



Republika e Kosovës  
Republika Kosova – Republic of Kosovo  
Qeveria – Vlada – Government

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

# **Medium-Term Expenditure Framework 2025-2027**

**April 2024**

## List of abbreviations

VET	Vocational Education and Training
KPCVA	Kosovo Property Comparison and Verification Agency;
PAK	Privatization Agency of Kosovo
KPA	Kosovo Property Agency
EARK	Employment Agency of the Republic of Kosovo
KAS	Kosovo Agency of Statistics
ATK	Tax Administration of Kosovo
GNAI	Gross National Available Income
WB	World Bank
EU	European Union
EBRD	European Bank for Reconstruction and Development
GDP	Gross Domestic Product
CBK	Central Bank of Kosovo
RES	Renewable Energy Sources
ERA	European Reform Agenda
EUROPOL	European Union Agency for Law Enforcement Cooperation
KAF	Kosovo Armed Forces
IMF	International Monetary Fund
KSF	Kosovo Security Force
HEI	Higher Education Institutions
CPI	Consumer Price Index
IFACCA	International Federation of Arts Councils and Culture Agencies
IFI	International Financial Institutions
FDI	Foreign Direct Investments
INTERPOL	International Police Organization
IPA	Instrument for Pre-Accession Assistance
NPISH	Non-Profit Institutions in the Service of Households
MTEF	Medium Term Expenditure Framework
KfW	Kreditanstalt für Wiederaufbau
ODC	Other Depository Corporations
LLGF	Law on Local Government Finance
LPFMA	Law on Public Financial Management and Accountability
MEST	Ministry of Education, Science and Technology
MFLT	Ministry of Finance, Labour and Transfers
MKSF	Ministry of the Kosovo Security Force
MLSW	Ministry of Labor and Social Welfare
SAA	Stabilization and Association Agreement
MoH	Ministry of Health
NATO	North Atlantic Treaty Organization
POE	Publicly Owned Enterprises

SMEs	Small and Medium Enterprises
NERP	National Economic Reform Programme
NPISAA	National Program for Implementation of Stabilization and Association Agreement
ERP	Economic Reform Programme
SSSR	Strategic Security Sector Review
RTK	Radio Television of Kosovo
HIS	Health Information System
NDS	National Development Strategy
EMIS	Education Management Information System
CMIS	Case Management Information System
HUCSK	Hospital and University Clinical Service of Kosovo
IT	Information Technology
ICT	Information and Communication Technology
VAT	Value Added Tax
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
WEO	World Economic Outlook

# TABLE OF CONTENTS

<b>Introduction</b> .....	5
<b>PART ONE</b> .....	6
<b>1. STATEMENT OF MEDIUM-TERM GOVERNMENT PRIORITIES 2025-2027</b> .....	6
<b>PART TWO</b> .....	22
<b>2. MACRO-FISCAL FRAMEWORK</b> .....	22
<b>2.1. MACROECONOMIC FRAMEWORK</b> .....	22
2.1.1 External economic environment .....	22
2.1.2. Recent Economic Developments in Kosovo .....	24
2.1.3. Macroeconomic Perspective in 2024 and the medium term .....	29
<b>2.2 FISCAL FRAMEWORK 2025-2027</b> .....	32
<b>2.2.1 GOVERNMENT REVENUES AND EXPENDITURE</b> .....	32
2.2.1.1 Revenues and Expenditures in 2022 .....	32
2.2.1.2 Revenue projections for the period 2025-2027 .....	33
2.2.1.3 Expenditure projection for the period 2025-2027 .....	35
<b>Information Box 4 The main deviations between the MTEFs 2024-2026 and 2025-2027 for the years 2025 and 2026</b> .....	36
<b>2.2.2 BUDGET DEFICIT AND FISCAL RULES</b> .....	36
<b>2.2.3 STATE DEBT LEVEL, DEVELOPMENTS AND PROSPECTS FOR THE COMING YEARS</b> .....	37
<b>2.3. MEDIUM TERM RISKS 2025-2027</b> .....	39
<b>ANNEX 1</b> .....	47
<b>ANNEX 2</b> .....	61
<b>PART THREE</b> .....	65
<b>3.SECTORAL EXPENDITURES FRAMEWORK 2025-2027- CENTRAL GOVERNMENT</b> ....	65
<b>PART FOUR</b> .....	65
<b>4.MUNICIPALITY LEVEL</b> .....	65

## **Introduction**

The 2025-2027 Medium-Term Expenditure Framework is the main document on the basis of which the Annual Budget for 2025 will be drafted. The main purpose of the MTEF is to provide a solid analysis of the macroeconomic environment in the country, in order to establish the basis for budget planning for the coming years in accordance with the strategic priorities of the Government.

The government continues to have as its main objective the further strengthening of its fiscal position and the responsible management of public finances. In this context, the planning and execution of the budget will be done in line with the fiscal rules of the country. Considering that these rules present constraints when considering Kosovo's needs for large development projects, the implementation of the 'Investment Clause' enables the Government to finance capital projects with broad public interest above the allowed deficit limit, on the condition that these projects are financed by International Financial Institutions and Development Agencies.

