



## **Republika e Kosovës**

Republika Kosova – Republic of Kosovo

*Qeveria – Vlada – Government*

Ministria e Financave, Punës dhe Transfereve - Ministarstvo Finansije, Rada i Transfera –  
Ministry of Finance, Labour and Transfers

# Kosovo Presentation

Current developments, Budget/PFM Reforms

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# Current developments

- ▶ Implementation of administrative instructions on definition and selection criteria of new capital projects;
- ▶ Importance of preliminary preparation of new project ideas before becoming part of budget appropriations law, including expropriations;
- ▶ Implementation of baseline expenditure concept in budget planning;
- ▶ Preparation and reflection of new chart of accounts in 2024 budget;

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- Implementation of new Salary Law started in the first quarter of 2023;
  - Update and development of budget planning system (BDMS) to reflect new Salary Law;
  - Update and development of budget planning system for capital projects (PIP) to enable registration of long term commitments;

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- Several fiscal rules implemented;
  - In actual budget of 2022, budget deficit and general government debt were in line with fiscal rules;
  - Budget deficit and general government debt in 2023 budget in line with fiscal rules (Budget deficit - 2%, general debt 22.6%);

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- ▶ Budget deficit and general government debt in 2024 budget in line with fiscal rules (Budget deficit - 2%, general debt 20.7%);
  - ▶ Wage fiscal rule implemented;
  - ▶ Wage bill cannot exceed the economic growth.



# PEFA Assessment Report 2022 on Kosovo Budget

- ▶ According to PEFA, the planning and performance of budget is generally done well;
- ▶ The budget process is clear and with set rules and deadlines in place;
- ▶ Transparency of public finances supports budget creditability;
- ▶ The budget classification system is consistent with international GFS/COFOG standards with majority of budget documentation provided to the public;

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- ▶ Budget credibility is enhanced by predictable and controlled budget implementation ensuring that revenue is collected, and resources are allocated and used as intended by government and approved by the legislature;
  - ▶ Resources are allocated as intended by having reliable information available to budgetary organisations on ceilings for expenditure commitment allowing them to plan their commitments in advance;
  - ▶ This predictability of available funds for commitment facilitates planning of activities and procurement of inputs for effective service delivery in implementation of plans.



# Strategy for Management of Public Finances 2022-2026 and Action Plan 2022-2024

- ▶ Strengthening link between strategic planning and budgeting / Lower differences between actual budget and mid term MTEF projections;
- ▶ Registration of long term commitments in budget system PIP;
- ▶ Long term commitments to enhance the contractual discipline and make more clear the fiscal space for new project ideas.

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# Other PFM Strategic Objectives

- ▶ Strengthening of macro fiscal projections;
- ▶ Strengthening of revenue collection;
- ▶ Improvement of public procurement processes;
- ▶ Enhancing quality/independence of external auditing;

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- ▶ Enhancing scope and quality of internal auditing;
  - ▶ Advancement of IT in Ministry of Finance, Labor and Transfers;
  - ▶ Efficient and effective civil service to support PFM and other government services.



Thank You!