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Sida Decentralised Evaluation

FCG Sweden, Tana Copenhagen

Evaluation of Development Cooperation between the
Ministry of Finance, Labour and Transfers, Property Tax
Department, in Kosovo and the Swedish Tax Agency
Financed by the Swedish Embassy in Pristina

Final Report



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between the Ministry of Finance, Labour and
Transfers, Property Tax Department, in
Kosovo and the Swedish Tax Agency Financed
by the Swedish Embassy in Pristina.

**Final Report
December 2021**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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Abbreviations and Acronyms

DMITS	MoF's Department for Management of IT Systems
EQ	Evaluation Question
ET	Evaluation Team
EU	European Union
KCA	Kosovo Cadastral Agency
Lantmäteriet	Swedish Cadastral Agency
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MoF	Ministry of Finance Labor and Transfers
NDS	National Development Strategy
PFMRS	Public Finance Management Reform Strategy
ProTax	Property Taxation
PTD	MoF's Property Tax Department
PTO	Property Tax Office (municipal)
Sida	Swedish International Development Cooperation Agency
STA	Swedish Tax Agency
ToC	Theory of Change
ToR	Terms of Reference
USAID	United States Agency for International Development

Preface

This evaluation was commissioned by Sida through the Sida Framework Agreement for Evaluation Services, and conducted by FCG in partnership with Tana Copenhagen.

The Evaluation Team consisted of Dr. Stephen Webber (Team Leader), Mr. Anders Kragh Bingen and Ms. Silvana Rusi. The Final Report was quality assured by Dr. Ingela Ternström, quality assurance expert, whose work was independent of the evaluation team. Ms. Annefried Muller and Ms. Grace Muchunu provided project management support.

Executive Summary

This report presents the findings, conclusions and recommendations of the ‘Evaluation of Development Cooperation between the Ministry of Finance, Labor and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency financed by the Swedish Embassy in Pristina’, conducted by a team of experts from the FCG/Tana consortium in the period July - November 2021.

Background: The cooperation between Sida, the Swedish Tax Agency (STA) and Kosovo’s Ministry of Finance Labor and Transfers (MoF) has existed since 2008 when the first Protax project was initiated. After a pause in 2012 and 2013, the Protax2 project continued in 2014-2017, during which the legislation for the property tax system was drafted. The “Law on Immovable Property Tax” was passed by the Assembly of Kosovo in early 2018, and a decision was made to prolong the Protax2 project for the period 2018-20 in order to support the implementation of the new law and its procedures (although de facto there have been delays in the roll out of the new legislation). A no-cost extension was subsequently added to take the project into 2021, with this year due to see a handover of ownership fully to the MoF and the end of the STA involvement in support. Section 3 of the report provides a detailed overview of the nature of the ‘Evaluand’ (the evaluation object), and the evaluation team’s reconstruction of the Theory of Change of the Protax2 project, which was used to guide the engagement with the evaluation evidence.

Scope and purpose: The evaluation has focused on the prolongation phase (2018-2021), while also taking into account the cumulative results achieved under the previous phases. The purpose of the evaluation is to 1) provide Sida with a basis for determining the long-term value of its contribution; and 2) compile and summarise experiences made in the project, as input to the design of future projects and possible cooperation. The intended users of this evaluation are the Swedish Embassy in Pristina, MoF, the Property Tax Department (PTD) in MoF, and STA.

Methodology: The methodological approach is outlined in Section 2. The evaluation design covered the three ‘blocs’ relating to the work of the Protax2 project: the technical aspect (development of legislative and procedural basis for new tax system and operationalisation of the procedures); the institutional capacity-building aspect (strengthening of the institutional basis within MoF and at municipal level (Property Tax Officers), including the role of agency-to-agency cooperation with STA); the implementation aspect (including the project’s role in supporting the implementation process).

A mixed methods approach has been used to allow for triangulation of findings, incorporating documentary review, interviews, written feedback, and two online

surveys. The evaluation team conducted the assignment from distance, as no in-country presence was possible because of restrictions relating to the COVID-19 pandemic. Notwithstanding the challenges this posed, the team achieved a higher-than-predicted total number of consultations (40 persons), and a good response rate to the surveys (with responses received from 79% of the municipalities covered in the Protax2 project). This has provided a good evidence base from which to achieve the synthesis of findings and aggregate-level analysis presented in the report.

Findings

The review of findings is presented in Section 4 of the report, structured according to the evaluation criteria and evaluation questions covered by the evaluation.

Relevance: The findings overall clearly show that the project has been relevant to the needs of Kosovo particularly as an important step towards increasing local revenue collection at the municipal level. The evaluation assesses that the intervention was in line with the National Development Strategy (NDS) (2016-2021) and the Public Finance Management Reform Strategy (PFMRS) (2016-2020) though neither of the two explicitly refer to the need for a property tax system.

In the survey of municipality staff who have had direct experience of implementing the new property tax regime, 80% of respondents agreed with the statement that the tax reforms introduced as part of the project intervention reflect the needs of the municipalities with regards to property tax revenue collection. Within the MoF, operational staff noted to the evaluation (in interview, written and survey feedback) the high relevance of the project's work in strengthening institutional and individual capacities, with the role of STA seen as crucial in allowing PTD to roll out the reforms, and prepare for the handover of ownership of the processes to the MoF.

Effectiveness: The evaluation findings indicate that the project has achieved its goals and gone beyond the originally planned level of contribution to the reform effort in property tax. The main achievements of the project have been:

- The introduction of the new legislation on immovable property tax in early 2018, the foundation for which had been laid by the previous iterations of the Protax project;
- The rolling out of the property tax reform process, through the development and phasing in of a range of procedures and e-resources;
- Strengthening of the capacities of central and municipal authorities, in particular PTD and DMITS within the MoF (although the sustainability of these results, even in the immediate short-term period following the end of the project, is not secure);
- Increased awareness of taxpayers with regard to the new tax regime;
- A substantive increase in tax revenue collected through the new system.

While work remains to be done on fine-tuning the system and addressing certain gaps and shortcomings, the general consensus among stakeholders, according to the evidence reviewed, is that the property tax system has become fairer, more effective

and efficient, and is more transparent than had been the case previously. It can be regarded as a strong endorsement of the contribution made by the project to the reform process that among some stakeholders at least the Protax project is synonymous with the property tax reforms themselves.

Impact: The full scale of impact of such a complex reform process will not be visible for some time to come – for instance, with regard to the effects on strengthening the municipal level of government, enhancements in public services provided to the population, poverty reduction, economic development, reduction of corruption, etc. The remit and extent of influence of the MoF’s PTD is limited in terms of promoting the larger-scale effects that they expect the property tax system to achieve. Their responsibility lies in designing and managing the system – but to attain the range of impacts outlined above depends on the contribution of a much wider range of actors, from national through local government, the business sector, civil society, and the population as a whole.

Management: The project was organised through the Agency to Agency cooperation model where the STA and the Swedish Cadastral Agency provided human resources and advisory services to the MoF, the PTD and the DMITS. The project also temporarily provided funding of some of the local MoF staff. The evaluation findings overall indicate that the cooperation between the different stakeholders has functioned well. This applies both for the cooperation between MoF/STA and the PTD and also between the PTD and the municipalities facilitated by the project activities.

Sustainability: The feedback received from consultations and survey responses from MoF staff indicate a good degree of confidence that the transition phase has achieved its aims and the PTD is now better prepared to continue its tasks in the sphere of property tax, with STA having supported the handover very effectively. The issue of staffing will remain a challenging one in the period to come. Maintenance of the results of the reform process will depend to a large extent on external factors – the level of support and commitment of the national level of government, and of the municipalities to continuing with the implementation of reforms, and the support of taxpayers, commercial sector stakeholders.

Coherence: Sweden has been the sole donor supporting the PTD and MoF in the property tax reform process, and the Protax 2 project, therefore there has not been a need to ensure coordination within the work supported at the level of the MoF with other donors. However, given the linkages between property tax and such issues as property rights and property ownership it would have been desirable that the Protax2 project afford attention accordingly in its project plan and activities. For instance, there is a logical connection in principle between awareness-raising on property taxation obligations, and awareness-raising about property ownership rights.

A set of **Conclusions and Lessons Learned** is presented in Section 5 – they are summarised here:

1. The project has made a crucial and substantial contribution to the property tax reform process. The lesson is that perhaps it is this level of engagement that is necessary in order to secure tangible results of a scale necessary for a major reform initiative.
2. The project has made an essential and wide-ranging contribution in terms of assisting MoF and PTD to develop the legislation, set up procedures to supporting the reform process, build the necessary capacities in the Ministry.
3. The support of the Embassy of Sweden and Sida has been essential in the achievements secured under the Protax initiative. It was essential that Sweden maintained support and interest even during periods during which progress seemed slow or not feasible, then proactively promoted adoption of legislation. It is important to complement support for operational level activities with strategic dialogue.
4. Cross-cutting issues (gender equality, HRBA, environment) have not been afforded sufficient attention in the project design and implementation. More guidance is needed at the design and implementation stage to ensure that adequate attention is paid to cross-cutting issues.
5. The project has specifically contributed to an enhanced focus on building the capacity and ownership in the PTD, the ministries and at the municipalities handling property tax.

A set of **Recommendations** is provided in Section 6.

Recommendation 1: Continue to support the process of property tax reform in Kosovo through cooperation with relevant civil society organisations and analytical centers.

Recommendation 2: Share the results of the Protax2 project with international donors and regional organisations and encourage integration of monitoring of the effects of property tax reform in their respective governance, economic development and society-focused portfolios of work.

Recommendation 3: Maintain a strategic policy dialogue with the MoF and stand by to continue to discuss and support the property tax system.

Recommendation 4: Assess the need for further support at the local level in implementing the reforms.

1 Introduction

The following report presents the findings, conclusions and recommendations of the ‘Evaluation of Development Cooperation between the Ministry of Finance Labor and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency financed by the Swedish Embassy in Prishtina’, conducted by a team of three independent evaluation experts from the FCG / Tana consortium in the period July - October 2021. The Terms of Reference of the evaluation are provided in Annex 1, the Inception Report attached separately.

1.1 BACKGROUND

The following text presents the background of the project itself. Coverage of the context of the project (policy, institutional, socio-economic, post-conflict, gender aspects) will be woven in to the presentation of findings in Section 4.

The cooperation between the Embassy of Sweden / Sida, the Swedish Tax Agency (STA) and Kosovo’s Ministry of Finance Labor and Transfers (MoF) has existed since 2008 when the first Protax project was initiated. After a pause in 2012 and 2013, the Protax2 project continued in 2014-2018 during which the legislation for the property tax system was drafted. The “Law on Immovable Property Tax” was passed by the Assembly of Kosovo in early 2018 with considerable delay, and a decision was made to prolong the Protax2 project for the period 2018-20 in order to support the implementation of the new law and its procedures (although de facto there have been delays in the roll out of the new legislation). A no-cost extension was subsequently added to take the project into 2021, with this year due to see a handover of ownership fully to the MoF and the end of the STA involvement in support (originally planned to have taken place in 2020).¹ The following timeline is taken from the ToR of the evaluation – it summarises the key contextual developments seen over the course of the Protax initiative:

¹ Protax2 Annual Narrative Report 2020.

Table 1: Timeline of the development of Property Tax in Kosovo²

Project/ Phase	Brief Summary	Budget
2008 - 2011 Protax	First Protax project (often referred to as Protax 1). Main objective and outcome was consolidation, centralisation and unification of tools and processes for property taxation under existing legal framework.	Not available
2014 - 2017 Protax2	Completely new legal framework developed for Property Taxation based on Market Values; land included in the tax base and modern methodologies for property valuation introduced.	SEK 46 170 000 ~ € 4.6 Million
2018 - 2020 Protax2 Prolongation	Due to various deviations from the Protax2 plan, including a two-year delay in new law entry into force, there was a need to prolong the project to provide further technical support in implementing the new processes. To make more efficient use of the extended timeline, some additions to the project scope were included.	SEK 32 257 000 ~ € 3.2 Million
2021 No Cost Extension	Various difficulties in previous phases, including the pandemic in 2020, had hampered the finalisation of some project results and capacity building in general. As there were funds left from the budget of Protax2 Prolongation, a No Cost Extension of one year was allowed to finalise and consolidate the project results.	No Cost Remaining funds from previous phases used

The main objective of the cooperation has been to strengthen the municipalities in Kosovo by enabling them to improve their own sources of revenue and to provide a better business environment through the development of a predictable and fair property tax system.

The project was due to have taken a capacity-building approach involving primarily the Property Tax Department (PTD) and the Department for Management of Information Technology (DMITS) of the MoF. The approach has been adopted through

² Terms of Reference for the Evaluation of Development Cooperation between the Ministry of Finance Labor and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency financed by the Swedish Embassy in Prishtina, p. 2

an Agency-to-Agency cooperation between the Swedish and the Kosovan authorities. However, *de facto* the project has also included a strong technical assistance element, and indeed hands-on involvement of Swedish partner institutions in implementation activities, in line with the urgent need for the PTD to support the implementation of the 2018 property tax legislation with the development of procedures, tools, sub-legislation, etc. This reshaping of the original goals of the project (from technical assistance to a more fundamental role in support of policy implementation) has played an important role in the project implementation, and will be reflected upon in the review of findings in Section 4.

The PTD is one of thirteen departments under the MoF and is tasked with carrying out annual inspections to ensure that municipal property tax is administered correctly and in accordance with the law. It is also responsible for analysing and assessing data as a way of effectively administering property taxes. The DMITS is another department under the MoF, responsible for designing policies and procedures for the operation of IT in the MoF. The support has been managed by an established project management group referring to a Steering Committee and with two operational teams responsible for business development and IT development working closely together with the PTD and the DMITS.

1.2 OBJECTIVES AND SCOPE OF THE EVALUATION

The purpose of the evaluation is to 1) provide Sida with a basis for determining the long-term value of its contribution; and 2) compile and summarise experiences made in the project, as input to the design of future projects and possible cooperation. The intended users of this evaluation are the Swedish Embassy in Pristina, MoF, PTD, and STA.

The scope of the evaluation has primarily focused on the prolongation phase of 2018-2021. The Protax2 project has taken a leading role in important developments in terms of the roll-out of the new law on property tax and associated procedures and systems. The project has accordingly played an important role, going beyond the capacity-building aspect to include contribution to the implementation of the new legislation on property tax (and associated procedures). The evaluation has therefore examined both the results achieved in the development of the tax reform procedures, and the nature of the reception of the new law and its requirements among stakeholders in the municipalities.

1.3 EVALUATION CRITERIA AND QUESTIONS

The evaluation matrix shown in Annex 2 embeds the evaluation questions that were included in the ToR, adapted and operationalised by the evaluation team (ET). In addition to the evaluation criteria included in the ToR (the OECD/DAC criteria of Effectiveness, Impact and Sustainability, and the additional criterion of Management),

the ET included the criterion of Relevance in order to contextualise the achievements of the project, and the criterion of Coherence as a focus for brief engagement to complement the evaluation.

1.4 STRUCTURE OF THE REPORT

The report is organised according to the following structure:

- Section 1: Review of the background, objectives and scope of the evaluation.
- Section 2: Presentation of the methodology – the evaluation design, and the data-collection and analysis process.
- Section 3: Presentation of the subject of the evaluation (Evaluand).
- Section 4: Review of findings per evaluation criterion and evaluation question.
- Section 5: Conclusions and Lessons Learned.
- Section 6: Recommendations.
- Annexes

2 Methodology

2.1 OVERALL APPROACH

The following text summarises the approach taken to the conduct of the evaluation. For more details see the inception report, which is included as a separate attachment of the current report. The key features of the approach used in the evaluation were:

Utilisation-focused/participatory approach: The ET has aimed to ensure that the findings generated by the evaluation and the analysis presented below will be valuable to the users of the report. As an underlying principle the evaluation has recognised the importance of ownership of the subject matter among the users of the evaluation, and an attendant prerogative to make sure that the broad range of ‘voices’ of stakeholders can be heard in the evaluation report. This has guided the process of consultations, and the inclusion of review of documentation emanating from external sources (e.g. academic analyses, reports of other donors).

Time sensitive: The evaluation has been designed to be both backward- and forward-looking. This has included the formulation of recommendations that are grounded in the evidence reviewed (in terms of the findings and analysis used to generate them).

Quality assured: The evaluation outputs have passed through quality assurance processes, which has reviewed data collection design, tools, and process, and the presentation of the findings in the final report. The focus has been on ensuring accuracy, validity, comprehensiveness, and usability.

Attentive of COVID-19: The methodology has been designed to be implementable in a COVID-19 context where, as transpired, remote working practices were required for the whole of the data-collection activities.

2.2 METHODOLOGY

The evaluation design (analytical framework and methodological approach) has been grounded in a Theory-based evaluation approach, which has drawn on and tested the reconstructed Theory of Change (ToC) presented in the Inception Report. The aim has been to engage with the underlying assumptions and projected pathways for change embedded in the ToC, to ascertain the extent to which the theory has been validated in the process of implementation. The theory-based design has also served as a basis for

the conduct of Contribution Analysis,³ in which causal linkages have been traced across the results chain. As the findings shown in Section 4 will indicate, this has allowed for the analysis of both intended and unintended outcomes and impact of the Protax2 project.