The priorities of economic reforms for the medium term originate from the National Strategy for Development and the Economic Reform Programme 2024-2026, which derives from the dialogue process for economic governance between Kosovo and the EU.

The MTEF for 2025-2027 outlines these key priorities of the government in the Declaration of Medium-Term Priorities and then in the respective chapters covering all budget sectors, describing the approach to securing funds for their implementation from the budget of Kosovo and financial assistance or loans from development partners.

MTEF 2025-2027 is structured into four main parts. The first part contains the "Medium-Term Priorities Declaration," which offers a comprehensive overview of the Government's priorities in line with the Government Program, the National Development Strategy 2030, the Economic Reform Programme 2024-2026, the National Implementation Plan of SAA and sectoral strategies. Macro-fiscal framework based on the general parameters of economic development is presented in the second part. The third and the fourth part presents fiscal projections which determine the ceilings of expenditure, on the basis of which the Central and the Municipal Budget are prepared.

## **PART ONE**

### **1. STATEMENT OF MEDIUM-TERM GOVERNMENT PRIORITIES 2025-2027**

#### **1.1 1. RECENT DEVELOPMENTS OF ECONOMIC AND BUDGETARY POLICIES**

Despite disruptions in energy and food markets caused by the conflict in Ukraine, followed by tightening global monetary conditions to combat high inflationary pressures, the global economy managed to overcome these consequences, demonstrating satisfactory resilience, especially in the second half of 2023. Stronger private and government expenditures combined with increased labor force participation and supply chain adjustments contributed to improving economic performance and its medium-term outlook, despite new geopolitical uncertainties.

Similarly, Kosovo's economy, despite the challenges it faced last year, showed satisfactory performance, with a real GDP growth rate of 3.3% based on preliminary data from KAS. This performance is mainly attributed to the good performance of private consumption and investment, largely driven by significant government support and satisfactory performance in service exports. Also, inflationary pressures during this year have eased, reflected in an average inflation rate of 5.0%, after double-digit growth in the previous year.

Similar as in 2022, fiscal consolidation continued in 2023. Measures taken to increase voluntary taxpayer compliance, restore trust in institutions, and to some extent, the increase in import prices and domestic prices led to a satisfactory increase in budget revenues, by around 14.5% compared to the previous year. Such revenue growth combined with careful budget expenditure diagnostics and reduction of unnecessary spending where necessary have contributed to creating fiscal space, reflected in a sufficiently balanced overall government balance sheet and a balanced budget.

The new Law on Wages in the Public Sector was approved in December 2022 and entered into force in February 2023. The gradual increase of wage coefficient, amounting to 110 euros in 2024 and the implementation of a series of regulations on allowances for employees in the public sector, are expected to contribute to maintaining a competitive staff and keeping the wage bill within the legal limit.

One of the ongoing challenges for the public finance management remains the absorption of the public investment portfolio. Actions to eliminate impediments for the acceleration of the implementation of public investments, including the costs of land expropriations, and the compensation of contractors for higher construction costs by mid-2023 have contributed to an accelerated dynamics of the execution of capital investment.

During the last three years, the Government has prioritized policies aimed at quick and effective assistance to families and businesses in need, in order to mitigate the possible impact of negative shocks caused by high inflationary pressures or those related to the energy crisis. In order to

contribute to a more equal society and improve the citizens' well-being, the Economic Recovery Package, which commenced in 2021, with the main purpose of addressing the difficulties caused by the pandemic and promoting economic recovery, continued in 2023. An important component of this fiscal support, which is continuing in 2023, aims to assist households to afford the electricity bills and encourage them to save the energy.

The government has also been committed in promoting investments in new production and export capacities, which create sustainable jobs, through direct credit support for manufacturing businesses. In addition to manufacturing businesses, considering the special importance of women's empowerment in the economy, the same support has been provided to non-manufacturing businesses led by women. This policy aims to address two of the main challenges for manufacturers to expand their capacities, which are: access to finance and the funding cost.

Given that employment is one of the key priorities of the Government, a series of initiatives have been undertaken to directly assist job seekers, such as support for the employment of women or families without any employed members. Additionally, the youth employment platform 'SuperJob', operationalized at the beginning of 2023 as part of the Guaranteed Employment for Youth, has facilitated young people's access to the job market and businesses in hiring young workers.

In the medium term, our expectations indicate economic growth that fluctuates around the potential level of the Kosovo economy, which will be accompanied by sustainable public finances, reflected in a budget balance and government balance sheet in line with fiscal rules. These medium-term projections factor in continued commitment to prudent policies combined with an intensive agenda of structural reforms expected to address infrastructure and governance gaps.

## **1.2 2. STRATEGIC FRAMEWORK FOR DEFINING AND DETERMINING GOVERNMENT'S PRIORITIES FOR THE MID-TERM BUDGET PERIOD 2025-2027**

With the aim of reforming the planning system, the Government of Kosovo has established the Framework for Planning and Strategic Management (FPSM) as a systematic approach to planning, monitoring, and reporting. The objective of this framework is to instill further discipline in how planning is conducted and how management mechanisms ensure the implementation of what has been planned, as well as the corresponding monitoring and reporting.

