.795.786**	**19.308**	3.628.860	3.600	-	14.700	**3.647.160**	794.189	39.709	833.898	97.004	**930.903**		34.278		647.669	**8.075.104**
8 Hani i Elezit	583.118	19.640	7.704	**610.462**	**11.100**	454.976	3.600	-	1.800	**460.376**	132.365	6.618	138.983	15.124	**154.107**		6.981		131.982	**1.375.007**
9 Istog	2.209.215	91.060	15.408	**2.315.683**	**54.816**	2.568.975	3.600	-	9.300	**2.581.875**	582.405	29.120	611.526	65.713	**677.238**		31.416		764.183	**6.425.211**
10 Junik	562.198	17.498	5.136	**584.832**	**14.640**	325.375	3.600	-	1.200	**330.175**	127.070	6.354	133.424	13.038	**146.462**		6.981		50.650	**1.133.740**
11 Kaçanik	1.567.011	67.849	23.112	**1.657.972**	**30.408**	1.949.635	3.600	-	8.400	**1.961.635**	436.804	21.840	458.644	55.803	**514.447**		23.098		566.781	**4.754.340**
12 Kamenicë	2.466.783	115.343	24.396	**2.606.522**	**34.500**	2.235.483	3.600	-	9.900	**2.248.983**	656.278	32.814	689.092	77.708	**766.800**		46.488		562.500	**6.265.793**
13 Klinë	2.107.070	79.990	20.544	**2.207.604**	**26.412**	2.447.254	3.600	-	10.500	**2.461.354**	582.405	29.120	611.526	71.971	**683.496**		26.778		630.000	**6.035.642**
14 Leposaviq	1.507.834	71.777	17.976	**1.597.587**	**54.816**	587.099	3.600	-	3.300	**593.999**	251.493	12.575	264.068	1.043	**265.111**		-	14.856	7.838	**2.534.007**
15 Lipjan	3.200.202	124.984	23.112	**3.348.298**	**25.968**	3.825.326	3.600	-	16.800	**3.845.726**	914.840	45.742	960.582	127.253	**1.087.835**		32.183		964.845	**9.304.836**
16 Malisheve	2.374.295	90.346	24.396	**2.489.037**	**26.856**	3.849.690	3.600	11.390	17.400	**3.882.080**	688.297	34.415	722.712	66.234	**788.946**		27.624		834.345	**8.048.888**
17 Mamusha	489.969	13.570	8.988	**512.526**	-	251.147	3.600	-	1.200	**255.947**	79.419	3.971	83.390	8.345	**91.735**		6.981		67.317	**934.506**
18 Mitrovicë	3.894.051	268.181	88.596	**4.250.828**	**33.516**	4.477.689	7.200	-	17.400	**4.502.289**	1.191.284	59.564	1.250.848	161.674	**1.412.522**		72.523	55.906	1.858.226	**11.985.810**
19 Novo Bërdë	875.645	29.639	8.988	**914.272**	**8.208**	806.568	3.600	-	3.900	**814.068**	131.028	6.551	137.579	10.952	**148.532**		14.389		29.063	**1.928.511**
20 Obiliq	1.318.090	58.635		**1.377.726**	-	1.423.233	3.600	-	6.000	**1.432.833**	344.149	17.207	361.356	55.282	**416.638**		28.193		494.638	**3.750.028**
21 Peja	5.370.611	206.046	50.076	**5.626.732**	**58.800**	5.553.205	3.600	-	21.600	**5.578.405**	1.522.196	76.110	1.598.305	196.616	**1.794.922**		39.051	38.156	2.300.600	**15.436.666**
22 Podujevë	5.153.607	151.767	23.112	**5.328.485**	**59.244**	5.676.066	3.600	-	22.800	**5.702.466**	1.548.669	77.433	1.626.102	133.511	**1.759.613**		32.861		1.075.000	**13.957.669**
23 Prishtinë	16.211.754	460.300	150.228	**16.822.282**	**41.052**	11.890.777	7.200	-	43.500	**11.941.477**	5.143.181	257.159	5.400.340	454.252	**5.854.593**		103.819	73.398	20.175.922	**55.012.543**
24 Prizren	9.866.431	219.258	37.236	**10.122.925**	**47.712**	9.333.872	7.200	11.390	41.400	**9.393.862**	2.845.354	142.268	2.987.622	250.334	**3.237.956**		52.520	45.691	5.121.830	**28.022.496**
25 Rahovec	2.845.211	89.989	24.396	**2.959.596**	**22.860**	3.741.534	3.600	-	15.000	**3.760.134**	833.898	41.695	875.593	67.278	**942.871**		35.562		715.500	**8.436.524**
26 Shtërpcë	978.475	32.496	19.260	**1.030.231**	**25.392**	643.245	3.600	-	6.000	**652.845**	145.601	7.280	152.881	14.081	**166.962**	522.371	16.355		69.035	**2.483.190**
27 Shtime	1.340.096	47.851	10.272	**1.398.219**	**15.312**	1.740.892	3.600	-	7.500	**1.751.992**	370.622	18.531	389.153	39.636	**428.789**		25.075		372.223	**3.991.610**
28 Skenderaj	2.580.002	123.913	23.112	**2.727.027**	**29.952**	3.376.945	3.600	11.390	13.800	**3.405.735**	741.243	37.062	778.305	97.004	**875.310**		40.337		463.000	**7.541.360**
29 Suharekë	3.526.877	106.058	20.544	**3.653.479**	**29.952**	3.726.772	3.600	-	15.300	**3.745.672**	1.058.919	52.946	1.111.865	78.751	**1.190.616**		31.452		1.531.717	**10.182.888**
30 Viti	2.141.309	90.346	28.248	**2.259.903**	**33.516**	3.107.078	3.600	-	12.900	**3.123.578**	614.941	30.747	645.688	72.493	**718.180**		27.342		682.116	**6.844.635**
31 Vushtrri	3.376.014	143.196	39.804	**3.559.014**	**26.412**	4.354.325	3.600	-	18.300	**4.376.225**	992.736	49.637	1.042.373	109.521	**1.151.894**		29.894		1.315.000	**10.458.438**
32 Zubin Potok	1.178.265	60.707	14.124	**1.253.096**	**30.396**	338.526	3.600	-	1.800	**343.926**	198.547	9.927	208.475	522	**208.997**		-		7.856	**1.844.271**
33 Zvečan	1.110.208	37.852		**1.148.060**	-	305.708	3.600	-	1.500	**310.808**	211.784	10.589	222.373	1.565	**223.938**		-		4.118	**1.686.924**
34 Graçanicë	1.315.291	26.068		**1.341.359**	-	1.151.281	3.600	-	6.600	**1.161.481**	246.755	12.338	259.092	19.186	**278.278**	1.120.771	3.032		400.000	**4.304.921**
35 Klokot	435.909	714		**436.623**	-	256.973	3.600	-	1.200	**261.773**	60.120	3.006	63.126	7.823	**70.949**		-		8.390	**777.735**
36 Mitrovica e Veriut	1.301.676	-		**1.301.676**	-	838.034	-	-	5.100	**843.134**	264.730	13.236	277.966	-	**277.966**	989.935	-		-	**3.412.712**
37 Partesh	444.959	-		**444.959**	-	274.133	-	-	1.800	**275.933**	69.055	3.453	72.507	-	**72.507**		-		-	**793.400**
38 Ranillug	452.964	13.927		**466.891**	-	232.972	3.600	-	1.800	**238.372**	65.587	3.279	68.866	20.339	**89.205**		-		40.000	**834.468**
TOTAL	106.660.000	3.743.820	921.912	110.225.732	966.820	109.818.079	144.000	46.560	457.800	110.465.439	29.609.824	1.480.478	31.090.000	3.081.084	34.171.084	2.633.077	1.000.000	366.043	51.887.711	311.735.906