The evaluation design reflect the need to cover the three ‘blocs’ relating to the work of the Protax2 project: the technical aspect (development of legislative and procedural basis for new tax system and operationalisation of the procedures); the institutional capacity-building aspect (strengthening of the institutional basis within MoF (PTD and DMITS) and at municipal level (PTOs), including the role of agency-to-agency cooperation with STA); the implementation aspect (including the project’s role in supporting the implementation process).

Engagement with the range of relevant levels of analysis has been important in building a nuanced, multi-faceted understanding of the effects of the project. This has included evidence relating to:

- National level (e.g., reform of country-wide system of property tax)
- European / international level (e.g., alignment of legislation with EU standards)
- Municipal level (developments at the level of municipal authorities)
- Institutional level (e.g., capacity development in the MoF and PTD; institutional cooperation between PTD and STA)
- Societal level (e.g., perceptions and attitudes towards tax reforms among the citizenry, behavioural change with regard to registering and paying for taxation, etc.)
- Individual level (e.g., capacity-building of individual staff in the MoF, municipalities, etc.).

2.3 METHODS AND TOOLS FOR DATA COLLECTION

A mixed methods approach has been used to allow for triangulation of findings. The following methods were used:

2.3.1 Documentary review: The full set of programmatic documentation relating to the Protax2 project (including project description, periodic reporting, external evaluations) has been reviewed, along with relevant available documentary evidence (donor reports, analytical articles). The list of documents consulted is provided in Annex 5.

2.3.2 Surveys: The evaluation has conducted 2 online surveys (using the Survey Monkey platform) – a survey of the operational staff of MoF (PTD and DMITS) and representatives of municipalities, to elicit feedback on the outcomes of the capacity-

³ For an overview of recent developments in the use of contribution analysis in evaluation practice, see S. Budhwani and J. McDavid, ‘Contribution Analysis: Theoretical and Practical Challenges and Prospects for Evaluators’, *Canadian Journal of Program Evaluation / La Revue canadienne d’évaluation de programme*, 32.1 (Spring / printemps), 1–24

building activities the project has supported. The target group of respondents in the municipality-level survey included Tax Officers, Collection Officers, Operators, Data Entry and Surveyor, and Property Tax Managers, i.e. those with direct experience of working with the procedures introduced under the new property tax system.

A total of 6 responses (4 male and 2 female) was received for the MoF staff survey (response rate of 38%), and 68 responses (53 male and 11 female) were received for the municipality-level survey covering 27 out of the 34 municipalities (79%). One reminder was sent out during the survey period. The sets of graphs relating to each survey are presented in Annexes 4 and 5.

2.3.3 Consultations: A total of 40 persons participated in the consultations conducted by the ET (cf. target figure of 25 included in the proposal), either through interview (29) or written (10) feedback. Of the total number, 6 female and 34 male respondents were covered, a reflection of the workforce composition in Kosovo in this domain. The list of persons consulted (interview and written feedback) is presented in Annex 6.

All interviews were conducted online, as COVID-19 pandemic related restrictions precluded in-person travel to Kosovo. The majority of interviews were conducted in Albanian by the ET member based in Albania. The interviews were semi-structured, using the question guides presented in the Inception Report. In the case of some respondents, a preference was expressed to provide written feedback. The ET distributed targeted question sets relevant for the respondent, adapted from the interview guides.

2.3.4 Workshops: The team had expected to use three different workshops during the implementation of the assignment. In practice, the proposed theory of change workshop was supplanted by data gathered from the interviews with respondents, as this approach allowed for the ET to elicit feedback with which the ToC could be tested through interview discussion. This was considered by the ET to be more appropriate, given the restrictions encountered in conducting all interviewing online, the multi-language nature of the respondent base, and the diversity of the respondent base.

The self-evaluation workshop planned to take place after the end of data collection has been delayed because of delays in completing the data collection. It is foreseen that this will now take place before the workshop planned with the embassy to discuss the contents of the final report. The challenges faced in organising these workshops (due to work commitments of respondents, and the additional time required to complete the consultation schedule because of operating in distance-mode), were mediated by the fact that the evaluation expanded the number of stakeholders consulted (cf. the original plan).

2.3.5 Sampling approach: With regard to coverage of the 34 municipalities, all were included in the request sent out for the online survey of municipalities. A sampling

approach was used to define the municipalities to include in the consultation schedule, with feedback from the MoF used to include a mix of municipalities in which the roll-out of the new tax system is considered to have proceeded effectively, and those in which challenges have been encountered. The consultations covered a sample of 13 out of the 34 Kosovo communes which have been involved in the implementation of the property tax procedures⁴ (38% of the total, cf. 30% target included in the Inception Report).

2.4 PROCESS OF ANALYSIS AND DEVELOPING CONCLUSIONS

The following modes of analysis have been used to examine the body of evidence:

- Institutional analysis has been used in assessing the outcomes of change processes in the MoF and municipalities in adapting to the modernised taxation system;
- Stakeholder analysis has been used to analyse perspectives of various stakeholder groups towards the project's activities and achievements, and more broadly the nature of the property tax reforms. This has covered the range of stakeholder groups identified in the stakeholder map presented in the Inception Report.
- Context analysis has been used to set the assessment of the project's work against broader contexts, e.g. developments in Kosovo in the sphere of local government, rights of minority populations, women's rights, etc.

Through the contribution analysis the team has developed a contribution narrative, describing how the project was implemented, and how it has contributed to, or is on track to contributing to, change. This will be shown in the relevant sub-sections in Section 4, and in the conclusions and lessons learned sections.

The outcomes of the analysis per criterion are synthesised into an overall set of conclusions, and used as the basis for the set of recommendations.

2.5 ETHICS AND PARTICIPATION

The evaluation approach has adopted appropriate measures to ensure ethical conduct of the evaluation process, with particular attention given to coverage of sensitive subject matter, and the anonymisation of respondents. The evaluation was conducted in line with the UNEG Ethical code.

Prospective interviewees were given the time and information needed to decide whether or not they wish to participate. Informed consent was sought in all cases. All those providing information for this evaluation were informed how that information

⁴ Kosovo is composed of 38 communes but due to political reasons only 34 have implemented these procedures.

will be used and how their participation will be reflected (e.g., how their anonymity will be ensured).

Data protection: All data generated by the evaluation team remains internal to the evaluation and will not be shared without the express consent of participants.

2.6 LIMITATIONS

The evaluation process has been conducted in the context of the ongoing COVID-19 pandemic. This has meant that all work had to be conducted from distance – the planned 1-week field mission of the team member based in Albania was cancelled at short notice because of the reintroduction of tighter travel restrictions in Kosovo. This has been mediated to the extent feasible using video-conferencing and written correspondence.

To that effect the nature of the contact with the respondents has been different with this evaluation where the level of direct and visible interaction has been less than planned. It is difficult to assess to what extent this has influenced the evidence base as direct interaction potentially offers the evaluators additional information beyond what can be dissected through online interviews and written responses.

The approach taken to the survey was to split it in two. One targeting the municipalities and one targeting the central level including the PTD and the ministerial level. While the number of municipalities covered was satisfactory with almost 80% responding to the survey, the team only received 6 responses to the operational survey, which indicates that the robustness of evidence from this survey is limited.

The team also decided to combine and postpone the planned workshop(s). It proved difficult to gather the relevant participants to engage in a self-assessment and validation workshop. The team has now planned to conduct the workshop after submitting the draft report to share the findings, conclusions, and recommendations with the relevant counterparts for further validation. While the team feel confident that the findings are reliable and valid, it is possible that some of the conclusions may be refined and that more recommendations will be added to the current list.

A limited number of working days was allocated for this evaluation (47.5 across 3 experts). Although the timeframe has lasted from start of July to end of October, the actual extent of engagement in data collection and analysis was commensurate with this allocation of working days.

3 Evaluation object

The characteristics of the evaluation object ('Evaluand') can be summarised thus:

- The prolongation of Protax2 (2018-2020) had a budget of SEK 32,257,000 (cf. the budget of SEK 46,170,000 for the original Protax2 project, 2014 - 2017).
- The results achieved (key outputs) under the project have been:
 - Contribution to the new legal framework on "Immovable Property Tax"
 - Formulation of administrative instructions and secondary legislation
 - Development of a transition plan outlining the organisational structure of PTD
 - Approach to appraising agricultural properties, residential and commercial objects
 - Re-engineered appraisal tools
 - Improving the quality of registers
 - Communication plans and strategies
 - Development of the Property Tax eOffice and corresponding Facebook page
 - A range of training activities of staff at the PTD, DMITS and the municipalities
 - Study visits to seek inspiration and learning from similar processes in Sweden

The 'Goal Model' of the Protax2 project and its prolongation is shown below⁵:

Figure 1: The 'Goal Model' of the Protax2 project



⁵ 'Protax2 Prolonged Project Plan: Project for Continued Improvement of the Property Tax System in Kosovo', 2018, p. 1

The underlying rationale for the goals embedded in the model are presented as follows:

Table 2: Development Goals⁶:

Raised Property Tax Revenues	Improved Property Tax System	A Better Functioning Economy
When in full effect, in 2024 after gradual implementation of the reform, the revenues can be expected to exceed € 50 million.	• More Fair • More Efficient • More Effective	• Improved business environment • Incentive to make productive use of land • Better working property and credit markets

The current evaluation drew on the goal model and the project foundational documents in order to develop an initial reconstruction of the underlying theory of change for the project, presented in the Inception Report. On the basis of the evidence reviewed subsequently, the ToC has been modified, with the updated version shown in figure 1.0 below. The updating has reflected on the importance of the external contexts and factors in influencing the course of implementation of the property tax reforms, as the salience of these has become more evident during the evaluation's engagement with stakeholders during the consultation phase.

Table 3: Theory of change for the Protax2 project

Level	Theory
Inputs	If... Sida funds and supports the tax authorities in Kosovo in terms of human capacity building, business development processes and IT infrastructure and responds to the request and needs from the MoF, PTD, DMITS and the local authorities
Assumptions	- <i>The project is able to identify the needs in a way that ensures ownership and buy in from the tax authorities, including through consultation processes</i> - <i>The tax authorities are willing and able to allocate time and resources to follow the activities through</i> - <i>There is sufficient support for the measures introduced among tax-payers</i> - <i>The cooperation between the MoF and the political decision-making bodies is effective</i> - <i>The availability of data is of a sufficient quality</i> - <i>The IT infrastructure is of a sufficient quality to support effective implementation</i> - <i>The cooperation between MoF and STA is effective in supporting capacity development</i>

⁶ Terms of Reference for the Evaluation of Development Cooperation between the Ministry of Finance Labor and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency financed by the Swedish Embassy in Prishtina, p. 2

Outputs	Then... - Kosovo will enhance its property tax regulations - The capacities of the PTD and DMITS, as well as PTO at municipality level, will have been strengthened to facilitate effective implementation of the new system - Taxpayers will be better informed about the tax system - New tax procedures will be introduced relating both to individual and business property and landowners - Extended property registers will be established - Further developed IT system will be utilised
Assumptions	- <i>The municipalities will have in place appropriate mechanisms, staff capacity, and preparedness for appraising and collecting tax revenues</i> - <i>There is political support for enforcing an improved tax system</i> - <i>The business environment will support and be incentivised to follow the new procedures</i> - <i>The taxpayers are receptive towards the updated approach to property tax</i> - <i>The system is perceived to be fair by all relevant stakeholders and taxpayers</i> - <i>An effective model for registering property ownership is in place and functions</i>
Outcomes	Leading to... - Raised property tax revenues - An improved property tax system
Assumptions	- <i>The Government of Kosovo continues to support and apply the agreed mechanisms for tax revenue collection in the interest of the local municipalities</i> - <i>Municipalities support the continued use of the new tax system and regard it as bringing benefits to local governance</i> - <i>Taxpayers are able to perceive tangible benefits from paying property taxes in terms of improved services to the population</i>
Impact	Eventually contributing to... - Stronger municipalities across the whole territory of Kosovo - A better functioning economy - Poverty reduction - Improved gender equality and equity in society as a whole regarding property ownership - Reduced corruption - Closer alignment with EU norms relating to taxation, land and property ownership, role of local government, rights of citizens, etc.

The project documentation (programmatic documents, narrative reports) and external evaluation reports that have covered the Protax2 project, identify ‘drivers’ (factors that act as incentives or catalysts for change), and ‘pathways’ (means and processes, including causal linkages, by which the changes are to be achieved) to a certain extent (in explicitly-stated form to a degree, and in implicit form in other cases). The consultations conducted for the evaluation have added further detail – and also

brought into closer attention certain critical aspects of the theory that need to be addressed if it is to work fully in practice.

Drivers: The modernisation of the tax system for land and property is identified as a priority for Kosovo, as a means to unlock the potential of municipalities to develop a strong financial base on which to serve the needs of their citizens. The ‘push’ for change comes from national-level authorities, as well as from European and international partners (including the impulse for alignment with the European Union). The extent to which the push for change is mirrored at the level of municipal authorities and the citizenry is less evident according both to the documentary trace of the project, and the consultation feedback gathered by the ET.

Pathways: The focal areas of activity of the Protax project can be disaggregated for analytical purposes into three main blocs: technical capacity development; institutional capacity development; implementation of the modernised property taxation system. The first two blocs relate more to internal aspects (i.e., the collaboration between PTD and STA over the development of procedures, tools, inputs to new legislation, staff development, etc.).

The third bloc relates more to external factors, which are to varying degrees outside of the project’s direct remit and influence. The successful implementation of the new property tax regime requires not only inputs from PTD and MoF, but also support from central and municipal governmental actors (other line ministries, municipal authorities, PTOs), and the support and acceptance of the new system by the taxpaying public. Awareness-raising among stakeholders (officials and the general public / taxpayers) is seen as a concrete pathway for the project, in order to establish the required level of acceptance and support from the citizenry.

Enablers and inhibitors: The review in Section 4 will indicate how the progress of implementation has gone in Kosovo following its launch, at the level of municipalities. This will include reference to the factors that have served as either enablers (i.e. allowing change to take place) or inhibitors (impeding change), as these have varied according to the local contexts.

The reconstructed ToC assumes that such external factors as attitudes towards the reforms among municipal-level officials, citizens and taxpayers, policymakers, business persons will play a key role. As the evidence indicates, there are concerns that the way the legislation has been developed and implemented has not fully taken into account the complexities seen in the socio-cultural contexts of Kosovo, and this may lead to challenges moving forward as it is implemented.

The current report will draw on the ToC in the following engagement with evidence, in the review per evaluation criterion, Section 4.

4 Findings

This section presents the review of findings per evaluation criterion, mapped against the contents of the evaluation matrix. In order to arrive at the required succinct and concise length of report, the findings are presented in synthesised fashion, drawing on the combined weight of evidence from documentary review, interviews, written feedback, surveys.

4.1 RELEVANCE

R1 To what extent has the project responded to the needs of Kosovo?

The relevance of the project refers to how well the project responded to the needs of Kosovo as perceived by the different types of stakeholders. This also includes whether the intervention contained the relevant activities or whether other measures should have been taken to ensure better results.

The evaluation notes that the relevance of the project was not originally considered as a focus area in the ToR for this evaluation and it was also not analysed to a very large extent in the mid-term review from 2016. To that effect it appears that the relevance of the project was considered as evident or that the relevance and needs of the intervention was considered in a different way and not made explicit.

However, the evaluation findings overall clearly shows that the project has been relevant to the needs of Kosovo particularly as an important step towards increasing local revenue collection at the municipal level.

The evaluation assesses that the intervention was in line with the National Development Strategy (NDS) (2016-2021) and the Public Finance Management Reform Strategy (PFMRS) (2016-2020) though neither of the two explicitly refer to the need for a property tax system.

The NDS included a focus on good governance and the rule of law and indirectly the needs addressed by the project through e.g. interventions dedicated to the efficiency and coordination of inspections and the strengthening of the property rights system.

One of the priorities of the PFMRS is sustainable revenue collection and the strategy recommends an expansion of the tax base to close the considerable tax gap in Kosovo where the income revenue collection was less than planned when the strategy was formulated. In that sense the project has been relevant in its contribution to an increased revenue collection.

In the conducted survey 80% of the respondents from municipalities agree that the tax reforms introduced as part of the project intervention reflect the needs of the municipalities with regards to property tax revenue collection. Generally, the municipalities consider property tax increases as essential to reduce dependency on grants from the central government and thus as an important feature in their continued development.

Almost 77% of the respondents from municipalities in the survey either agree or strongly agree that they have received sufficient information regarding the aims and objectives of the project and almost 90% believe that the project will strengthen their overall financial capacities. The combined weight of evidence reviewed indicates that the project is perceived to have been a relevant feature in strengthening the capacity of the municipalities of Kosovo by introducing and improving a property tax system and a contributing factor to the extension of local development policies.

The project is also considered relevant when it comes to building the internal capacity of the PTD staff and the survey responses provided indicate that the content of the project activities was relevant to their professional needs and that they have benefited from the cooperation and exchange of experiences with the STA, though it should be noted that the number of responses to the operational survey was low.