In this context, through the National Development Plan, the overall framework of the government's long-term objectives has been established, as well as the definition of 16 sectors of public policies, which should serve as a basis for the process of drafting the Medium-Term Expenditure Framework. Consequently, the government's medium-term priorities must be identified for the 16 sectors of public policies, based on the National Development Plan, Sectoral Strategies, European Integration Agenda, and Growth Plan.

The Government's priorities are defined as main strategic directions of policies, as goals or tasks, which are part of the state values of that period, Considering the goals and objectives of the state

strategic documents (NDP, Sectorial Strategies, Government Program, European Integration Agenda and Growth Plan). In this regard, the sectorial priorities should reflect the strategic goals of the NDP or the strategic objectives in the sectorial strategies, considering the maturity of their implementation during the next medium-term period.

The approach to the preparation of the NDP is based on the concept of the planning system developed in the Strategic Planning and Management Framework (SPMF). SPMF defines the main elements of the reform of the planning system. Defining the hierarchy of goals and performance indicators and defining sectors, in addition to better monitoring and reporting, enables a more consistent approach to public policy management and resource allocation at a strategic level.

For this purpose, NDP 2030 has collected data from various sources, such as the Government's political priorities, the EU integration agenda and Sectorial Strategies, and provides the basis for the preparation of the Medium-Term Expenditure Framework (MTEF), which enables the interconnection of sectors, prioritization of policy initiatives (policy measures) and the budget framework. NDP 2030 is an even deeper breakdown than that, including activities in each of the policy measures. Inter alia, NDP defines the difference between long-term, medium-term and short-term objectives, which are elaborated by other strategic documents, listed and explained in the following illustration.

### **1.3 3. THE NEW FISCAL FRAMEWORK FOR THE IMPLEMENTATION OF THE GOVERNMENT'S PRIORITIES**

The Government Program 2021-2025, the Strategy and National Development Plan 2030, the Economic Reforms Program 2024-2026, as well as the National Plan for European Integration, are key documents that determine the orientation and development of government policies, and provide the basis for determining priorities of policies included in the Medium-Term Expenditure Framework 2025-2027.

The implementation of the priorities of these documents will constitute the major part of the fiscal framework that the government will undertake, in order to build a sustainable public finance system according to the highest international standards, which ensure economic growth and development and better well-being for all citizens. This will be achieved through the continuation of the re-design of fiscal policies, advancement in the public finance management and the financial system that ensure accountability.

In order to achieve this, the Government will focus on creating the most favorable business and fiscal environment, improving trade and energy policies, integrating into the global economy, continuing existing projects for infrastructure modernization, and continuing the support to agriculture and rural development. Appropriate tax system and favorable business environment are the most important pillars for the sustainable development of the private sector in the country. Therefore, the re-design of current fiscal policies and the implementation of new policies will be conducted within the framework of ensuring sustainable economic growth.

In order to formalize the economy, we'll continue to work for the improvement of the inspection mechanisms for combating fiscal evasion and the informal economy, in order to ensure fair and equal competition.

The implementation of the Public Finance Management Strategy 2022-2026 aims to contribute to the improvement of the quality of public finances. Currently, the new Law on Public Finance Management is being drafted, which intends to address a number of challenges and problems and make the appropriate legal adjustment in this field of activity.

#### **1.4 GOVERNMENT'S GENERAL OBJECTIVES AND THEIR IMPLEMENTATION TRENDS**

The main purpose of defining the priorities is their interconnection to ensure sustainable economic development, based on the comprehensive analysis of the macroeconomic environment in the country, and budget planning for the following years, for a three-year perspective in accordance with the strategic objectives of the Government.

Considering the conditions of an external economic environment surrounded by numerous risks in the following direction, the Government should be ready to use the fiscal budget space created in the last two years in order to provide well-targeted temporary support to the families and businesses in need, similarly to the previous year.

Meanwhile, in a more long-term time horizon, considering the current economic structure of Kosovo and the many obstacles to economic growth, it is necessary to orientate structural reforms aimed at the continuation of economic recovery. Consequently, the Government's priorities for the next three-year period will focus on re-orienting the economy towards production and export, increasing dignified employment for all, and a sustainable development that protects the environment and preserves it for future generations, as well as orientation towards digital transformation.

In the long-term period, reforms are needed in the economy, justice, health and education sector in general. The strategic objectives of the Government have been defined through the Government Program, the National Development Strategy, the National Development Plan and Sectorial Strategies, as well as documents derived from the European integration process, such as the Economic Reforms Program, European Integration National Plan and Growth Plan.

The realization of Government priorities will lead to the implementation of defined sectorial policies, which should adhere to the spending ceilings.

The process of preparing the expenditure forecast (budget ceilings) for the period 2025-2027 is a prerequisite for sustainable economic growth, improvement of the environment within which the increased activities of the private sector take place, incitement of sustainable employment and better welfare for all citizens. All this will be guided by the following principles:

- Compliance with the Government’s priority policies, Government Program 2021-2025, National Development Strategy (NDS), National Development Plan (NDP), Economics Reform Program (ERP) 2024-2026, European Integration National Plan and Growth Plan.
- Allocation of expenditure which are more effective in achieving the Government’s policy objectives;
- Increase in quality and reliability in the budget process, as well as better conjunction between policies and the budget.
- Higher execution of expenditures compared to their planning, with specific emphasis on capital investment, realizing specific priority goals.
- Connection to external funding provided through IPA and other channels.