Source:: Review Capital investment , MEF, 2010

Councilors are more able to ensure that they are accountable and representing the needs of those they represent if they link all capital expenditure to priorities explored options and have selected a path of investment that promotes good governance. A capital program consists of a number of capital projects that have been Capital budget is divided as follows:

A capital budget is used to cover the following expenditure items: Infrastructure: Items that constitute infrastructure may include:

1. land and buildings
2. roads, pavements, bridges and storm water
3. water reservoirs and reticulation
4. car parks, bus terminals and taxi ranks
5. electricity reticulation reticulation

6. CONCLUSION

This briefly examined potential key institutional drivers that may contribute toimproving public sector efficiency.. The paper's assessment of the efficiency in public services more generally and in public spending on education, social protection, health, and public order activity in particular shows a large variation between municipalities in Kosovo. Clearly, there is a significant potential for increased efficiency in public spending. Such efficiency gains may be realized either by raising outputs for a given amount of public spending or by reducing the inputs required to obtain a given amount of output. This latter option would allow cutting public expenditures.

For growth-enhancing spending categories such as education and R&D in most countries, the approach aiming at higher output is perhaps more promising. Furthermore the paper showed that environmental conditions have to be considered as they can have a significant impact on efficiency and effectiveness. Especially investigations of R&D activities showed that various factors interfere with the measurement of efficiency and effectiveness.

In spite of these difficulties, substantial progress has been made in developing the necessary measurement techniques. However, the application of these new techniques is hampered by lack of suitable data to apply those techniques. Quality data are needed because the techniques available to measure efficiency are sensitive to outliers and may be influenced by exogenous factors.

This also suggests applying a combination of techniques to measure efficiency and effectiveness. Moreover, the precise definition of inputs, outputs and outcomes may influence results. Against this background, analyses based upon individual spending areas (function-by function approach) seem to be a more promising approach to measure efficiency and effectiveness on a cross-country basis than aggregated investigations. As discussed in the paper in-depth analyses of the areas in question allow for better identification of meaningful indicators for input, output and also exogenous factors. Consequently, the models can be better specified. The estimates in the area of education, for example, shows possible efficiency gains in term of higher outputs using unchanged inputs. However, the observation that a country is far away from the efficiency frontier does not necessarily imply that there are substantial inefficiencies within the system in question.

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