As evidenced in the reviewed progress reports there have been discussions on the scope of the tax regime where some areas are only partly covered (e.g. the exemption for taxation of cultivated land). The evaluation finds that the steps taken have been necessary and relevant though they have taken longer than originally anticipated in the project design.

The conducted interviews with the beneficiaries (at the ministerial level and PTD) suggest that the Protax project was very well designed overall and according to one of the interviews the Minister of Finance rated the Protax2 project as one of the best donor-funded projects in their experience. This assessment is not shared entirely by the municipalities where three of the interviewed municipalities felt that their comments could have been taken further into consideration. For example, a concern was raised in relation to the informal nature of handling property issues and selling land in Kosovo and the difficulties in identifying the actual owners, which was difficult to reflect in the implementation where the focus has been on the users of the land.

Prior to the launch of the project the STA and the PTD held meetings with several municipal officials, though not all, which is reflected by the conducted interviews. The meetings addressed the concerns about the approach and the interviews suggest that the remarks were generally taken into account by STA and PTD, though a few municipalities suggested that more attention could have been given to their comments, e.g. in terms of the implementation of the system.

The project held presentations of the project in Prishtina and in Prizren for municipal communication officials to create networks between the PTD and the municipalities.

Media reports were produced to inform citizens and to encourage further consultations with the tax office in the respective municipalities. The information was also published on the website of the municipal tax office and the PTD. However, the evaluation shows concern that the citizens are still not fully comfortable with and appreciative of the system and that more longer-term efforts are still needed in terms of raising awareness on this issue. There is potentially also an issue of landowners not living in Kosovo not being aware of the conditions though this information should be accessible to them as well. According to STA, COVID-19 hampered the communication efforts for a while but there are signs of the network being operational again soon.

Overall, the evaluation finds that the project has taken a relevant approach in terms of distributing the required information through appropriate channels despite the suggestions made to enhance the scope of the awareness activities and the challenges face by COVID-19.

In light of the above, it is assessed that the STA and the project has taken the necessary measures to map the relevant needs of Kosovo at both the local and central level and demonstrated the necessary flexibility by considering most of the comments received from the relevant stakeholders. The strategy has also been to enable PTD to grow into its role as the leading authority in handling property taxes in Kosovo, which is considered a relevant approach to transfer competences and responsibilities, though the latest development indicate that the government has not decided how this area will be handled going forward. There has been a suggestion to lift PTD to become an independent agency within the MoF, but this has not been confirmed.

The project also addressed the need to modernise and increase the effectiveness of the property taxation in Kosovo by extending to land taxation, which was highlighted as relevant by the interviews. It modernised the system and made its implementation effective also by contributing to the enhanced capacity of the PTD and municipalities.

4.2 EFFECTIVENESS

The nature of the evidence reviewed for the evaluation has shown that the two evaluation questions on Effectiveness set in the ToR contain, in fact, a considerable degree of overlap with regard to the subject matter. In order to achieve a streamlined presentation of the findings, the two questions are dealt with here in a synthesised manner, in which the sub-questions and indicators from the evaluation matrix are followed in logical order. The evaluation questions are:

- **E1 Is the cooperation likely to achieve the project objectives as described in the project proposal and result matrixes?**
- **E2 Is the cooperation likely to lead to the desired effects, the Development Goals, as described in the project proposal?**

4.2.1 Overall assessment of results: The responses received from all stakeholder groups demonstrate a widespread consensus view that the Protax2 project has made a very

effective contribution to the process of reform of the property tax system, with tangible achievements seen at outcome level, as discussed below.

The evaluation process has captured data from a broad range of relevant stakeholder perspectives, which has allowed for a multidimensional understanding of the process of property tax reform to emerge. It is interesting, given the diversity of perspectives (national and municipal authorities, civil society), that there is a good degree of consensus among stakeholders with regard to the rationale and need for property tax reform, the contribution of the Protax project to the reform process, and the actual or potential benefits of the tax reforms. At the same time, there is also general consensus about the nature of shortcomings in the reform content and process that need to be addressed – while there are variations in viewpoints regarding the extent of these shortcomings (e.g. some municipalities see the challenges as being more pronounced than others).

It is also notable that the Protax initiative itself has become, it can be inferred from the responses received from many stakeholders, synonymous with the property tax reform efforts of the Kosovan authorities – a reflection of the extent of the commitment from the side of the donor and the hands-on involvement of Swedish expertise in designing and rolling out the reforms. At the same time, it is necessary to underline that Protax is only a *contributing factor* to the reforms, and that there have been limits to the remit and resources of the project. The report will return to this perceptual aspect below.

Alongside these issues, it is also important to note the context in which the Protax2 project has operated – both with regard to the institutional setting (in which restructuring issues, human resources challenges, changing policy priorities, relations between central and municipal authorities, have affected the work of the initiative), and the broader socio-economic contexts (ranging from the continued effects of the post-conflict situation, including illegal occupation of property; issues relating to property rights of women; complexities relating to the nature of property and land ownership; the informal nature of the real estate market, etc.). This has not been a stable policy environment within which to develop a robust taxation system, which needs above all to be regarded as fair, transparent, effective.

The operational context, furthermore, has also been complex - work has been conducted in parallel on project implementation, capacity-strengthening of the PTD and DMITS, liaison with PTOs and municipalities, working on sub-acts and amendments to the legislation and development of procedures. In this work, moreover, the STA has been actively engaged not only as a partner institution for PTD (in a form of institutional ‘twinning’) but in hands-on involvement in the roll-out of the reforms.

It is against this set of complex and challenging backdrops that the results of the Protax2 project prolongation should be assessed – added to which, the COVID-19 pandemic

restrictions on travel and in-person contact have provided a further layer of challenges to contend with during the 2020-2021 transition period.

The review below provides a synthesis of the results achieved across the core areas of activity of the project. It should be noted that the project's own periodic reporting can be seen to provide a detailed, self-critical and reflective account of developments seen during the prolongation phase, as confirmed by the nature of the feedback received during the consultations. This documentary trace therefore gives a valuable foundation to understanding the patterns of change seen to date, the nature of challenges encountered, and the mediating measures taken, from the perspective of those who have implemented the Protax2 project.

4.2.2 Institutional-level results: The project has aimed to continue the process of strengthening the capacities of PTD and DMITS in the MoF, through a range of activities (close cooperation with Swedish partners, which has served as a form of mentoring; training and study visit activities). The project has also addressed the staffing needs of the PTD, through a phased process of hiring experts using project funds (combination of Swedish and Kosovan experts), as a foundation for the transition to takeover of the staffing through internal resources of the MoF (increased recruitment to PTD). The original plan to outsource the IT capacities was amended to retaining an in-house focus.

The need for institutional strengthening has increased in comparison with the original prediction set in 2018 and the result framework, as the complexities of the reform process have become more evident. This is reflected in the Transition Plan of the project (2020), which lays out the steps to be taken to build on the foundation laid by the Protax initiative.

The general pattern of results in this sphere of institutional capacity-building have, according to the evidence (documentation, consultations, survey of operational staff) proved effective with goals achieved: PTD staff endorsed the nature of support and collaboration with Swedish colleagues, pointing to the vital contribution made by STA to enhancing PTD capacities, and noting that the skills and knowledge acquired through this partnership have proven valuable in their subsequent professional activities.

While the COVID-19 pandemic restrictions hampered cooperation to an extent, respondents noted the almost daily, extensive nature of the online interaction with Swedish colleagues, which has proved essential in allowing PTD to pass through the handover phase in 2021.

Challenges noted in the documentary and consultation evidence include those related to restructuring within the MoF (including the merger of the Ministry of Finance with the Ministry of Labour and Ministry of Transfers), staff recruitment and retention, disparities in the fee rates between project-hired staff and ministry employees. In terms

of recruitment, the aim has been to make a career in the tax authority more attractive, including for female recruits – this is taking time to achieve, although the EU-funded scholarship scheme for Master’s level study in EU Member States as a pathway to entering governmental careers has allowed PTD to recruit a number of staff (6), with the intention to turn temporary contracts into permanent positions if resources permit.⁷

The staffing question is likely to remain a key challenge moving forward after the end of Swedish support, not least given the identified need for an increase in the number of PTD staff (the Transition Plan of Protax2, which laid out the map for the handover from the project to MoF auspices, noted a request for an addition 10 staff to join the existing cadre of 15).⁸

4.2.3 Property tax system development: During the Protax2 prolongation period, the PTD and DMITS teams along with the Swedish partners from STA (and also the Swedish Cadastral Agency) have been engaged in intensive activities relating to the roll-out of the law on property tax and its associated procedures. This has included, *inter alia*:

- Development of improved administrative procedures for administering the tax regime;
- Upgrading of the processes for registration, appraisal of properties, collection of taxes;
- Associated upgrading of the IT systems required to support the property tax regime (including IT support for mass valuation);
- Work on updating property registers (in liaison with the Kosovo Cadastral Agency);
- Support the conduct of appraisal of agricultural, residential, industrial and commercial properties;
- Development / upgrading of client-facing services (protocols and systems for communications with taxpayers (including feedback, complaints procedures, etc.))
- Awareness-raising among citizens and users (including municipalities)
- Training of PTOs (property tax officers based in the municipalities).

The project documentation (periodic reports, steering committee minutes) note that the set of tasks involved has been achieved for the most part, allowing the PTD to provide effective support to the phasing-in of the new property tax system during this period, following the adoption of the legislation in early 2018.⁹ This positive assessment is also noted in the interview and written feedback received by the ET, from those directly involved in implementation of the Protax2 project (PTD and STA staff), although differences of opinion were noted with regard to the level of achievement and the prospects for sustainability (see below and in the section on Sustainability). In particular, the level of development of the IT infrastructure remains a point of concern

⁷ Protax2: Minutes from Steering Committee Meeting – April 2021, p. 2

⁸ Protax2 Transition Plan, September 2020, p. 2

⁹ For complete set of details of activities covered, see the project annual reporting.

that can hold consequences for the effective implementation of the property taxation system as a whole, while the extent to which capacities built by the project within PTD are also seen as not fully secure, according to feedback from some respondents.

Notwithstanding the general level of satisfaction with the development of the set of procedures, there is recognition of the challenges that have been faced in this work, and of the gaps that still need to be addressed. The challenges have included:

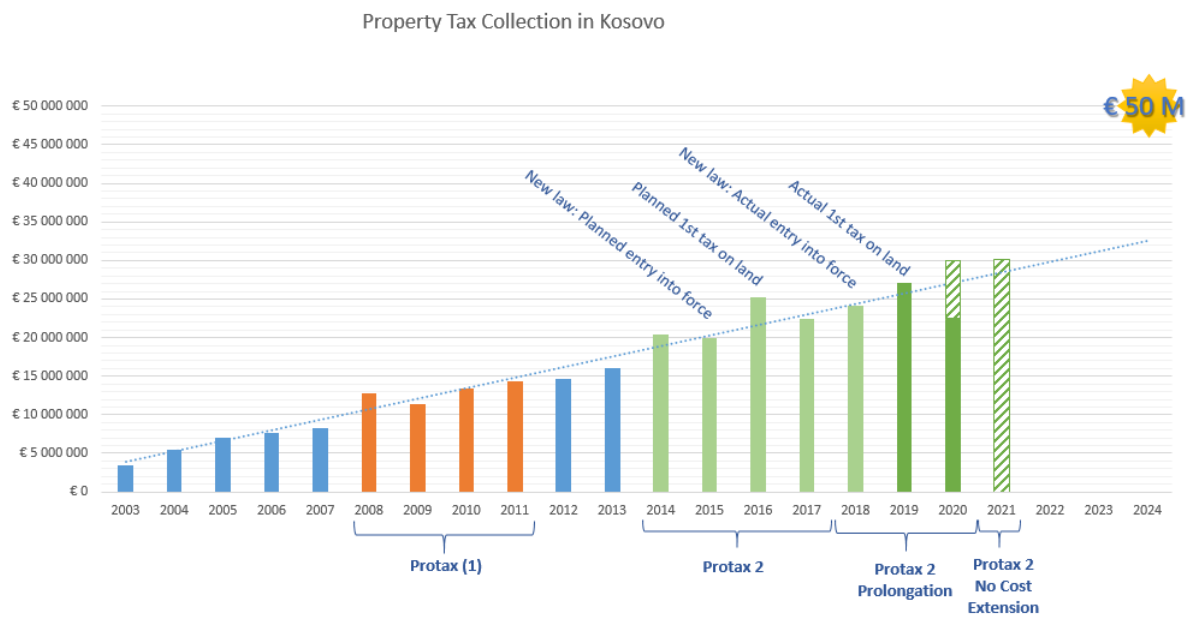
- The availability of data and their quality has been frequently noted – for instance, according to the evidence, only some 10% of properties were legally registered in the cadastral records, a situation which required the project to develop its own parallel database for property tax collection purposes.¹⁰ Due to the poor quality of data available to the PTD, a range of inaccuracies have entered into this system, which has required further work to address.
- The IT system overseen by DMITS has faced difficulties in putting in place the necessary infrastructure to ensure reliable, secure processes. The result, according to feedback received, is that the IT component remains under-developed, and has relied on support from the project to ensure the roll-out of the new procedures, without sufficient investment from DMITS in terms of technical or human resources.
- Under-staffing within the MoF and at the level of municipalities has hindered the preparations for the roll-out of the new procedures.
- The development and introduction of new procedures has taken place in a compressed timescale, in a context where existing models and procedures were limited. I.e. this can be compared with the less challenging reform contexts of systems in countries where property tax regimes have been in place and evolved in stable societal circumstance over many years.

4.2.4 Implementation of the property tax system: This sub-section reviews the results seen in the implementation of the property tax system since the introduction of the legislation, mapped against the key outcomes embedded in the Protax2 results framework.

The most notable result is that tax revenue has increased significantly over the period of the project's work, as illustrated in the graph below produced by PTD¹¹:

¹⁰ Protax2 Annual Narrative Report 2020, p. 8

¹¹ Source: Protax2 Annual Narrative Report 2020, p. 11



The PTD considers that the trajectory means that it is on track to achieve the target of 50 million Euro annual collection in the coming years.

Fairer system: The PTD, supported by the Protax2 project, has aimed to introduce a fairer tax system (cf. the previous system under the 2010 law), in which a more equitable scenario is achieved, with all those who are eligible to pay tax are indeed levied. The procedures introduced for more accurate appraisal of property and land taxable value have, in the view of PTD, indeed led to the establishment of a fairer system in this regard. Nevertheless, as PTD reports the level of tax collected still remains at approximately 50% of the overall taxable amount, thereby noting the scale of the task that remains to be achieved.

Feedback and documentary evidence reviewed from other stakeholder groups (municipality representatives, civil society organisations, thinktanks) indicates that while the principle of fairness in the new system is recognised, there are a range of issues that need to be addressed that currently detract from the perceived fairness of the tax regime. Issues referred to include the fact that property tax rates in some instances are not considered to be justified, as they appear to stakeholders to discriminate in the favour of properties belonging to wealthier districts (e.g. that have access to better facilities) which seem to benefit from lower value levels cf. properties in less well-off areas. The issue of fairness will also be covered further below.

More efficient system: Feedback and reporting indicates that the system has become more efficient, with computerisation of record-keeping having been rolled out, with commensurate amelioration of services to taxpayers and use for tax officials. However, according to reporting and feedback, a lot of work remains to be done with regard to closing loopholes in data quality in registers, and the integration/harmonisation of relevant systems. For instance, in some cases aberrations have occurred in the system,

resulting in taxpayers receiving an erroneous tax bill which sees an increased (or even ‘double burden.’. Other issues arising with the registration of payments have resulted in unfair penalties being applied for non-payment of tax, even if the taxpayer have paid the tax due in full and on time.

More effective system: In general, as per the project’s plan, taxpayers are better informed (according to feedback received) about the new tax regime. However, as there is an emphasis on social media and internet-based sources for dissemination, there is an in-built limitation for dissemination to those members of the population for whom internet access is less or not relevant. Feedback from PTO indicates that resources have been limited for public engagement, meaning that television campaigns and other more traditional media use has been restricted.

With regard to improvements in debt management and collection, alongside the improvements in effectiveness reported and referred to here, it is also important to note the limitations of the current system. There is currently a lack of a mechanism to write-off obsolete debts, which remain in the system incurring fines; there is a collision of legislation between the property tax law and legislation regulating the bailiff services in the country, which restricts the ability to collect unpaid debts that are more than three years overdue, etc.

More transparent system: The majority of stakeholders confirmed to the ET that the property tax system has indeed become more transparent, thanks to the use of e-services and the access to data made available online, which allows users to trace how taxes have been collected, the rates applied, etc. How the taxes collected are used, subsequently, is less visible according to feedback received. All municipalities are encouraged to report yearly to PTD on investments made with property tax revenue, but some municipalities are not reporting this.