## 1.5 GOVERNMENT PRIORITIES FOR THE 2025-2027 BUDGET PERIOD

The following priorities for the Mid-term Expenditure Framework 2025-2027 are presented specifically and structured according to the pillars of the Strategy and National Development Plan, and according to the policy sectors also defined in the strategic framework. The main priorities and directions for their implementation have been drafted based on the proposals of the line ministries derived from the NDS and other sectorial strategies.

Based on this, budget organizations during the preparation and submission of their budget requests for 2024 with forecasts for the medium term period (2025-2027), are expected to show how their budget plan responds to the Government’s priorities presented below. Considering provided priorities, budget organizations are encouraged to improve efficiency in spending through reallocation within existing ceilings.

FIRST PILLAR: ZHVILLIM I QËNDRUESHËM EKONOMIK	
Policy area (sector): Support for the development of industry and businesses	
Priorities	Main directions/orientations for the implementation of priorities
<b>1. The development of the industry towards products and services with added value and towards a circular economy</b>	1.1 Growth and expansion of industrial production; 1.2 Reduction of industrial trade deficit; 1.3 Generation of inclusive and better employment; 1.4 Facilitating green and circular industry; 1.5 Optimizing local added value. 1.6 Improving quality infrastructure
<b>2. Establishment of a fair, adaptable and competitive business environment</b>	2.1 Combating fiscal evasion and customs fraud 2.2 Further development of the legal framework for financial services and financial markets 2.3 Combating money laundering 2.4 Empowering of legislation and ensuring the implementation of the legal framework for state aid 2.5 Assessment of informal economy (IE) in Kosovo
<b>3. Increasing innovation in entrepreneurship</b>	3.1 Functionalization of the innovation fund; 3.2 Development of technological parks; 3.3 Development of innovation and entrepreneurship centers.
<b>4. Sustainable development of mining sector</b>	4.1 Review of policies (mining strategy) and legal framework for the mining sector; 4.2 Promotion of Kosovo’s mining resources through increased capital investments in the mining sector;

	4.3 Improving the monitoring of seismic events in Kosovo;
<b>5. Sustainable and Competitive Tourism in the Region</b>	5.1 Increasing promotional activities and improving the flow of information; 5.2 Creation and advancement of quality and sustainable infrastructure for tourism development; 5.3 Expanding the tourist offer according to sustainability standards and increasing competitiveness; 5.4 Raising human capacities for increasing the number of staff in the labor market and improving services; 5.5 Advancing the regulatory framework and tourism policies.
<b>6. Balanced regional socio-economic development</b>	6.1 Drafting and coordination of policies for regional socio-economic development; 6.2 Monitoring of balanced regional socio-economic development in Kosovo; 6.3 Development and implementation of programs for regional development.
<b>Policy area (sector): Agriculture</b>	
<b>1. Increasing the competitiveness of the agro-food sector and improving the efficiency and sustainability of farm production;</b>	1.1 Support for sustainable farm income and resilience to increase food security; 1.2 Increasing competition and improving orientation to market demands by focusing on research, innovation, technology and digitization; 1.3 Improving the position of farmers in the value chain;
<b>2. Sustainable management of natural resources;</b>	2.1 Support in mitigation and adaptation to climate change, such as the use of renewable energy; 2.2 Promoting sustainable and efficient management of resources (land, water, air); 2.3 Protection of biodiversity, improvement of ecosystem services and preservation of habitats and landscapes/nature;
<b>3. Development of businesses in rural areas and growth of employment and social infrastructure.</b>	3.1 Promotion of employment, growth, social inclusion and local development in rural areas, including the bio economy; 3.2 Improving societal requirements for food and health, including safe, nutritious and sustainable food, reducing food waste, and animal welfare;
<b>Policy area (sector): Energy</b>	
<b>1. Improving security of energy supply, sustainability and affordability;</b>	1.1 Increasing the flexibility of the electricity system; 1.2 Rehabilitation of existing electricity production capacities; 1.3 Modernization of the electricity network and reduction of network losses 1.4 Harmonization of the legal framework and development policies with EU legislation 1.5 1.5 Market development and market integration in the regional and pan-European market; 1.6 1.6 Functionalization of the enterprise for the management of the battery system (Compact Agreement);
<b>2. Increasing the participation of renewable sources in the energy mix</b>	2.1 Increasing the capacities of RES in the production of electricity; 2.2 Promotion of the use of renewable energy for heating;
<b>3. Increasing energy efficiency</b>	3.1 Improving Energy Efficiency in the stock of public buildings; 3.2 Improving Energy Efficiency in the residential sector;
<b>Policy area (sector): Transport and communication</b>	
<b>1. Development of high quality broadband electronic communication networks and services</b>	1.1 Harmonization of the legal framework and policies with EU legislation and support of the ICT sector; 1.2 Construction of digital infrastructure in primary and secondary schools, as well as their gigabit connection with KREN and GEANT. 1.3 Development of new gigabit networks based on new 5G technologies;

