



**Republic of Albania
Ministry of Finance
General Budget Directorate**

Fiscal Discipline in Albania and Important Reforms

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Enhancing National Fiscal Rules

- Main aim of the reform since 2009:

“Strengthening fiscal discipline and further consolidations of public finance”

- Three main quantitative targets were set:

- ✓ Public debt ceiling as a ratio to GDP at a maximum level of 60%;
- ✓ Budget deficit as a ratio to GDP at 3%;
- ✓ Capital expenditures at each year no less than the overall fiscal deficit (golden rule).

Main Macroeconomic Indicators

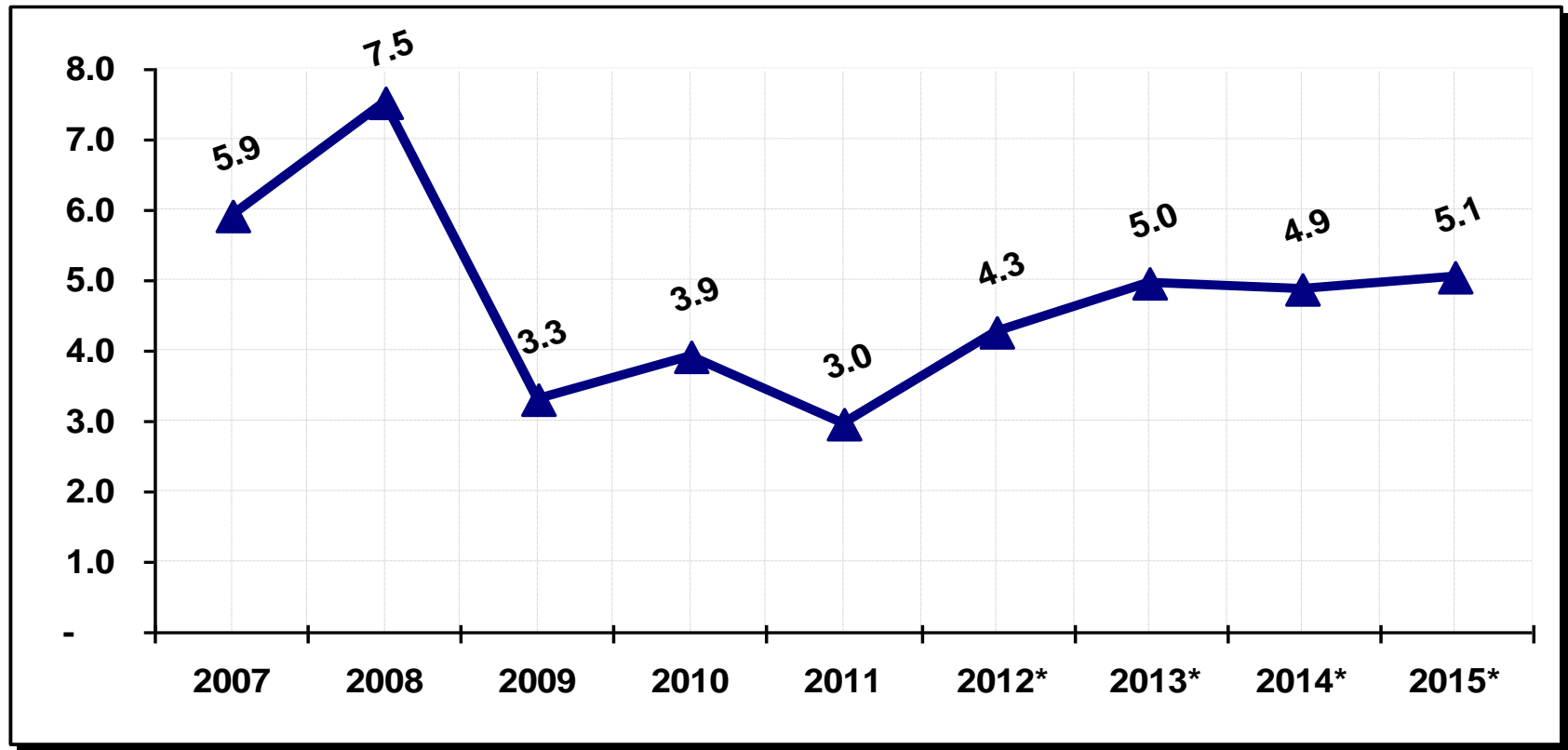
Main Macroeconomic Indicators

Item	Unit	2007	2008	2009	2010	2011	2012*	2013*	2014*	2015*
Inflation Rate (average)	%	2.9	3.4	2.3	3.6	3.5	3.0	3.0	3.0	3.0
Real GDP Growth	%	5.9	7.5	3.3	3.9	3.0	4.3	5.0	4.9	5.1
GDP	Euro Billion	7.8	8.9	8.7	9.0	9.4	9.9	10.5	11.2	11.8
Total Revenues	% of GDP	26.0	26.7	26.0	26.2	25.1	25.7	25.7	25.8	25.9
Total Expenditures	% of GDP	29.5	32.3	33.0	29.3	28.6	28.7	28.6	28.3	28.3
Overall Fiscal Balance	% of GDP	-3.5	-5.5	-7.0	-3.1	-3.5	-3.0	-3.0	-2.5	-2.5
Overall Public Debt	% of GDP	53.4	54.7	59.3	57.8	58.9	59.6	59.5	59.0	58.1