Challenges: The evidence reviewed also points to a range of challenges associated with the new tax regime:

- The pace of the roll-out of the new system was questioned by some stakeholders, who noted that there should, in their view, have been more extensive consultations with stakeholders in the municipalities, along with piloting of the new system;
- Several stakeholders from municipalities pointed to the spike in receipt of complaints from citizens/taxpayers in the first year of implementation (2019), which they attribute to deficiencies in the information flow to taxpayers as well as problems seen in the system itself (notably insufficient adjustments to local conditions);
- The feedback shows a diverse range of views – some contest that the system was introduced before property ownership registration procedures had been defined sufficiently and brought in line with the new tax system; others contend that action was imperative in order to address urgent priorities;

- Differences among municipalities in terms of their response to the new tax regime have been noted by respondents from PTD, and can be discerned from responses from the municipal level. For instance, PTD respondents noted that there is a lack of direct influence of their central authority on either PTOS (local tax officers) or municipalities in terms of adherence to the new system – smaller municipalities tend, according to PTD respondents, to be more willing to follow the new regulations, larger municipalities can adopt a more independent stance at times. This renders application of the procedures across the country challenging.

4.2.5 Integration of cross-cutting issues: The current report considers that the Protax2 project did not, in its design (including its results framework) take cross-cutting issues sufficiently into account. This is reinforced by the nature and content of reporting, which does not pay enough attention to the issues of gender equality, the environment, and application of a human rights-based approach (HRBA).

In the case of HRBA, for instance, the feedback collected by the ET indicates a range of concerns relating to the equity of the system and observance of property rights, that are not addressed adequately in the project's work. The case of the diaspora community (Kosovan citizens who fled the country because of the armed conflict) illustrates the deficiencies of the current system, which does not adopt an inclusive approach to the needs of these citizens. Online registration of property ownership is linked to identity documents – but for many diaspora this creates a barrier as they do not possess the required documentation (e.g. if they had to relinquish Kosovan citizenship because of the rules of their new countries of residence). Changes in deadlines introduced for tax payments have also disproportionately negatively affected diaspora members.¹²

The post-conflict nature of the context in Kosovo means that there remain many properties that are regarded as being occupied because of illegal occupation. According to the 2018 law on property tax, owners of illegally occupied properties are supposed to be exempt from paying property tax. However, according to the OSCE mission in Kosovo's monitoring activities, this exemption is difficult to achieve – in 2019 no cases were identified, in 2020 only 1 case was upheld.¹³

In the case of gender equality, property ownership among women in Kosovo has traditionally been low, and this remains the case. The new law on immovable property includes recognition of the property rights of women, but the Protax2 project has not adopted, in the view of the current report, a sufficiently proactive stance in addressing gender equality issues, other than in strictly technical means (there is recognition of the obligation to pay tax regardless of gender – thus both husband and wife receive notifications to pay tax). There has been a narrow application of gender equality

¹² Interview feedback

¹³ <https://www.osce.org/mission-in-kosovo/485588>

promotion in terms of recruitment of female staff to the sphere of property tax, reflected in the practices of the MoF.

On the issue of the environment, the evaluation has not seen evidence that the tax regime affords particular focus to the question of the use of land or property, in relation to environmental considerations.

4.3 IMPACT

- **I1 To what degree has or will the project lead to the desired development goals?**
- **I2 To what extent has the project contributed/is likely to contribute to broader economic improvements?**
- **I3 To what extent has the intervention generated significant positive or negative, intended or unintended, long- or short-term effects?**

To commence the discussion of Impact, it is important to emphasise the cumulative effects of the Protax initiative in its first and second phases, and the contribution made by the project to putting place the new legislation on property tax and the attendant procedures for its implementation.

The collaboration between Kosovan and Swedish partners has been extraordinary, with regard to the level of involvement of the Swedish side in an actual reform process (cf. standard technical assistance in capacity-building). This work has laid the foundation for what is widely endorsed by stakeholders as important progress in the sphere of property taxation, which has already led to outcomes (reviewed in the previous section, where both positive and negative aspects of the results to date were covered), and the potential to contribute to significant impact in the country.

As the new law was introduced only in 2018, the longer-term results are yet to become fully visible, but the evidence reviewed by the evaluation does allow for assessment of the early signs of change, including positive and negative, intended and unintended impacts.

The ET's reconstruction of the underlying Theory of Change (drawing on, but not limited to, the Goal Model of Protax2), posits that the effective implementation of the new property tax system will contribute to:

- **Stronger municipalities across the whole territory of Kosovo will contribute to economic development:** Increased property tax revenues from residential, commercial properties and land should enable municipalities to increase investment in public and social infrastructure, thus stimulating economic development and providing better services for citizens, including those with modest income.
- The application of a **business-friendly property tax** will serve as one of the conditions for improving business environment. A better functioning economy will

create opportunities for job creation, development of small business, entrepreneurship, and thus lead to poverty reduction.

- **Improved gender equality and equity** in society as a whole regarding property ownership can be achieved if the property taxation system is fair, and gender-sensitive.
- A **reduction in corruption** should be achieved thanks to the introduction of transparent systems for monitoring tax obligations and payment.
- **Closer alignment with EU norms** relating to taxation, land and property ownership, role of local government, rights of citizens, etc.

For this contribution to occur, the following assumptions from the ToC should remain valid:

- The Government of Kosovo continues to support and apply the agreed mechanisms for tax revenue collection in the interest of the local municipalities
- Municipalities support the continued use of the new tax system and regard it as bringing benefits to local governance
- Taxpayers are able to perceive tangible benefits from paying property taxes in terms of improved services to the population.

Extending on this logic, it can be added that an effective property taxation system can make a contribution to various aspects in the sphere of good governance and civic culture. For instance, civic cohesion can be strengthened as citizens see that the system is fairly applied to all, and that there are benefits for all in supporting the tax system. Good governance can be strengthened on the basis of increased trust among citizens in public institutions, having benefitted from improved public services and heightened accountability of local and national institutions.

In practice, with regard to the three questions on Impact covered here, the long-term results are currently not that visible, given the fact that the reform process is still ongoing, and work is needed to address the challenges identified in the preceding section. However, the general trend in the results reviewed under Effectiveness does indicate a positive direction, while the negative effects and challenges are known to PTD and are being addressed.

The feedback from stakeholders in consultations and the survey of municipal staff indicates that while there is in principle acceptance of the new tax system, respondents are currently not in a position to refer to longer-term effects. For instance, with regard to discussion of whether the reform has made, or will make, municipalities stronger, respondents were cautious in their comments – rather noting optimism in some cases that it would bring positive effects in the future.

An important factor for the successful implementation of the reform relates to the level of support from the citizenry. The evidence so far is rather ambivalent - responses from municipal-level respondents to the survey were split – some 42% either agreed or

strongly agreed that there is support for the reform among the local population, while some 25% either disagreed or strongly disagreed with this statement, while over 30% were unable to comment.

The remit and extent of influence of the MoF's PTD is limited in terms of promoting the larger-scale effects that they expect the property tax system to achieve. Their responsibility lies in designing and managing the system – but to attain the range of impacts outlined above depends on the contribution of a much wider range of actors, from national through local government, the business sector, civil society, and the population as a whole. There are also contributions to be made by other donor-supported initiatives (see Coherence below).

4.4 MANAGEMENT

- **M1 How has the cooperation functioned in general?**
- **M2 Have the project planning, the organisation and project management worked well?**
- **M3 Has management supported a willingness of change in the property tax administration?**

The management of the project concerns how the project was organised and to how the cooperation between the donor, the beneficiaries and the implementation partners functioned.

The project was organised through the so-called Agency to Agency cooperation model where the STA and the Swedish Cadastral Agency provided human resources and advisory services to the MoF, the PTD and the DMITS. As previously mentioned, the project also temporarily provided funding of some of the local MoF staff.

The project was organised with a Steering Committee as the overall decision-making body to approve the overall progress of the project and to give strategic advice to the Project Management Group composed by a Swedish and a joint international team. The actual project organisation was then structured in a Business Development Team and an IT Development Team.

The evaluation findings overall indicate that the cooperation between the different stakeholders has functioned well. This applies both for the cooperation between MoF/STA and the PTD and also between the PTD and the municipalities facilitated by the project activities.

All the municipality representatives responding to the survey either agree or strongly agree that they have received adequate support from the PTD/MoF in terms of the implementation of reforms to secure the commencement of the property tax system. The responses also emphasised the good cooperation and only one respondent requested for more meetings with the MoF, while one respondent referred to the inadequate capacity of the PTD/MoF.

The responses from the operational survey praised the quality of the organisation of activities by the project, though the number of responses in this survey was low.

The interviews confirm the survey findings and indicate that the project has been very well organised and has been successful in providing inter-institutional cooperation on relevant issues. It is further argued that the project has been very holistic in adopting a harmonised approach integrating the local level with the municipalities with the PTD and the Ministries at the central level. It appears that the cooperation between the different levels has been good overall, and the municipalities indicate that the central level has been very forthcoming in providing the relevant support.

The respondents from municipalities highlighted the collaborative approach demonstrated by the PTD Director and the STA from the beginning of the project and throughout. Sida mobilised a large STA team as part of the implementation engaged both at the local and central level and also subsidised a number of project staff to fill the resource gaps in PTD. In that sense the project has really prioritised making staff and competencies available to support the municipalities in the implementation. The municipalities have also had the opportunity to complain about particular decisions taken at the central level or ask for clarification and they have generally received answers in due time.

Both STA and PTD has also visited several of the municipalities on different occasions to monitor the implementation and that sense prioritised to be visible at the local level. As the project implementation progressed the strategy from the STA has been able to step back in the later stages of the project and hand over the responsibilities to PTD. Concerns have been raised in relation to the future availability of the PTD once the project and the STA withdraw, which will be elaborated further in the section on sustainability.

From STA's point of view the cooperation has run smoothly and improved after the change of leadership in PTD in 2020. At the same time the level of commitment and involvement required by the STA has exceeded expectations and as can be seen from the mid-term review the project had a slow start before the implementation flowed effectively. COVID-19 has also somewhat delayed or had an impact on the project activities, but the evaluation has not found evidence to suggest that the project should have been organised differently under these circumstances.

The approach from Sida and STA is assessed to have been very hands-on. The dialogue has been open and practical, but one of the interviews suggested that the project could have prioritised the strategic dialogue with the government and the MoF more to ensure political commitment to the agenda.

Overall, the evaluation findings point to the PTD management and the STA being very committed and successful in facilitating change in the property tax administration. The collaboration appeared to be very effective and efficient based on agreed written procedures and instructions.

Originally the Protax2 project was planned for the period 2014-2017. However, it was deemed necessary to prolong the project from 2018-2020 and then with a transition plan for 2020-2021. The main explanation for the project extension provided in the documents reviewed was the delay in enacting the law on immovable property tax. The plan was then to support the MoF in the first year of taxation in 2019 and to engage in a transition period in 2020 and 2021.

The transition plan focused on three main objectives, which was to prepare for a new structure of the PTD, reorganising and recruiting new staff, and transfer of responsibility to the staff. The extensions indicate that it was ambitious to assume that the project could design and ensure the implementation of an entirely new property tax system in Kosovo in the time made available. However, the project managed to achieve most of the objectives with the extension and there is consensus among PTD and STA respondents that the project has also managed to utilise the transition period and prepare for the potential handover. The handover strategy from STA's side was to retract more and more during 2020 and 2021 and leave the responsibilities with the PTD and DMITS and act more as an advisory function. This model appears to have been relatively successful in terms of the PTD while there are still capacity gaps to be addressed in the IT operation and maintenance. The MoF has now informed that they have recently engaged a local IT team specifically for Protax going forward, so this remains to be seen.

According to the interviews there were many positive signs during the project implementation of willingness to change and adopting the new property tax system from both the central and the local level. The management of the process has been quite transparent and allowed for involvement and ownership at the different levels. As the project is now coming to an end it is unclear whether the efforts will be pursued by the government. From the government side it is argued that the system or the policy area needs to be managed by Kosovo itself without direct support from Sida. The evaluation does not suggest that this will be a straightforward task as of 2022.

4.5 SUSTAINABILITY

The approach to the presentation of findings on Sustainability has been adapted in line with the developments noted to the ET in September 2021, according to which the Government of Kosovo has expressed gratitude to Sweden for its long-term support to the sphere of property tax reform, and confirmed that no further iteration of the Protax project initiative is envisaged. Rather, with the transition period coming to an end, the Kosovan authorities now wish to assume full responsibility for the future developments. In the assessment of the evaluation this can be regarded as a positive sign of the achievement of the project, since ownership has been developed and it is considered that the project has achieved its goals.

Nevertheless, as the reform process has only recently got underway, and in light of the various tasks and challenges that the MoF is likely to face in sustaining the results achieved to date, it is necessary to point to concerns with regard to sustainability.

The review builds on the coverage provided in the sections above on Effectiveness and Management, and therefore focuses on the future prospects for sustaining results. The questions are interlinked and the analysis is accordingly combined.

- **S1 Has the Agency-to-Agency cooperation served its purpose in building sufficient capacity in MoF and in the Municipalities?**
- **S2 Was the project's staffing strategy implemented as intended and did it serve its purpose in building sustainable capacity in the target organisations?**
- **S3 What are the prospects of MoF sustainability and maintaining the results of the project in the foreseeable future?**

Capacities developed: The feedback received from consultations and survey responses from MoF staff indicate a good degree of confidence that the transition phase has achieved its aims and the PTD is now well-prepared to continue its tasks in the sphere of property tax, with STA having supported the handover very effectively. With regard to the survey questions on whether respondents now use the skills and knowledge acquired from the project, and whether the tools and procedures have contributed to the improvement of the functioning of their organisation, all respondents gave positive assessments. In interviews, staff noted that they feel themselves to be well-equipped for the further implementation of the reforms. However, concerns were also expressed by STA respondents with regard to the sustainability of capacities, even in the immediate short-term following the end of the project, as turnover of staff, non-continuation of contracts of experts, and other challenges have become acute by the end of the project.

As with any organisation, there is a constant need for in-service training to be provided on a regular basis, and the test will be whether the MoF has sufficient resources to maintain this. The IT system in particular will likely continue to be a source of concern, as by the end of the Protax2 project the outstanding challenges had yet to be resolved – and IT systems require regular investment to ensure they remain up-to-date. As noted above, feedback received by the ET noted that DMITS has not developed the systems to the level needed to ensure effective operations and sustainability – with concerns expressed over the potential consequences in terms of a substantial drop in tax revenue in the coming year. This challenge would appear to require urgent attention.

The training of municipality-level staff has been completed according to plan and the respondents noted that this had provided a good foundation for their work. More than 75% of respondents to the survey either agreed or strongly agreed with the statement that they had received adequate support from the MoF (with Protax2 project assistance) in preparing for the implementation of the new property tax regime, with interview

evidence confirming this strong level of satisfaction to date. This engagement between MoF and the municipalities will need to continue in order to ensure that all needs are addressed and momentum is consolidated. The PTD maintains close contact with municipalities, and is able to use this as a feedback loop to elicit information on such capacity needs.

Staffing: This will be a real test moving forward, for the MoF, as until now the project has provided considerable support in the staffing domain – both through the intensive engagement of Swedish institutions (STA, and the Swedish Cadastral Agency in some aspects), the deployment of Swedish experts to work alongside Kosovan experts, and assistance in defining the staffing strategy of PTD and DMITS. This was further consolidated through training support to staff. Now the responsibility will lie with MoF to ensure that sufficient numbers of qualified staff can be recruited and retained, to meet the expanded needs of the property tax sphere. The relatively low salary rates for state officials, cf. commercial sector opportunities that exist for those with education and skills in this sphere, render this a challenging task. The fact that MoF have made efforts to make recruitment more open to female candidates, with the aim of making a career in taxation affairs more attractive, is therefore not only positive for gender equality perspectives but also for institutional sustainable, therefore.

At the level of municipalities, respondents noted that there are already challenges in the sphere of human resources linked to a general institutional capacity limitation, which needs to be addressed. The functions of the municipalities have increased in line with the new procedures, but there is a lag in ensuring adequate staffing to cater for these services (further hampered by the need to deal with work manually, e.g. in correcting errors, as the transition to the new property taxation system is still ongoing).

Maintenance of the results of the project: The tendency for stakeholders to conflate the work of the Protax project with the overall reform effort in property tax is well-founded, given the very close involvement of the project (and the Swedish partner institutions) in putting together the reform package and procedures. Therefore the question of maintenance of the results of the project should also be linked to the overall question of the maintenance of the reform effort as a whole. To what extent will MoF now be able to sustain the results and move forward with the reform implementation, in the absence of the long-term support from the Swedish side?

As noted in feedback from both Kosovan and Swedish respondents, the acceptance of ownership by MoF is a welcome and logical move, but does give rise to questions about the degree to which the institution is currently in a position to ensure sustainability (with regard to internal resources, and also leverage of support among the external stakeholders – from national government through municipality administrations, commercial sector stakeholders, citizens and taxpayers).

At the national level, the ET elicited feedback from not only the MoF but also two other key line ministries (Ministry for Local Government, and Ministry of Agriculture, Forestry and Rural Development). The senior representatives of both ministries confirmed the importance of the property tax reforms from their perspectives, noting the positive developments already seen (as well as the identified challenges encountered in implementation). The Ministry of Agriculture, Forestry and Rural Development stated in their response how they are now working on supporting legislation on land ownership to harmonise with the property tax reform initiative.