	<p>1.4 Development of the Electronic Identification and Signature System (eID System) (2023-2024).</p> <p>1.5 Establishment of the Single Point of Contact for issuing permits for the extension of electronic communications infrastructure</p>
<b>2. Developing digital skills in the ICT sector</b>	<p>2.1 Increasing learning opportunities for improving the digital skills of citizens (Training for young people and connecting them with online job opportunities);</p> <p>2.2 Implementation and promotion of the Learning Management System (LMS Module) project through educational systems and programs on the KREN platform</p> <p>2.3 Creating Innovative Digital Hubs (Digital Innovation Hubs)</p>
<b>3. Integrating cyber security into the energy sector</b>	<p>3.1 Creation of the Sectorial CERT for the Energy sector;</p> <p>3.2 Development of the cyber security risk management framework for the energy sector.</p>
<b>4. Improving transport infrastructure and services</b>	<p>4.1 Transport infrastructure that works well and is integrated into international networks;</p> <p>4.2 Development of socio-economic infrastructure and increased inter-municipal cooperation, including the expansion of community-oriented infrastructure</p> <p>4.3 High-quality and efficient transport of goods and passengers</p>
<b>5. Creating obstacles-free connections in international multimodal transport</b>	<p>5.1 Transport connection without troubles through safe and efficient infrastructure;</p> <p>5.2 Harmonization of the legal framework in the field of Civil Aviation and normalization of high airspace</p>
<b>6. Promoting digital and sustainable mobility</b>	<p>6.1 Establishment of smart and digital transport.</p> <p>6.2 Establishment of a transport system – towards vision zero;</p>
<b>Policy area (sector): Environment and spatial planning</b>	
<b>1. Environmental protection and sustainable utilization of natural resources</b>	<p>1.1 Improving policies for environmental protection, radiation protection and nuclear safety;</p> <p>1.2 Improving the reporting process and strengthening the environmental information system;</p> <p>1.3 Improving water availability and efficiency;</p> <p>1.4 Integrated management of water resources in Kosovo</p> <p>1.5 Water e-permits (digitalization of water acts);</p> <p>1.6 Regulation and rehabilitation of the Drini i Bardhë basin</p> <p>1.7 Management and sustainable use of forest resources and protection of biodiversity;</p> <p>1.8 Improving ecosystem services and preserving habitats and landscapes/nature;</p> <p>1.9 Assessment of greenhouse gas emissions and air emissions;</p> <p>1.10 Flood management and groundwater monitoring;</p> <p>1.11 Empowering the inspectorate for effective implementation of legislation through inspection supervision.</p>
<b>2. Integrated waste management</b>	<p>2.1 Waste management performance improvement.</p> <p>2.2 Establishment and operation of the deposit refund system for glass, plastic and can bottles</p>

<b>3. Improving access to water and wastewater and reducing water pollution</b>	3.1 Improving the reliability and quality of water services; 3.2 Improving the coverage of the sewage network and the treatment of polluted and industrial waters; 3.3 Wastewater sludge management.
<b>4. Responsible planning and integrated development of the territory</b>	4.1 Improving policies in the field of Spatial Planning; 4.2 Improving the situation in the field of Cadaster and Land Administration.
<b>PILLAR II: EQUAL HUMAN DEVELOPMENT</b>	
<b>Policy area (sector): Education and science</b>	
<b>1. Increasing children's participation in quality early childhood education and care.</b>	1.1 Creating adequate environments with suitable conditions for EFH and providing human resources; 1.2 Improving the legal infrastructure and providing quality services in EFH; 1.3 Piloting the curriculum for early childhood education.
<b>2. Improving inclusive access and digitization in education.</b>	2.1 The full functionalization of the teacher licensing system and provision of opportunities for the professional development and advancement of teachers according to teaching standards; 2.2 Capacity building for the implementation of the curriculum for early childhood, primary education, lower secondary education, higher secondary education and vocational education and training (VET); 2.3 Provision of quality textbooks, resources, tools and teaching materials in harmony with curricula and teaching/subject programs; 2.4 Development of digital skills as a cross-curricular issue and as part of the curricular field "Life and work" 2.5 Increasing and strengthening the mechanisms and capacities for the implementation of the quality assurance system; 2.6 Functionalization of pedagogical assessment teams for students with disabilities, and increasing the number of assistants to support students with disabilities; 2.7 Professional development of educational personnel for comprehensive education; 2.8 Equipping children/students with assistance technology and identifying and supporting students with exceptional abilities, talents and special talents. 2.9 Organizing forms of support, competitions at different levels and fields, and rewarding students who win medals in local and international competitions; 2.10 Development of digital competence among all parties in function of the successful digital transformation of education and general social development; 2.11 Providing opportunities for effective use of information and communication technology (ICT) in IEAA and IA; 2.12 Creation of institutional mechanisms that enable digitization and the use of technology in the field of education in an effective and efficient manner; 2.13 Increasing the inclusion and active participation of students from marginalized groups through the creation of an encouraging and supportive climate; 2.14 Providing healthy, safe and suitable school environments according to norms and standards, which enable quality learning; 2.15 Use of national and international test results for policy making.
<b>3. Better harmonization of education with the needs of the labor market.</b>	3.1 Improvement of governance, financing and education information management system; 3.2 Supporting the implementation of practical learning and counseling and career guidance services;