* Forecast

Source: Institute of Statistics, Bank of Albania, Ministry of Finance

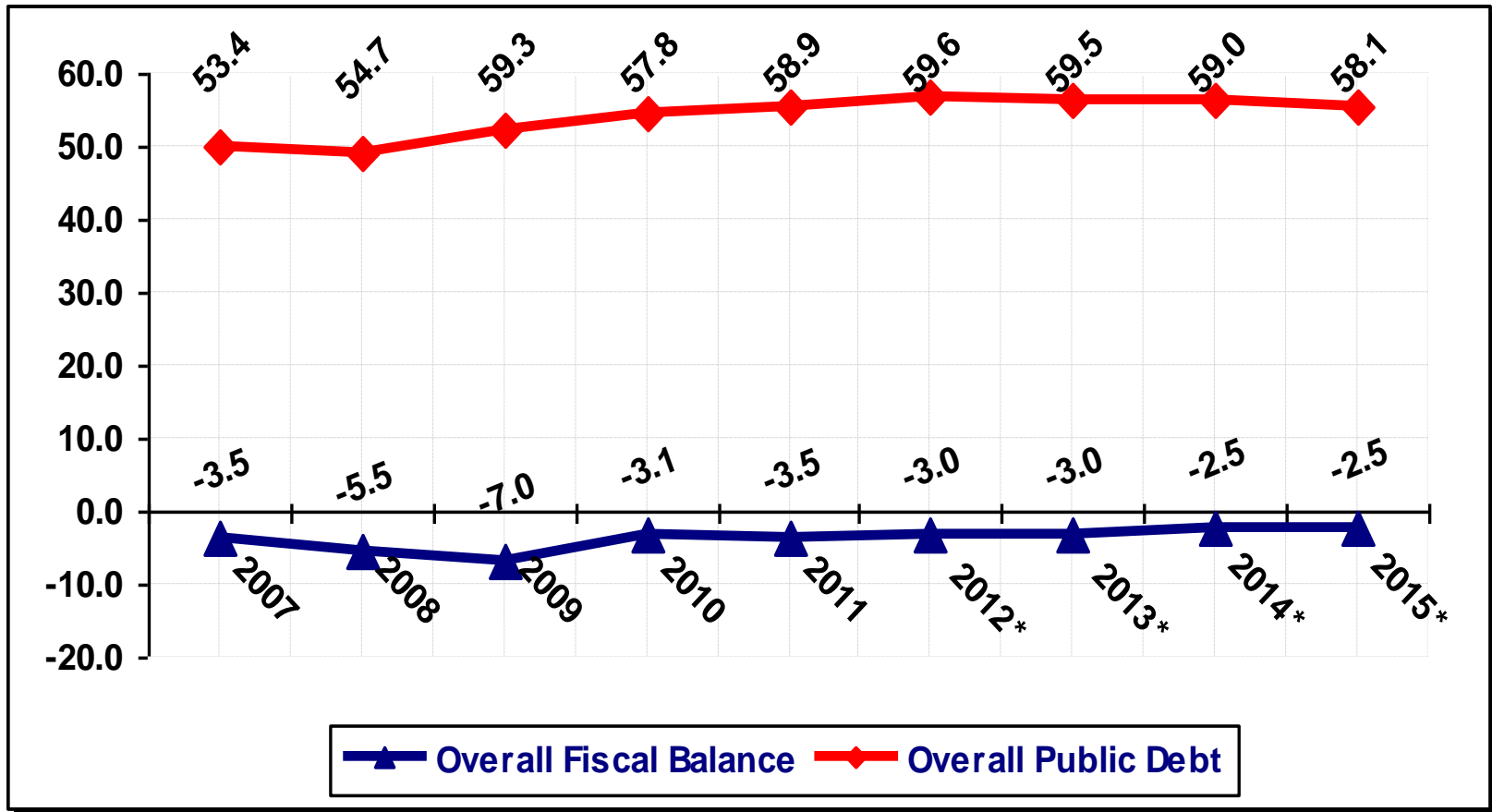
Real GDP Growth in Percentage



* Forecast

Following the crisis effects, a decrease in the real GDP growth rate, but still positive figures.

Fiscal Balance and Public Debt in percentage of GDP



*Forecast

Enforcing Fiscal Rules

- Enforce fiscal rules with legal acts;
- In Albania, the target of Public Debt ceiling as a ratio to GDP at a maximum level of 60%, is set in at the Annual Budget Law;
- International organizations recommend to set other fiscal rules in legal act such as Budget Deficit or Budget expenditures;
- Albanian government is in process of negotiations on enforcing a fiscal rule, which requires an overall consensus of political parties.



Thank you!