Regarding the municipal level, the survey result indicates that almost 90% of respondents confirm that they believe the property tax reform will strengthen the financial capacities of their administration.

At the level of the citizenry and taxpayers, the long-term sustainability of the property tax reform will depend on the results they are able to see in tangible terms – will it result in the foreseen improvements in services provided and investments in healthcare, education, economic development, and will the reforms make the expected contribution to strengthening property ownership e.g. among women?

In this broad set of issues, a question that remains open, as the ET understands from the feedback, relates to the use of the increased revenues from taxation. Will MoF be able to obtain a proportion for reinvesting in its own institutional capacity-strengthening? Will municipalities have freedom to choose how the extra income is spent? These questions remain outside of the scope of the current evaluation, but will be important to address in the coming period.

4.6 COHERENCE

C1 Has the project been coherent with and complementary to projects supported by Sida and other donors?

As noted earlier, the criterion of Coherence was not included in the ToR set of criteria and evaluation questions. It has been added by the ET, as it is an important aspect relating to the broader context of the work of the Protax2 project, and there has been a programmatic gap in the project's coverage of how activities on property tax map against other domains supported by donor-funded initiatives and the work of regional organisations.

4.6.1 Coherence within Kosovo:

Sweden has been the sole donor supporting the PTD and MoF in the property tax reform process, throughout the Protax 2 project, therefore there has not been a need to ensure coordination within the work supported at the level of the MoF with other donors. However, given the linkages between property tax and such issues as property rights and property ownership (including how these relate to women, minorities), local

government reform, economic development, agriculture, anti-corruption efforts, etc., it would have been desirable that the Protax2 project afford attention accordingly in its project plan and activities. For instance, there is a logical connection in principle between awareness-raising on property taxation obligations, and awareness-raising about property ownership rights. (Indeed, as noted in feedback on the current report, a joint campaign was held with KCA prior to the implementation of the new law on property tax, part-funded by the World Bank alongside Sida, to raise awareness among property owners of the need to register their properties. Such cases need to be rendered more visible in the documentary trace.)

There are indeed a number of projects and initiatives supported by the international donor community and regional organisations in related spheres, including:

- Awareness-raising activities on land and property rights of women, supported by the World Bank,¹⁴ USAID,¹⁵ including addressing post-conflict related challenges.¹⁶
- The Organisation for Security and Co-operation in Europe (OSCE) monitors the situation regarding property rights in Kosovo on an annual basis.¹⁷
- The joint Swiss Agency for Development Cooperation (SDC), Sida, and Norad “Decentralisation and Municipality Support” (DEMOS) initiative, which awards performance grants to municipalities to incentivise democratic governance, financial and human resource management, transparency and integrity.¹⁸
- Council of Europe activities on local government, anti-corruption, Roma population rights, etc.¹⁹
- The Office of European Union Special Representative in Kosovo supports various activities relating to good governance, civil society, economic development in Kosovo²⁰, and also monitor property rights issues.

The discussions around property rights, for example, can emphasise different perspectives cf. the position of the MoF towards property taxation, in which the onus is on the obligation to pay taxes, rather than on how this obligation relates to the context of property and land ownership in general.

Moving forward, in order to address issues noted in Effectiveness and Impact above (regarding the effects of property taxation among the citizenry) such factors need to be brought more fully into the discussion of property taxation, to achieve a balanced and harmonised approach.

¹⁴ <https://blogs.worldbank.org/sustainablecities/standing-women-s-land-and-property-rights-kosovo>

¹⁵ <https://www.usaid.gov/kosovo/news-information/news/changing-perceptions-about-womens-property-rights-one-community-time>

¹⁶ <https://cadasta.org/kosovo-real-estate-and-cadastre-project-2/>

¹⁷ <https://www.osce.org/mission-in-kosovo/485588>

¹⁸ <http://helvetas-ks.org/demos/>

¹⁹ <https://www.coe.int/en/web/programmes/kosovo>

²⁰ Office of European Union Special Representative in Kosovo <http://kosovoprojects.eu/>

4.6.2 Coherence with Protax project in Albania:

There has been an important set of collaborative activities between the Protax project in Kosovo and an analogous project on property taxation, also named Protax, implemented in Albania since 2018 with support from Sida and STA. As noted in feedback to the evaluation from STA, the Albanian project was developed following recommendations made by the International Monetary Fund and the World Bank for Albania's Ministry of Finance to adopt lessons learned by its counterpart in Kosovo, under the Protax project supported by Sweden. The cooperation has been covered under a Memorandum of Understanding between the Ministry of Finance of the Republic of Albania and the Ministry of Finance of the Republic of Kosovo 'On Cooperating Regarding The Implementation Of Fiscal Cadaster' (2017).

According to the feedback from STA, this has proved to be an important cooperation, in which the two sides were able to draw on the common project design and set of experts to achieve good synergies and a resulting economy of scale in terms of Sweden's support. However, it should be noted by the current report that this important collaboration is rather invisible in the project documentation of the Kosovo Protax project, and in the ET's consultations was only mentioned in one interview.

5 Conclusions and Lessons Learned

This section presents both a set of conclusions and lessons learned, as these are interrelated, and the end of project nature of the evaluation warrants such a joint discussion. These build on the review presented in Section 4, in which the achievements of the project are presented along with assessment of the nature of challenges encountered.

Conclusion 1: The project has made a crucial and substantial contribution to the property tax reform process, with the Protax2 prolongation continuing the work conducted under the previous project iterations. The extent of the contribution of the project (and by extension, Sweden's contribution to this effort) is recognised through the synonymous identification of Protax with property tax reform in Kosovo among stakeholders. Furthermore, the interviews confirm that the project has been successful and a decisive factor in creating a property tax system. This represents a considerable achievement for a development cooperation project, and serves as a very strong endorsement of the model of agency-to-agency cooperation under which STA has worked intensively alongside Kosovan colleagues in all aspects of the complex reform process.

Lesson learned 1: The level of involvement of STA has gone well beyond that envisaged in the original project plan (in which an emphasis on capacity-building was emphasised), to the extent that the STA team noted that STA leadership expressed some concerns about the amount of work this equated to. The lesson is that perhaps it is this level of engagement that is necessary in order to secure tangible results of a scale necessary for a major reform initiative. The project implementation also shows that the implementation and operationalisation of major policy reforms take time and that ambitious project designs should expect a longer time horizon compared to more traditional donor projects.

Conclusion 2: The project has made an essential and wide-ranging contribution in terms of assisting MoF and PTD to develop the legislation, set up procedures to supporting the reform process, build the necessary capacities in the Ministry. Along with the key role of STA, this has also included the mobilisation of experts from Sweden and Kosovo, whose contribution has been indispensable. The key outcomes set for the project are already visible – such as the emergence of a fairer, transparent, efficient and effective system, accompanied by the tangible and substantive increase in property tax revenue.

At same time, the complexities of implementing a reform that impacts across a range of governance, economic development, social, gender related areas have also given rise to a range of key challenges that the reform process needs to contend with. This can be seen in the sphere of property and land ownership rights, and the need for these to be factored in more fully to the property tax reform strategy. The evidence indicates that this broader picture was not fully taken into account in the project design and implementation.

Lesson learned 2: In such complex policy-related initiatives it is imperative to adopt a holistic approach in which all perspectives are taken into account (including through the conduct of needs and risk assessments), and linkages to relevant initiatives by other organisations are explicitly mapped and built in to the planning in order to achieve synergies and address issues in a joined-up fashion.

Conclusion 3: The support of Sida has been essential in the achievements secured under the Protax initiative. It was essential that Sweden maintained support and interest even during periods during which progress seemed slow or not feasible, then proactively promoted adoption of legislation. At the same time, as the evidence indicates, Sida's focus has been on engagement with the operational level of the project, with the aim of ensuring that progress is achieved. There was scope, and perhaps need, to have increased engagement with higher levels in MoF, and engage other line ministries at strategic level, in order to ensure support from decision-makers at key junctures.

Lesson learned 3: There is a need to complement support for operational level activities with strategic dialogue. This can also be achieved in collaboration with other donors as a way of forming a strategic alliance towards achieving more longer-term policy goals.

Conclusion 4: The findings show that cross-cutting issues (gender equality, HRBA, environment) have not been afforded sufficient attention in the project design and implementation. Certain negative (unintended) outcomes or potential outcomes noted in the report could have been mediated had cross-cutting issues been more explicitly identified and relevant indicators embedded into the project's results framework.

Lesson learned 4: Sida should provide guidance to project teams at the design and implementation stage to ensure that adequate attention is paid to cross-cutting issues, and that monitoring and evaluation activities include coverage of these issues on a regular basis.

Conclusion 5: The project implementation and PTD as such benefitted from substantive efforts made in terms of building the capacity of the appropriate authorities at both central and local level. The project was also supported indirectly by the so-called EU scholarship scheme. This is not unique to the Protax project, but nevertheless

the approach to put heavy emphasis on capacity building has been a contributing factor to involving the STA to a great deal in implementing and taking ownership of the project.

Lesson learned 5: Kosovo and donor funded projects like the Protax initiative rely on considerable support in terms of capacity development to facilitate the desired changes and improvements to the existing system. Sida should (always) consider the existing level of capacity through e.g. a needs assessment before engaging in an agency-to-agency model of cooperation where the project relies heavily on close collaboration. In the absence of an EU scholarship or similar model Sida could consider alternative approaches to securing an adequate level of capacity in the project implementation.

6 Recommendations

The following recommendations are presented for consideration by Sida and the Embassy of Sweden. As it is understood that there will not be a continuation of the Swedish support through the Protax initiative itself, the recommendations relate to broader aspects of the potential future support to the process of property tax reform in Kosovo.

Recommendation 1: Continue to support the process of property tax reform in Kosovo through cooperation with relevant civil society organisations and analytical centres, which can engage in monitoring the course of reform implementation with specific regard to its effects in the spheres of gender equality, poverty reduction, rights of minorities, and promotion of good governance. This can serve to mainstream civil society organisations in the policy sphere, and strengthen feedback loops between taxpayers / citizens and the policy level.

Recommendation 2: Liaise with other international donors and regional organisations in sharing the results of the Protax2 project and encouraging integration of monitoring of the effects of property tax reform in their respective governance, economic development and society-focused portfolios of work in Kosovo. The EU has indicated that they would be willing to continue to support the MoF and the tax reform agenda and it could be worthwhile to offer technical expertise and continue to advocate for further implementation through this channel.

Recommendation 3: It is recommended that Sida maintain a strategic policy dialogue with the MoF to make themselves available to discussing and supporting the property tax system going forward in the case that the MoF wants to continue the efforts or reengage at a later stage.

Recommendation 4: It is suggested that Sida assesses the need for further support at the local level at the tax authorities in the municipalities. Though there will be less formal cooperation with the MoF on the property tax system there could be merit in offering support and building the capacity of local tax authorities as a supplement to the national reform process.

Annex 1 – Terms of Reference



Terms of Reference for the Evaluation of Development Cooperation between the Ministry of Finance Labor and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency financed by the Swedish Embassy in Prishtina

Date: 2 June 2021

1. General information

Acronyms used in this document

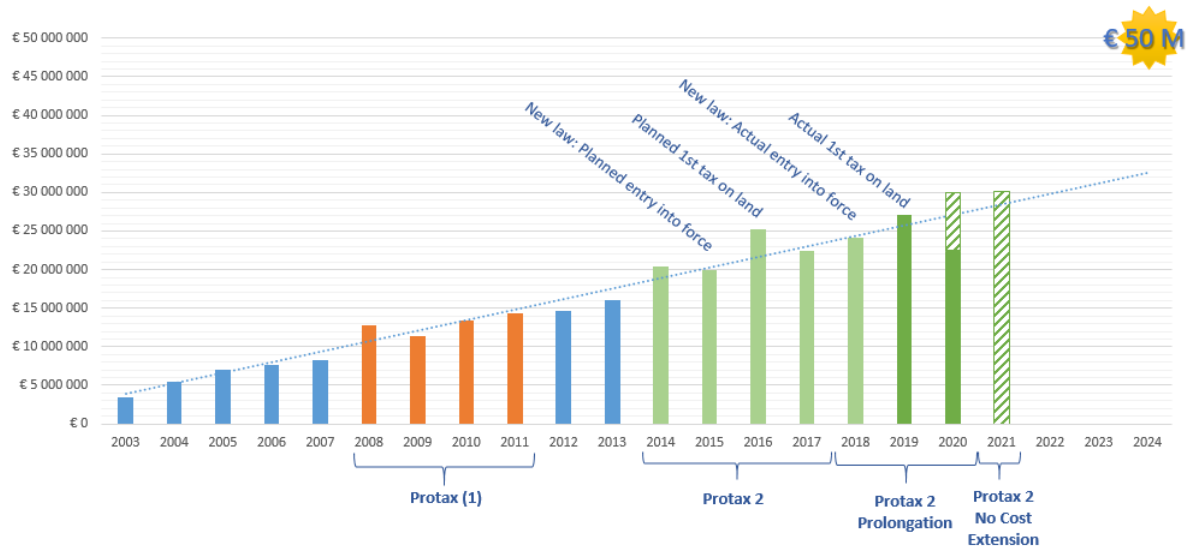
MoF	Ministry of Finance Labor and Transfers
PTD	MoF's Property Tax Department
PTO	Property Tax Office (municipal)
DMITS	MoF's Department for Management of IT Systems
Sida	Swedish International Development Cooperation Agency
STA	Swedish Tax Agency
Lantmäteriet	Swedish Cadaster Agency
MAFRD	Ministry of Agriculture, Forestry and Rural Development
KCA	Kosovo Cadastral Agency
PK	Post of Kosovo – Kosovo's postal service (formerly PTK)
ASHI	Agjencia e Shoqërisë së Informacionit Agency providing IT services to the public sector

1.1 Introduction

Sida and STA have supported Kosovo's Ministry of Finance Labor and Transfers in developing property taxation through a series of consecutive projects. The main objective of this development is to strengthen the municipalities by giving them preconditions to improve their own source revenues and to provide a better business environment.

The Protax projects have all been solely funded by Sida, and carried out by MoF and STA in cooperation. During Protax2, STA has also contracted Lantmäteriet (Swedish Cadster Agency) for expertise in property valuation.

Property Tax Collection in Kosovo



Timeline of the development of Property Tax in Kosovo

Project/Phase	Brief Summary	Budget
2008 – 2011 Protax	First Protax project (often referred to as Protax 1). Main objective and outcome was consolidation, centralization and unification of tools and processes for building taxation under existing legal framework.	
2014 – 2017 Protax2	Completely new legal framework developed for Property Taxation based on Market Values; land included in the tax base and modern methodologies for property valuation introduced.	SEK 46 170 000 ~ € 4.6 Million
2018 – 2020 Protax2 Prolongation	Due to various deviations from the Protax2 plan, including at two-year delay in new law entry into force, there was a need to prolong the project to provide further technical support in implementing the new processes. To make more efficient use of the extended timeline, some additions to the project scope were included.	SEK 32 257 000 ~ € 3.2 Million
2021 No Cost Extension	Various difficulties in previous phases, including the pandemic in 2020, had hampered the finalization of some project results and capacity building in general. As there were funds left from the budget of Protax2 Prolongation, a No Cost	No Cost Remaining funds from previous phases used

	Extension of one year was allowed to finalize and consolidate the project results.	
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Objectives and goals of Protax2



Goal model of the Protax2 Projects

The purpose of the Protax2 Project is to contribute to long-term effects that will strengthen the municipalities, and the means for doing so is to improve the property tax system. Thus, in developing the project results at the base of the Goal Model, the aim is to contribute to the following:

Development Goals:

Raised Property Tax Revenues	Improved Property Tax System	A Better Functioning Economy
When in full effect, in 2024 after gradual implementation of the reform, the revenues can be expected to exceed € 50 million.	• More Fair • More Efficient • More Effective	• Improved business environment • Incentive to make productive use of land • Better working property and credit markets

Although not explicitly stated in the model, the outcome of the project is also expected to have some positive impact on corruption, poverty and gender equality.