	<p>3.3 Increasing participation in adult education;</p> <p>3.4 Investments in academic infrastructure, the increase of human capacities in higher education and the review of study programs;</p> <p>3.5 Better connection of higher education with the labor market, through harmonization of study programs, increased opportunities for practical work of students, cooperation with enterprises and increased interdisciplinary programs and STEM programs.</p> <p>3.6 Improving the governance and funding of higher education through the revision of legislation, the development of an advanced information management system, professional capacity building, the improvement of services for students and the provision of academic integrity, transparency and accountability in higher education;</p> <p>3.7 Internationalization of higher education through joint study programs, increased participation in international academic and scientific cooperation programs, as well as integration into the European Higher Education Area;</p> <p>3.8 Consolidation of the legal framework and improvement of the environment for research-scientific activity and innovation</p>
<b>Policy area (sector): Labor market and employment</b>	
<b>1. Developing skills, competencies, and narrowing the gap in the labor market.</b>	<p>1.1 Reforming public employment services/ Capacities building of the staff of Employment Offices through training;</p> <p>1.2 Increasing the quality of services in Employment Offices and Vocational Training Centers;</p> <p>1.3 Review and expansion of MATP;</p> <p>1.4 Reforming the vocational training system/ Updating the profiles/professions offered by the Vocational Training Centers, which do not coincide with the current needs of the Labor Market.</p>
<b>2. Increasing the participation of women, youth and marginalized groups in the labor market.</b>	<p>2.1 Increasing women's participation in employment programs.</p> <p>2.2 Subsidizing NGO/s projects aimed at empowering women in society;</p> <p>2.3 Increasing the participation of marginalized groups in employment programs.</p> <p>2.4 Application of Youth Guarantee and Generation Unlimited.</p>
<b>3. Improving working conditions and dignity work.</b>	<p>3.1 Development of dignity work policies.</p> <p>3.2 Reforming the Labor Inspectorate.</p> <p>3.3 Improving the structural system of safety and health at work.</p> <p>3.4 Reduction of undeclared work.</p>
<b>Policy area (sector): Health</b>	
<b>1. Preservation and promotion of health.</b>	<p>1.1 Reorganization of health financing;</p> <p>1.2 Reorganization of health services;</p> <p>1.3 Development of the legal framework for the reorganization of the health sector;</p> <p>1.4 Functionalization of mechanisms for the prevention, surveillance and control of communicable diseases according to the ECDC assessment;</p> <p>1.5 Functionalization of mechanisms for the prevention, supervision and control of non-communicable diseases;</p> <p>1.6 Development of the Health Information System;</p> <p>1.7 Advancing the concept of Family Medicine;</p> <p>1.8 Expansion of home visits in municipalities.</p>
<b>2. Improving the quality and access to health services.</b>	<p>2.1 Mobilization and management of human resources;</p> <p>2.2 Promotion of physical activity and healthy lifestyle;</p> <p>2.3 Improvement of vaccination services for the population with emphasis on vulnerable groups of society.</p>
<b>Social care</b>	

<p><b>1. Improving the targeting and distribution of social protection;</b></p>	<p>1.1 Reforming the pension system and establishment of social security system.  1.2 Reforming the Social Assistance Scheme and implementing additional programs to reduce poverty for vulnerable groups;  1.3 Improving the quality of children's well-being, guaranteeing and protecting the rights of persons with disabilities, and improving the condition of the Roma, Ashkali and Egyptian communities by promoting and respecting diversity and equality.  1.4 Increasing the functional efficiency of shelters, for protection from domestic violence.</p>
<p><b>2. Better access to social services;</b></p>	<p>2.1 Increasing the volume and quality of social services and reducing social inequality for groups at social risk, as well as sustainable funding for social service providers.  2.2 Development of policies and legislation for accessible and quality services.  2.3 Sustainable funding of social and family services through the contracting procedure.  2.4 Development of public private partnership in providing social and family services  2.5 Addressing the concept of supervised independent living for young people +18, who have been under the care of one of the forms of social protection while they're children, in particular children with special needs  2.6 Strengthening the concept of family housing and empowering host families  2.7 Strengthening the division of supervision and inspectorate of social and family services.  2.8 Construction and establishment of the admission center based in Pristina</p>
<p><b>3. Access to decent, affordable and quality housing;</b></p>	<p>3.1 Improvement of housing policies in Kosovo  3.2 Implementation of the program for adequate and affordable housing  3.3 Regulation of the profession of architect and engineer in the construction field.</p>
<p><b>4. Stabilizing communities and improving their well-being by providing equal opportunities in education, employment, social services, protection, and culture;</b></p>	<p>4.1 Increasing employment opportunities for non-majority communities with special focus on vulnerable groups;  4.2 Improving the participation of families of non-majority communities in protection schemes and social services;  4.3 Increasing opportunities for education and vocational training of non-majority communities with special focus on vulnerable groups;  4.4 Supporting the development, cultivation and preservation of cultural diversity, cultural and national identity of non-majority communities and intercultural dialogue.</p>
<p><b>5. Return, reintegration, integration and providing opportunities for durable solutions for displaced persons and non-majority voluntary returnees;</b></p>	<p>5.1 Intensified commitment of the relevant institutions regarding the provision of services for the return and reintegration of displaced persons;  5.2 Advancing the legal framework in the field of integration of returnees and communities in Kosovo;  5.3 Closure of collective centers;  5.4 Voluntary and urban return.</p>
<p><b>6. Development of mechanisms and services for the use of languages;</b></p>	<p>6.1 Improving bilingual harmonization during the drafting of legislation in Kosovo;  6.2 Provision of adequate infrastructure for interpretation/translation in the justice system in Kosovo.</p>
<p><b>7. Access to sufficient, safe and nutritious food to meet dietary needs for healthy living.</b></p>	<p>7.1 Fulfilling the requirements for safe and healthy food;  7.2 Advancing the regulatory and policy framework for safe and healthy food</p>

<b>Culture and sports</b>	
<b>1. Art and culture for well-being and development;</b>	<p>1.1 Advanced legal infrastructure and public policies, in the field of art, culture in general and cinematography and publishing creativity in particular;</p> <p>1.2 Advancement of cultural institutions through the development of a qualitative cultural program and the completion of professional human capacities;</p> <p>1.3 Improving the physical infrastructure for cultural institutions;</p> <p>1.4 Strong connection of artistic and cultural activities in the education system in the Republic of Kosovo;</p> <p>1.5 Independent scene status adjustment and independent scene sustainable support;</p> <p>1.6 Quality local film productions and international co-productions with international promotion;</p> <p>1.7 Sustainable book financing support;</p> <p>1.8 Development and implementation of international agreements in the field of art and cultural heritage with foreign countries and sustainable support of cultural presentations in foreign countries;</p> <p>1.9 Development of international cultural and sports events in the Republic of Kosovo;</p> <p>1.10 Improving the legal framework and public policies in the field of copyright and related rights and increasing the efficiency of the Anti-Piracy Taskforce;</p> <p>1.11 Efficient collective management of copyright and related rights;</p>
<b>2. Strengthening the protection, preservation and promotion of cultural heritage;</b>	<p>2.1 2.1 Advancing the legal framework and institutional capacities building in the field of Cultural Heritage and Memorials;</p> <p>2.2 2.2 Preservation and effective management of cultural heritage assets and memorials;</p> <p>2.3 2.3 Improving the condition of cultural heritage assets and their functionalization with the aim of sustainable local and economic development;</p> <p>2.4 2.4 Integrated planning of Special Protected Areas and historical centers at the central and local level;</p> <p>2.5 2.5 Improving the legal and physical infrastructure and institutional capacities building of museums in Kosovo.</p> <p>2.6 2.6 Advancing the legal framework and policies in the field of archives and raising the institutional capacities of archives;</p> <p>2.7 2.7 Improving the physical infrastructure of archive institutions;</p>
<b>3. Active and healthy society through sports activity;</b>	<p>3.1 Sustainable support of potential athletes to win medals in the international arena;</p> <p>3.2 Empowerment of organized sports through financial support and strengthening of human and organizational capacities for sports organizations</p> <p>3.3 Establishment of suitable infrastructural conditions for the development of professional sports and physical activity;</p> <p>3.4 Strong interconnection of physical and sports activity in the education system in the Republic of Kosovo;</p> <p>3.5 Increase in the number of the population with physical activity, in the entire territory of Kosovo;</p> <p>3.6 Maintaining sports integrity through combating negative phenomena in sports;</p> <p>3.7 Advancement of the legal framework and strategic policies in the field of sports;</p> <p>3.8 Development and implementation of international agreements in the field of sports with foreign countries and international organizations;</p>