Capacity building approach: Agency to Agency cooperation

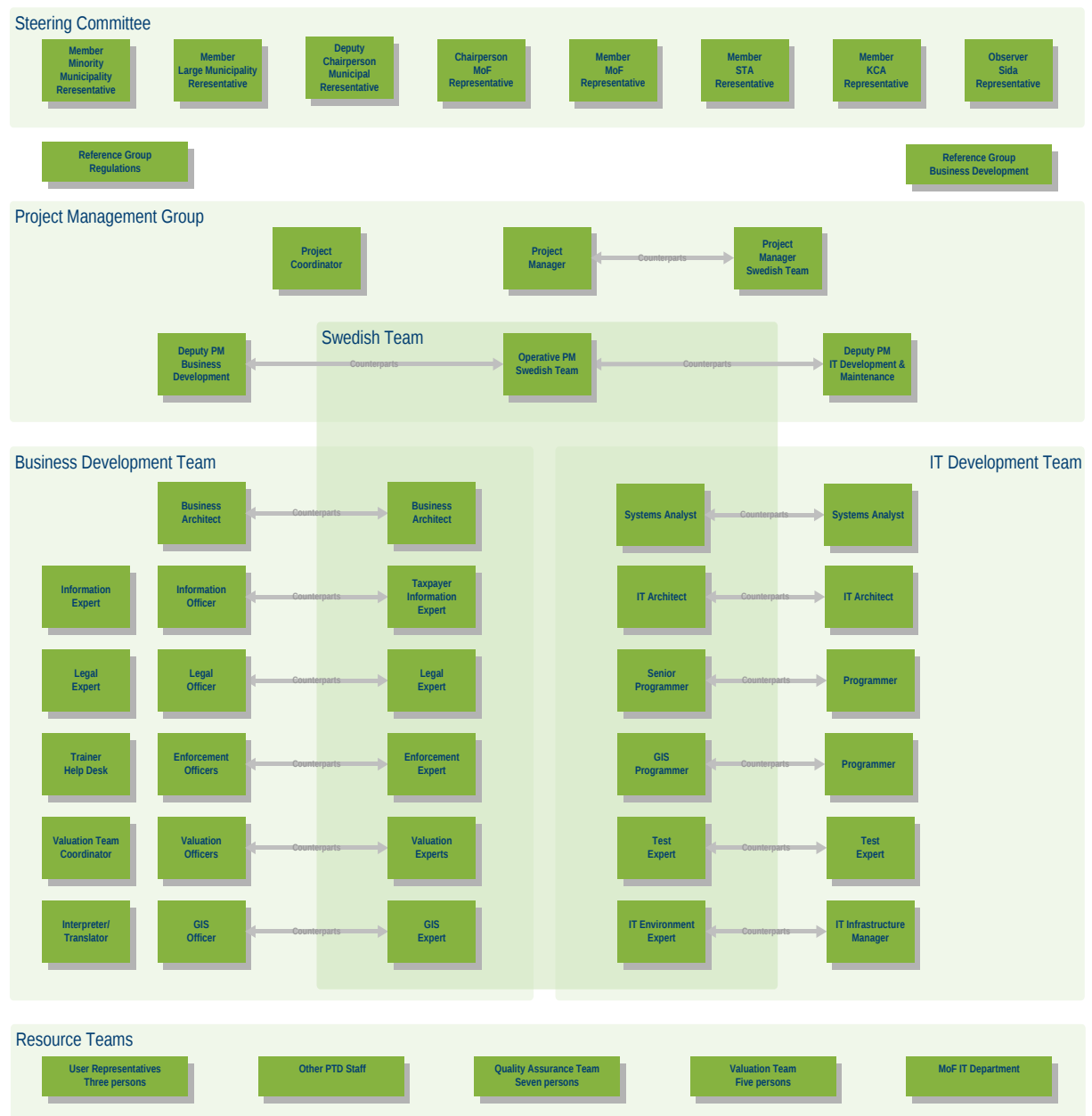
One of the preconditions for the Protax projects (since 2008) was that the development endeavour, as well as the future administration of the property tax, required human resources not available in the departments of MoF, Property Tax Department (PTD) and Department for Management of Information Technology Systems (DMITS); they lacked staff with sufficient skill and experience as well as funds to hire such staff. Thus, one of the most important objectives of the cooperation project was to build such capacities to be sustainable after project closeout.

For this reason, Sida/STA provided the necessary human resources in two ways:

- appointing Swedish experts from STA and Lantmäteriet to work side by side with their local colleagues in MoF
- temporarily funding some of the local MoF staff.

The project was carefully designed and organized with this capacity building and skill development in mind. Local staff and Swedish experts develop the project results together, as colleagues in close daily cooperation.

The role of the Swedish experts would gradually change during the project, from operative hands-on support to a more coaching and advisory role. Furthermore the project's funding of local staff would gradually decrease, especially during the Transition Phase, planned to take place during 2020, leaving it for MoF to take over the financial burden of keeping project trained staff in their permanent administration of the project results after project closeout.



Project Organogram – Illustrating counterpartship for capacity building

1.2 Evaluation object: Intervention to be evaluated

The primary object of evaluation is the prolongation phase starting in 2018. However, in doing so, the intervention must be considered in its context of preceding projects.

1.3 Evaluation rationale

This evaluation is called for the following reasons:

- To provide Sida with a basis for determining the long-term value of its contribution.
- To compile and summarize experiences made in the project, as input to designing future projects and possible cooperations.

2. The assignment

2.1 Evaluation purpose: Intended use and intended users

The result of the evaluation will be used as basis for design of future Sida funded projects, in cooperation with Kosovo institutions and in other contexts.

The primary intended users of the evaluation are

- The Swedish Embassy in Prishtina
- The Ministry of Finance, Labor and Transfers
- The Property Tax Department
- The Swedish Tax Agency

2.2 Evaluation scope

The evaluation shall focus on the following:

- Project design
- Project implementation
 - Management
 - Staffing
 - Planning
 - Dependency management
- Project outcome
- Cooperation
 - between the project partners (MoF, Sida, STA)
 - within MoF
 - with other entities on which the project depends
 - MAFRD, KCA, PK, ASHI
- Capacity Building
 - In Municipalities' Property Tax Offices (PTO's)
 - In Property Tax Department (PTD)
 - In Department for Management of Information Technology Systems (DMITS)

If needed, the scope of the evaluation may be further elaborated by the evaluator in the inception report.

2.3 Evaluation objective: Criteria and questions

Impact

To what degree have / will the results of the project lead to the desired development goals as described above? Furthermore, how have / will they impact corruption, poverty and inequality?

Long and short term effects, intended and unintended, positive and negative

Sustainability

- Has the Agency to Agency cooperation between MoF and STA served its purpose in building sufficient capacity, in MoF and in the Municipalities, to sustainably administer the project results over time?

- Was the project’s staffing strategy implemented as intended? Did it serve its purpose in building sustainable capacity in the target organisations?
 - Appointment of MoF staff (PTD and DMITS)
 - Recruitment of additional staff during the development phases, funded by project budget.
 - Appointment of Swedish Experts
 - Counterpartship and gradual retraction of Swedish hands-on support
- What are the prospects of MoF sustainably and independently maintaining the results of the project in the foreseeable future?
 - Will the human capacities built with support of the project remain after closeout?
 - Will the products developed by the project be maintained?
 - Will the Property Tax function as intended?

Effectiveness

- Is the cooperation likely to achieve the project objectives as described in the project proposal and result matrixes?
- Is the cooperation likely to lead to the desired effects, the Development Goals, as described in the project proposal?

The management of the project

- How has the cooperation functioned in general? Have the parties of the cooperation (Sida, STA and MoF), as well as other contributors to the project, kept their respective part of the agreement? What can be improved in possible future cooperations?
- Have the project planning process and organisation and project management supported the development in necessary ways?
- How has the joint co-management of the project functioned between PTD and STA?
- Has management supported a willingness of change and transformation in the property tax administration, both on central level and in municipalities?

2.4 Evaluation approach and methods

The evaluation is to be designed, conducted and reported to meet the needs of the intended users and tenderers shall elaborate in the tender how this will be ensured during the evaluation process.

The evaluation is intended to give concrete inputs and learnings for all parties in possible future cooperations, and for MoF/PTD regarding a sustainable maintenance and development of gained capacity. Thus, the evaluation should apply a holistic and progressive perspective, rather than checking activities.

It should be taken into account that the evaluation will take place before the project is fully concluded. Furthermore, although long-term effects of the project may not be measurable at this time, qualified predictions are welcome.

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation

design, methodology and methods for data collection and analysis are expected to be fully developed and presented in the inception report.

The methodology should be a mixture of studying relevant project documents as well as hold interviews with relevant staff from the PTD, DMITS, MoF, municipalities and the STA as well as other important stakeholders of the cooperation partners and its donor.

Due to the current pandemic we foresee that the interviews might have to be carried out by phone, Skype, Zoom or similar communication channels. However, for interviewing municipality staff it would be preferred to have a field visit. The internet connection and access to technology is not reliable in all municipalities.

Limitations to the chosen approach/methodology and methods shall be made explicit by the evaluator and the consequences of these limitations discussed in the tender. The evaluator shall to the extent possible, present mitigation measures to address them.

A gender responsive approach, methods, tools and data analysis techniques should be used.

Sida's approach to evaluation is utilization-focused, which means the evaluator should facilitate the entire evaluation process with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

In cases where sensitive or confidential issues are to be addressed in the evaluation, evaluators should ensure an evaluation design that do not put informants and stakeholders at risk during the data collection phase or the dissemination phase.

2.5 Organisation of evaluation management

This evaluation is commissioned by the Swedish Embassy in Pristina. The intended users are the Swedish Embassy, the Swedish Tax Agency, the Property Tax Department of Kosovo and the Ministry of Finance Labor and Transfers of Kosovo. The intended users of the evaluation form a steering group, which has contributed to and agreed on the ToR for this evaluation. The steering group is a decision-making body. It will approve the inception report and the final report of the evaluation. The steering group will participate in the start-up meeting of the evaluation, as well as in the debriefing/validation workshop where preliminary findings and conclusions are discussed.

2.6 Evaluation quality

All Sida's evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation²¹. The evaluators shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation²² and the OECD/DAC Better Criteria for Better Evaluation²³.

²¹ OECD (2010) DAC Quality Standards for Development Evaluation.

²² Sida (2014) Glossary of Key Terms in Evaluation and Results Based Management.

²³ OECD/DAC (2019) Better Criteria for Better Evaluation: Revised Evaluation Criteria Definitions and Principles for Use.

The evaluators shall specify how quality assurance will be handled by them during the evaluation process.

2.7 Time schedule and deliverables

It is expected that a time and work plan is presented in the tender and further detailed in the inception report. The evaluation shall be carried out from June 2021 until November 2021. The timing of any field visits, surveys and interviews need to be settled by the evaluator in dialogue with the main stakeholders during the inception phase.

The table below lists key deliverables for the evaluation process. Alternative deadlines for deliverables may be suggested by the consultant and negotiated during the inception phase.

Deliverables	Participants	Deadlines
1. Start-up meeting/s Virtual	The Swedish Embassy STA PTD MoF	June
2. Submission of inception report and inception meeting	The Swedish Embassy STA PTD MoF	July
3. Comments from intended users to evaluators (alternatively these may be sent to evaluators ahead of the inception meeting)		2 weeks after inception meeting
4. Data collection, analysis, report writing and quality assurance	Evaluators	August and September
5. Submission of draft evaluation report and presentation		Last week of September
6. Comments from intended users to evaluators	The Swedish Embassy STA PTD MoF	2 weeks after draft evaluation report submitted
7. Final evaluation report		First week of November
8. Seminar (if possible, in Prishtina)		Mid-November

The inception report will form the basis for the continued evaluation process and shall be approved by Sida before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology (including how a

utilization-focused and gender responsive approach will be ensured), a stakeholder mapping, methods for data collection and analysis as well as the full evaluation design. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

The final report shall be written in and be professionally proof read. The final report should have a clear structure and follow the report format in the Sida Decentralised Evaluation Report Template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages. The evaluation approach/methodology and methods for data collection used shall be clearly described and explained in detail and a clear distinction between the two shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. Findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Evaluation findings, conclusions and recommendations should reflect a gender analysis/an analysis of identified and relevant cross-cutting issues. Recommendations and lessons learned should flow logically from conclusions. Recommendations should be specific, directed to relevant stakeholders and categorised as a short-term, medium-term and long-term. The report should be no more than 30 pages excluding annexes (including Terms of Reference and Inception Report). The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation²⁴.

The evaluator shall, upon approval of the final report, insert the report into the Sida Decentralised Evaluation Report for decentralised evaluations and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication data base. The order is placed by sending the approved report to sida@nordicmorning.com, always with a copy to the responsible Sida Programme Officer as well as Sida's Evaluation Unit (evaluation@sida.se). Write "Sida decentralised evaluations" in the email subject field. The following information must always be included in the order to Nordic Morning:

1. The name of the consulting company.
2. The full evaluation title.
3. The invoice reference "ZZ980601".
4. Type of allocation "sakanslag".
5. Type of order "digital publicering/publikationsdatabas.

2.8 Evaluation team qualification

In addition to the qualifications already stated in the framework agreement for evaluation services, it is desirable that the evaluation team includes the following competencies

²⁴ Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014

Knowledge of the local context

Fluency in Albanian

Since traveling opportunities may be restricted, it would be preferable if the consultant has presence in Kosovo or a neighbouring country.

A CV for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience.

It is important that the competencies of the individual team members are complimentary. It is highly recommended that local consultants are included in the team if appropriate.

The evaluators must be independent from the evaluation object and evaluated activities, and have no stake in the outcome of the evaluation.

2.9 Financial and human resources

The maximum budget amount available for the evaluation is SEK 500 000.

The contact person at Sida/Swedish Embassy is Erik Pettersson, Programme Officer at the Swedish Embassy in Pristina. The contact person should be consulted if any problems arise during the evaluation process.

Relevant Sida documentation will be provided by Erik Pettersson, Programme Officer at the Swedish Embassy in Pristina.

Contact details to intended users (cooperation partners, Swedish Embassies, other donors etc.) will be provided by Erik Pettersson, Programme Officer at the Swedish Embassy in Pristina.

The evaluator will be required to arrange the logistics for possible international travel and accommodation including any necessary security arrangements. STA, PTD and the Swedish Embassy will support in identifying relevant people to meet and in organizing meetings, both digital and physical. Translation, if needed, will also be arranged by STA and PTD.

3. Annexes

Annex A: List of key documentation

- Project Plan
- Result matrix
- Annual Reports 2018, 2019, and 2020
- Prolongation plan
- Transition Plan
- Formal agreements between the cooperation parties
- Minutes from steering committee meetings.
- Report: Institution Building In Practice: An Evaluation Of Swedish Central Authorities' Reform Cooperation In The Western Balkan
- Evaluation study in support of the mid-term review of the Protax2 project

Annex B: Data sheet on the evaluation object

Information on the evaluation object (i.e. intervention)	
Title of the evaluation object	Property Tax Systems 2
ID no. in PLANIt	55020197
Dox no./Archive case no.	UF 2014/28007
Activity period (if applicable)	20140531 – 20211231
Agreed budget (if applicable)	SEK 78 427 000
Main sector ²⁵	Sustainable infrastructure and services
Name and type of implementing organisation ²⁶	Public Sector Institution
Aid type ²⁷	Experts/technical assistance
Swedish strategy	Results strategy Eastern Europe the Western Balkans and Turkey 2014-2020

Information on the evaluation assignment	
Commissioning unit/Swedish Embassy	Swedish Embassy in Pristina
Contact person at unit/Swedish Embassy	Erik Pettersson
Timing of evaluation (mid-term, end-of-programme, ex-post, or other)	End of Programme
ID no. in PLANIt (if other than above).	

Annex C: Decentralised evaluation report template

²⁵ Choose from Sida's twelve main sectors: education; research; democracy, human rights and gender equality; health; conflict, peace and security; humanitarian aid; sustainable infrastructure and services; market development; environment; agriculture and forestry; budget support; or other (e.g. multi-sector).

²⁶ Choose from the five OECD/DAC-categories: public sector institutions; NGO or civil society; public-private partnerships and networks; multilateral organisations; and other (e.g. universities, consultancy firms).

²⁷ Choose from the eight OECD/DAC-categories: budget/sector support; core contributions/pooled funds; project type; experts/technical assistance; scholarships/student costs in donor countries; debt relief; admin costs not included elsewhere; and other in-donor expenditures.]

Annex 2 – Evaluation Matrix

Evaluation matrix for the Evaluation of the Development Cooperation between Tax authorities

Relevance	Specific Questions and Indicators	Sources of Information	Methods & Tools
R1 To what extent has the project responded to the needs of Kosovo?	Project's aims and associated activities are aligned with the needs of Kosovo (disaggregated by the perspectives of the citizenry, governmental and non-governmental organisations, commercial sector, etc.) Evidence of consultations, needs assessments	- Project documents - The Project Management Group - Swedish Embassy - MoF - STA - Ministry of Agriculture, Forestry and Rural Development - Kosovo Cadastral Agency - Representatives of civil society - Legislators, mayors - National experts	- Desk study - Survey - Interviews - Workshop
Effectiveness	Specific Questions and Indicators	Sources of Information	Methods & Tools
E1 Is the cooperation likely to achieve the project objectives as described in the project proposal and result matrixes?	Is the project on track to achieve all results? What results have been produced until now, who and how many have benefitted from them? What outputs were not achieved if any?	- Project documents - The Project Management Group - Swedish Embassy - MoF - STA	- Desk study - Survey - Interviews - Workshops

	Have cross-cutting issues, including gender equality, the environment, and HRBA, been integrated in project design, implementation and monitoring?		
E2 Is the cooperation likely to lead to the desired effects, the Development Goals, as described in the project proposal?	Evidence of progress towards: • Improved property tax legislation • Raised awareness of taxpayers • Implementation of new business processes • Development of property registers • Development of IT system	- Project documents - The Project Management Group - Swedish Embassy - PTD - DMITS - STA	- Desk study - Survey - Interviews - Workshop
Impact	Specific Questions and Indicators	Sources of Information	Methods & Tools
I1 To what degree has or will the project lead to the desired development goals?	Have property tax revenues increased / will they increase? To what extent has the property tax system improved / is it likely to improve? Has/will the property taxation system become fairer, more transparent, more efficient and more effective?	- MoF - PTD - PTOs - STA - Swedish Embassy	- Desk study - Interviews - Workshop - Survey
I2 To what extent has the project contributed/is likely to contribute to broader economic improvements?	To what extent has the project contributed/will contribute to a reduced level of corruption? To what extent has the project contributed/will contribute to a reduced level of poverty?	- MoF - Swedish Embassy - Line ministries - Representatives of civil society - Legislators, mayors - National experts - Other donors	- Desk study - Interviews - Workshop - Survey

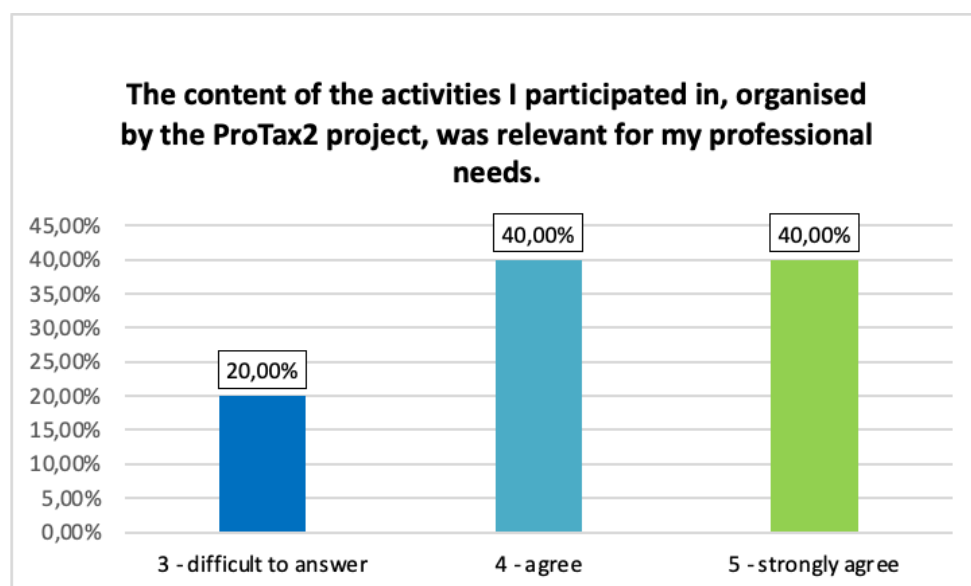
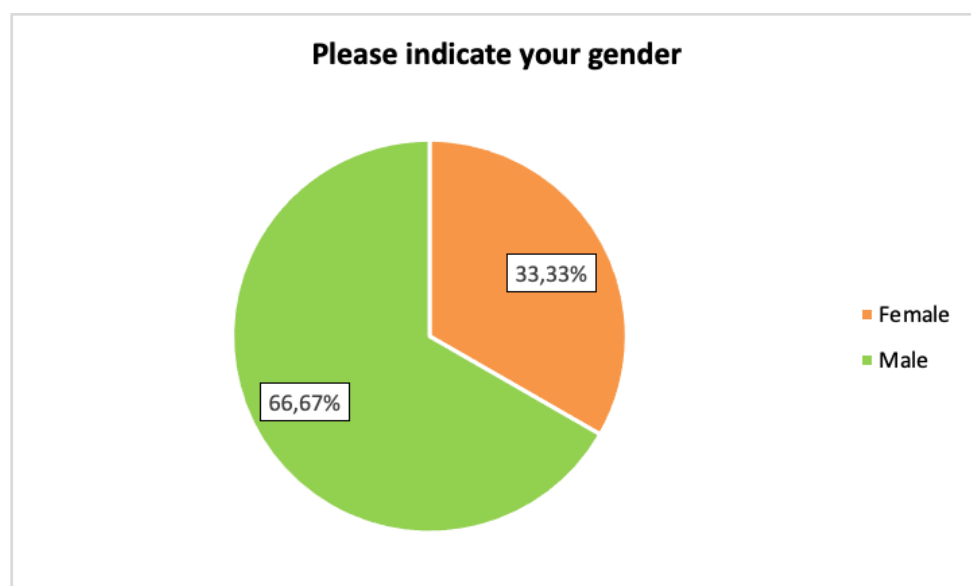
	To what extent has the project contributed/will contribute to a reduced level of inequality? To what extent has/will the project contribute to improving the lives of women, disadvantaged groups, persons with disabilities?		
I3 To what extent has the intervention generated significant positive or negative, intended or unintended, long- or short-term effects?	To what extent can positive (or negative) future effects realistically be documented? Does the project monitor potential negative effects on the environment, among women, among disadvantaged groups?	- Swedish Embassy - The Project Management Group - PTD - STA	- Desk study - Interviews - Survey - Workshop
Sustainability	Specific Questions and Indicators	Sources of Information	Methods & Tools
S1 Has the Agency-to-Agency cooperation served its purpose in building sufficient capacity in MoF and in the Municipalities?	Existence of institutional capacity at MoF and in the Municipalities. Existence of strategic plans to continue efforts after the end of the project.	- MoF - PTD - PTOs - STA - The Project Management Group	- Desk study - Interviews - Workshop
S2 Was the project's staffing strategy implemented as intended and did it serve its purpose in building sustainable capacity in the target organisations?	To what extent were qualified staff recruited and retained to the PTD and DMITS as part of the project? How did the appointment of Swedish experts contribute to staffing strategy? How did the Swedish experts hand over responsibility to the local staff?	- PTD - DMITS - STA - The Project Management Group	- Desk study - Survey - Interviews

S3 What are the prospects of MoF sustainability and maintaining the results of the project in the foreseeable future?	To what extent are staff numbers considered to be adequate? Are staff qualifications and training appropriate? What are the main challenges and threats in securing the results obtained by the project? Will the human capacities built with support of the project remain after closeout? Will the products developed by the project be maintained? To what extent is it expected that the Property Tax system will function as intended?	- MoF - PTD - PTOs - STA - The Project Management Group	- Survey - Interviews - Workshop
Management	Specific Questions and Indicators	Sources of Information	Methods & tools
M1 How has the cooperation functioned in general?	To what extent were the counterparts content with the cooperation? Did the counterparts keep the agreement? What aspects of the agreement worked well and what could be improved?	- MoF - PTD - STA - The Project Management Group - Swedish Embassy - Ministry of Agriculture, Forestry and Rural Development - Kosovo Cadastral Agency	- Desk study - Survey - Interviews
M2 Have the project planning, the organisation and project management worked well?	To what extent did the project planning support the project results and development goals? To what extent was the project implementation well organised?	- PTD - STA - The Project Management Group - Swedish Embassy	- Desk study - Survey - Interviews

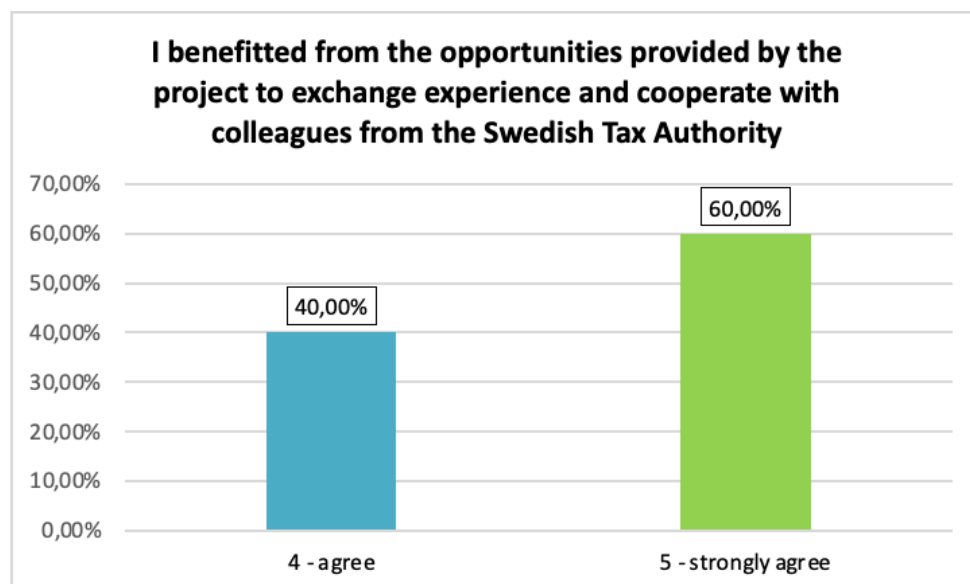
	Did the co-management of the project work as intended?		
M3 Has management supported a willingness of change in the property tax administration?	To what extent did the project support change management processes in the property tax administration in Kosovo?	- PTD - STA - The Project Management Group - Swedish Embassy - PTOs	- Desk study - Survey - Interviews
Coherence	Specific Questions and Indicators	Sources of Information	Methods & Tools
C1 Has the project been coherent with and complementary to projects supported by Sida and other donors?	Have synergies been exploited with projects in the spheres of economic development, good governance?	- PTD - STA - The Project Management Group - Swedish Embassy - International donors	- Desk study - Interviews

Annex 3 – Survey of Operational Staff of PTD

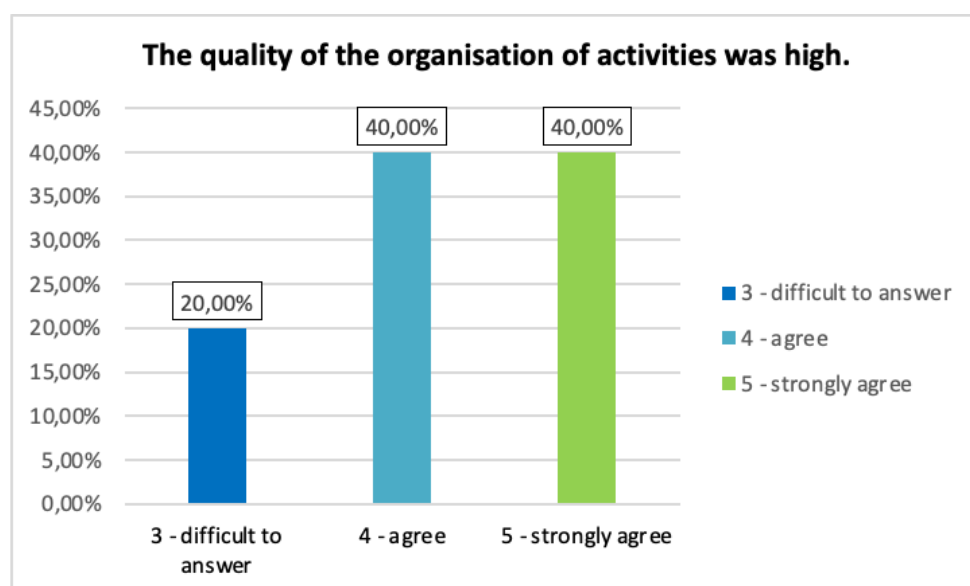
6 responses received (38% response rate)



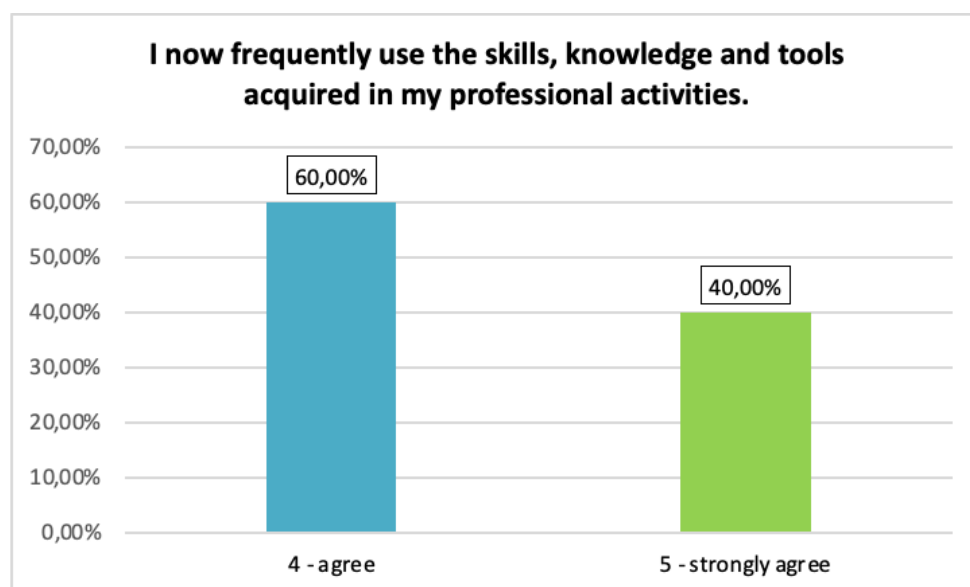
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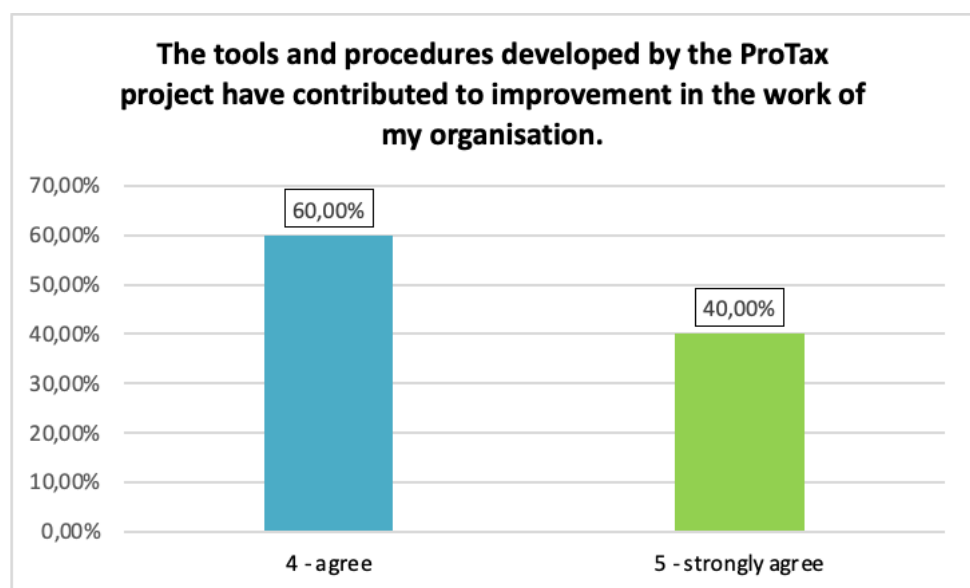
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Weighted Average: 4,2



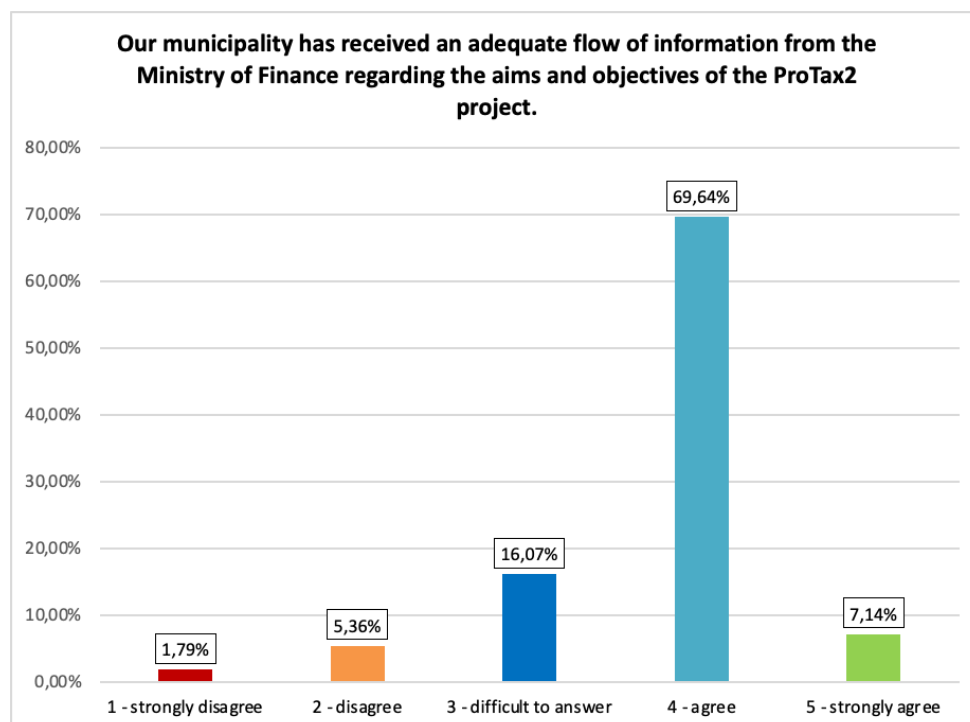
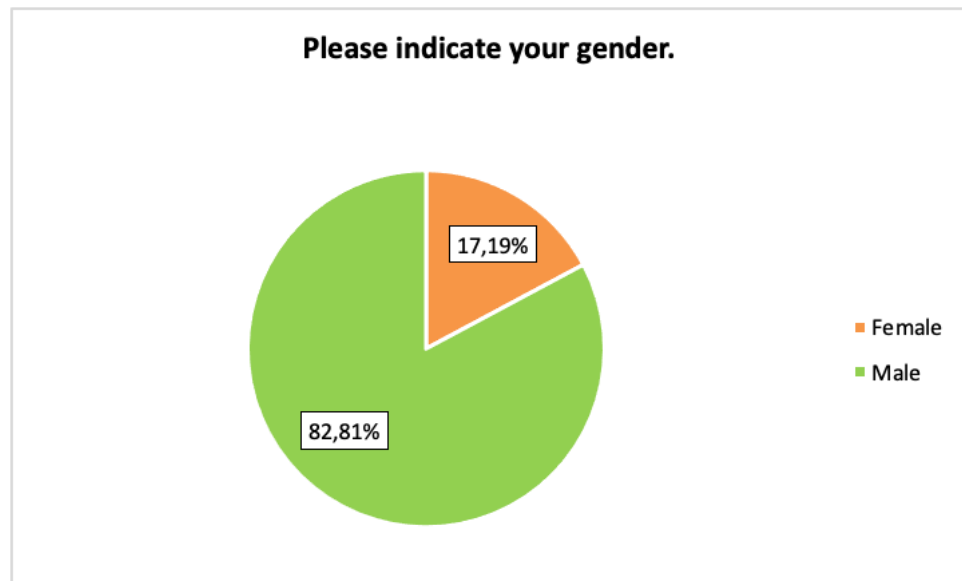
Weighted Average: 4,4



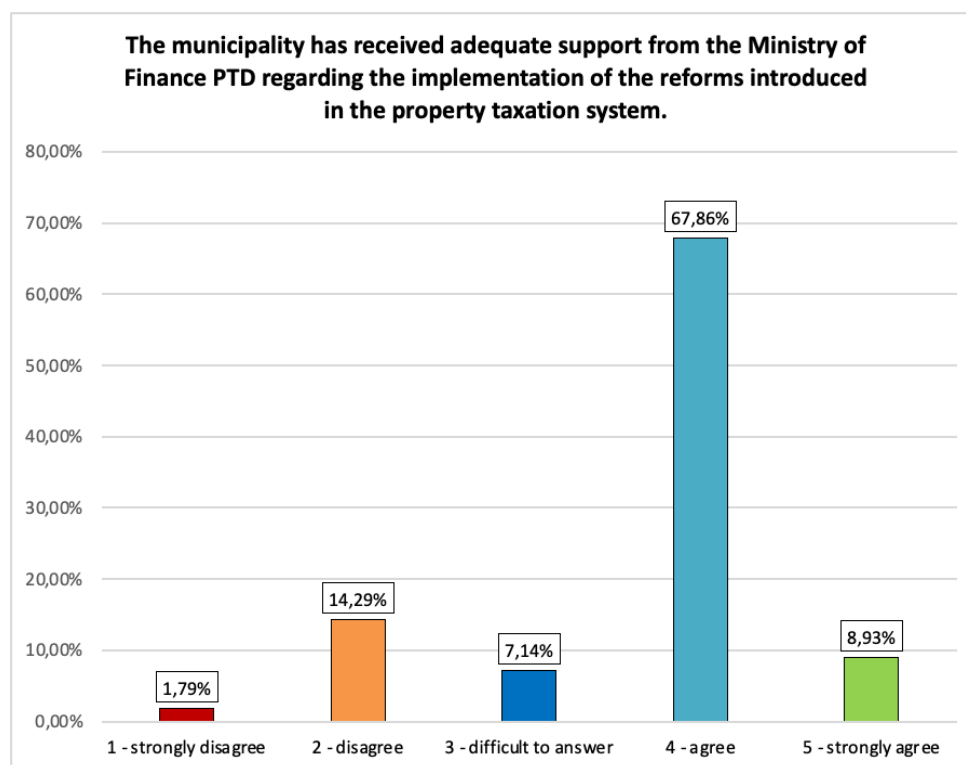
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Annex 4 – Survey of Municipality-level respondents

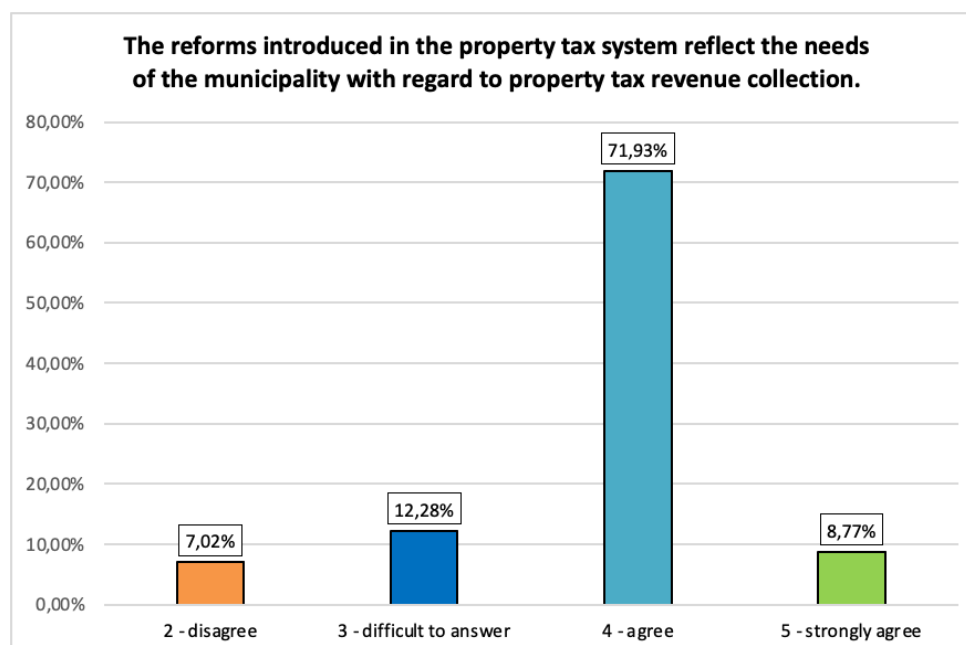
68 responses received (22% response rate)



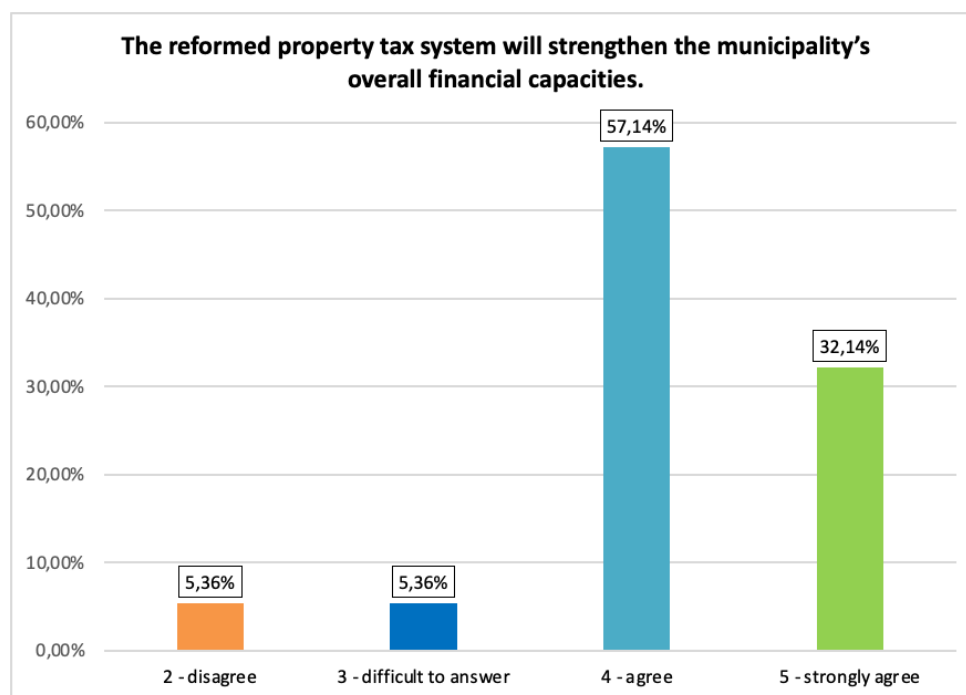
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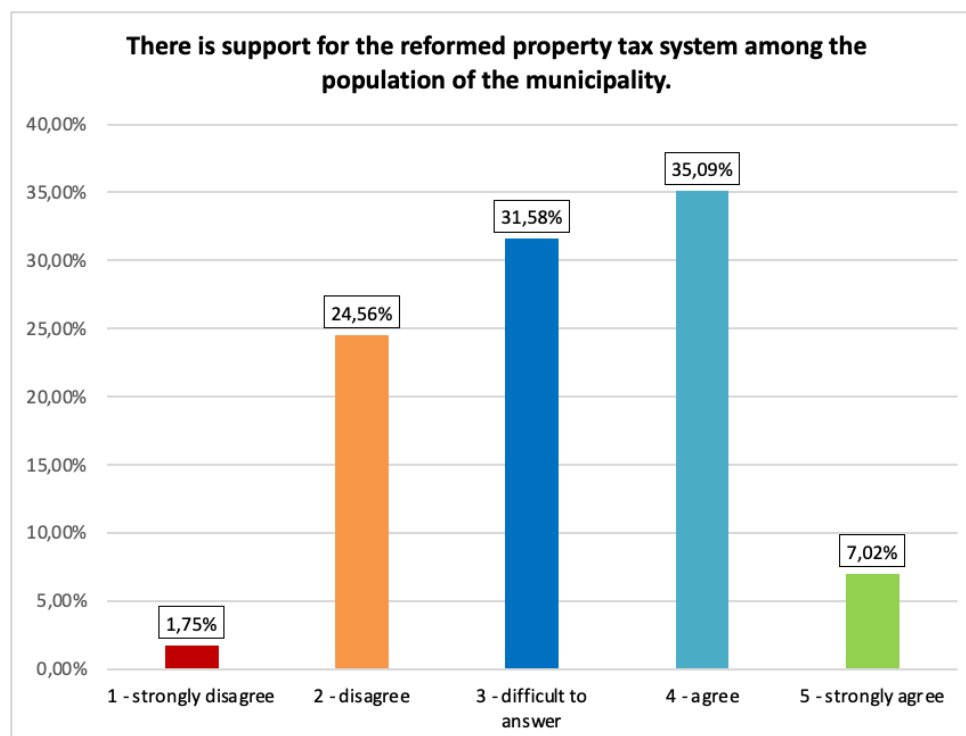
Weighted Average: 3,68



Weighted Average: 3,82



Weighted Average: 4,16



Weighted Average: 3,21

Annex 5 – Document List

Project documentation

- Project agreements (Sida-STA, Sida-MoF) 2014-2017
- Project agreements (Sida-STA, Sida-MoF) 2018-2021
- Protax2 Project Plan (2014-2017): Project for Continued Improvement of the Property Tax System in Kosovo
- Protax2 Project Plan – Logical Framework Matrix
- Protax2 Prolonged Project Plan: Project for Continued Improvement of the Property Tax System in Kosovo (2018-2020)
- Protax2 Prolonged Project Plan – Logical Framework Matrix
- Protax2 TRANSITION PLAN (Reviewed during September 2020)
- Protax2 annual narrative report 2018
- Protax2 annual narrative report 2019
- Protax2 annual narrative report 2020
- Protax2 Steering Committee Minutes March 2019
- Protax2 Steering Committee Minutes September 2020
- Protax2 Steering Committee Minutes December 2020
- Protax2 Steering Committee Minutes April 2021

External evaluation reports

- Evaluation study in support of the Mid Term Review of the Pro-Tax II project, 2016
- ‘Institution Building in Practice: An Evaluation of Swedish Central Authorities’ Reform Cooperation in the Western Balkans’ (Expertgruppen för biståndsanalys, 2020)

Analytical articles relating to property tax reform in Kosovo

- A. Jashari, ‘The Challenges of Collecting the Immovable Property Tax: The Case of the Republic of Kosovo’ (2020). Thesis. Rochester Institute of Technology
- G. Asllani and S. Grima, ‘Property Tax and Local Finance of Kosovo- An Overview’, *International Journal of Economics and Business Administration*, Volume VII, Issue 3, 2019, pp. 213-227

Annex 6 – List of Persons Consulted

Name	Position	Organisation	Date of interview/ receipt of feedback
Arrita Berjani	Senior Property Tax Officer	PTD, MoF	17/08/2021
Melik Krasniqi	Senior Public Relations Officer	PTD, MoF	1/09/2021
Lis Deri	Senior Legal Officer	PTD, MoF	08/09/2021
Vehap Hashani	Senior Legal Officer	PTD, MoF	08/09/2021
Anna Maria Johansson	Senior programme officer	Swedish Tax Agency (STA)	08/09/2021
Bjarni Sigurdsson	Senior programme officer	Swedish Tax Agency (STA)	08/09/2021
Rezarta Gashi	Tax Inspector	PTD, MoF	09/09/2021
Erik Pettersson	Second Secretary, Programme Manager Public Administration Reform, Human rights and Democracy	Embassy of Sweden, Kosovo	15/09/2021
Shkelzen Cermjani	Head of Property Tax Office	Municipality Gjakove	16/09/2021
Shpresa Maloku,	Head of Protax Sector	Commune Podujeva	16/09/2021
Ardonis Isufi	Field Valuator	Commune Podujeva	16/09/2021
Adem Sylejmani	Senior Officer	Property Tax Office Municipality Pristina	16/09/2021
Milaim Krasniqi	Officer	Property Tax Office Municipality Pristina	17/09/2021
Xhelal Dema,	Head of Property Tax Office;	Commune Kacanik	17/09/2021
Valdrin Dogani,	Field Valuator	Commune Kacanik	17/09/2021
Gjaferr Ponik	Head of Property Tax Office	Commune Prizren	17/09/2021
Samidin Kurtaj	Data Analyst	Property Tax Office Commune Prizren	18/09/2021
Hysen Krivaqa	Head of Property Tax Office	Commune Kamenice	18/09/2021
Shemsi Azemi	Head of Property Tax Sector	Commune Lipjan	20/09/2021

ANNEX 6 – LIST OF PERSONS CONSULTED

Besmir Retkoceri,	Valuator Officer	Commune Lipjan	20/09/2021
Mentor Berbati	Head of Property Tax Sector	Commune Peje	21/09/2021
Ylli Sylqa,	Field officer	Commune Peje	21/09/2021
Xhelal Veseli	Head of Property Tax Sector	Commune Viti	21/09/2021
Vllaznim Ferrataj	Head of Mass Valuation Division	Property Tax Department	23/09/2021
Herolind Osmani	Valuator	Property Tax Department	23/09/2021
Nasrin Pourghazian	Deputy Head of Mission/ Head of Development Cooperation	Embassy of Sweden, Kosovo	23/09/2021
Mikaela Grönqvist	Programme officer	European Union Office, Kosovo	24/09/2021
Muje Hundozi	Head of Property Tax Sector	Commune Rahovec	24/09/2021
Bylbyl Hoxha	Field valuator	Property tax Sector, Commune Rahovec	24/09/2021
Nuridin Sulejmani	Head of Property Tax Sector	Commune Dragash	27 /09/2021
Dejan Dobrosavljevic	Head of Property Tax Sector	Commune Shtripce	27 /09/2021
Perparim Bytyqi	Deputy Head of Property Tax Sector	Commune Ferizaj	08/10/2021
Idris Gashi	Secretary General	Ministry of Agriculture Forestry and Rural Development	19/10/2021
Trim Berisha	Secretary General	Ministry of Local Government Administration	21/10/2021
Valmir Gashi	Executive Director	Kosovo Local Government Institute	27/09/2021
Hyzri LLjabani	Executive Director	PMB Global	29/09/2021
Ertan Munoglu	Project Manager	DEMOS	30/09/2021
Bekim Salihu	Senior Researcher	GAP Institute	30/09/2021
Cerkini Agron	Deputy Project Manager for Business Development	Protax	05/10/2021
Longar Cana	Consultant	Cana Consulting	29/09/2021



Evaluation of Development Cooperation between the Ministry of Finance, Labour and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency Financed by the Swedish Embassy in Pristina

This report presents an evaluation of the Development Cooperation between the Ministry of Finance, Labour and Transfers, Property Tax Department, in Kosovo and the Swedish Tax Agency. The purpose of the evaluation was two-folded: 1) to provide Sida with a basis for determining the long-term value of its contribution, and 2) to compile and summarise experiences made in the project to use as input to the design of future projects and possible cooperation. The evaluation criteria of relevance, effectiveness, impact, and sustainability were further assessed, as well as management and coherence. The evaluation found that the project has had a substantial contribution to improving the property tax system in Kosovo, for instance by strengthening the capacities of central and municipal authorities. It has also led to increased awareness of taxpayers and increased tax revenue. However, maintenance of the results will depend to a large extent on external factors, such as municipalities continuing to implement reforms. The evaluation team thus recommend Sida to assess the need for further support and cooperation at the local level.

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

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