<p><b>4. Empowering young people in the economic and social life of the country by advancing policies, programs and inter-institutional cooperation.</b></p>	<p>4.1 Equipping young people with essential life skills (Empower); 4.2 Improving the availability and quality of services and support offered to young people (Serve); 4.3 Improving youth policies and involving young people in decision-making and policy-making (Engage).</p>
<p><b>5. Promotion of the state image through the development of sports and cultural tourism</b></p>	<p>5.1 Organization of international cultural events in the Republic of Kosovo; 5.2 Organization of international sports events in the Republic of Kosovo;</p>
<p><b>PILLAR III: SECURITY AND RULE OF LAW</b></p>	
<p><b>Defense and safety</b></p>	
<p><b>1. Development of the strategic and legal framework within the framework of transparency and accountability in the defense field.</b></p>	<p>Development and harmonization of defense policies</p>
<p><b>2. Strengthening operational capacities through military acquisitions and infrastructure development according to the PGJT within the framework of increased cooperation with Euro-Atlantic partners;</b></p>	<p>2.1 The implementation of the third phase of the transition, which means the achievement of full capacities according to the phases defined for the development of the KSF in order to carry out its legal mission. 2.2 Deepening international cooperation with a focus on membership in A5 and receiving an invitation to PfP. 2.3 Expansion of the network with resident and non-resident attachés 2.4 Maintenance of skills and capacities for military support to civil authorities (MUAC); 2.5 Advancement, expansion and maintenance of skills and capacities for participation and support in international operations; 2.6 Achieving full operational capacities in the three Infantry Regiments of the Ground Force (85% of equipment, training and personnel according to the TOP table). 2.7 Achieving full operational capacities in cyber protection and developing training for cyber protection (National Center for Cyber Protection). 2.8 Achieving full operational capacities for sustainment-war reserves; 2.9 Achieving the necessary infrastructural capacities for the active force and the reserve component as well as the construction and maintenance of facilities according to NATO standards. 2.10 Raising the reserve force, according to the PGJT, for the needs of national and international operations. 2.10 Ready and interoperable force according to NATO standards with C4I (Command, Control, Communication, Computerization and Intelligence) capacities. 2.11 Functionalization of the Defense Security Intelligence Agency (DSIA). 2.12 Development and advancement of skills and capacities for self-sustainability in central support systems (maintenance, supply, transport, medical infrastructure, communication and cartographic production). 2.13 The establishment of the Combat Support Regiment with Services and the raising of the initial capacities based on the criteria defined in the PGJT. 2.14 Full capacities building of the Reserves and Stocks Regiment 2.15 Human capacity building and equipment capacities of the Aviation unit 2.16 Human resources capacity building and development with a focus on the recruitment and retention of civilian, military and reserve personnel, through training, education and care for their continued well-being.</p>
<p><b>3. Consolidation of the security sector</b></p>	<p>3.1 Capacities building of the Security Council; 3.2 Creating space for the support structures of the Security Council;</p>
<p><b>Public Safety</b></p>	

<b>1. High emergency preparedness and response;</b>	1.1 Capacity building for emergency management; 1.2 Advancement of the strategic and legal framework of EMA; 1.3 Development and protection of critical national infrastructure.
<b>2. Combating crime and corruption;</b>	2.1 Capacity building for policy making and provision of services for TQNJ; 2.2 Reintegration of victims and alleged victims of trafficking; 2.3 Increasing the efficiency in the investigation and punishment of cases with TQNJ; 2.4 Updating and advancing border infrastructure, technological systems and information exchange; 2.5 Strengthening the integrity of the Kosovo Police; 2.6 Strengthening and development of forensic capacities; 2.7 Increasing the efficiency of the Kosovo Police for handling corruption cases; 2.8 Capacity building of integrated financial investigations; 2.9 Capacity building of integrated financial investigations; 2.10 Protection of citizens and property of the Republic of Kosovo that may be targeted by terrorist attacks; 2.11 Identifying and addressing the circumstances that lead to violent extremism and radicalism that lead to terrorism and minimizing their impact; 2.12 Rehabilitation, reintegration and detachment from extremist ideologies; 2.13 Capacity building of security institutions for protection against terrorism;
<b>3. High security in the community;</b>	3.1 Strengthening the capacities of mechanisms for security in the community; 3.2 Awareness raising and focused engagement for community safety; 3.3 Efficient border management; 3.4 Capacity building for monitoring the drug situation at the country level; 3.5 Advancement of the strategic framework in the field of narcotics; 3.6 Efficient investigation in preventing and combating drug trafficking; 3.7 Strengthening international cooperation in the field of combating drug trafficking; 3.8 Increasing road traffic safety
<b>Justice</b>	
<b>1. Justice on time;</b>	1.1. Development of policies and legislation to ensure timely justice; 1.2. Advancement of international legal cooperation in the criminal and civil field; 1.3. Empowerment of the State Advocacy
<b>2. Professionalism, independence (integrity) and accountability in justice;</b>	2.1. Development of policies and legislation to increase the professionalism in justice; 2.2. Increasing the efficiency of executive agencies within the MoJ
<b>3. Proper access in justice</b>	3.1. Drafting of policies and laws for proper access in justice; 3.2. Empowerment of free legal professions; 3.3. Completing the legal framework for protection from domestic violence and gender-based violence; 3.4. Capacity building of institutional mechanisms for dealing with violence against women; domestic violence and other rights derived from the relevant legislation;
<b>Pillar IV: Good governance</b>	
<b>The Government and public administration</b>	
<b>1. Increasing the effectiveness of public service and accountability in public administration;</b>	1.1 Development of the legal framework for civil service; 1.2 Implementation of the principles of professionalism, meritocracy, efficiency, and equal opportunities in the public service; 1.3 Taking affirmative measures to increase the number of women in decision-making positions - executive level; 1.4 Restructuring of the ministerial system according to LOFASHAP;

	<p>1.5 Increasing access to public documents;</p> <p>1.6 Rationalization of agencies;</p> <p>1.7 Reform of Inspections.</p>
<p><b>2. Increasing quality in the development of policies and the provision of services to citizens and businesses;</b></p>	<p>2.1 Effective and integrated policy planning system, and based on data;</p> <p>2.2 Increasing institutional performance, transparency and accountability;</p> <p>2.3 Advancement of the institutional capacities of KAS and modernization of processes through digitalization;</p> <p>2.4 Increasing the quality and reliability of statistics through further harmonization with international standards;</p> <p>2.5 Advancement of local government policies and legislation;</p> <p>2.6 Simplification and digitization of administrative services at the central level;</p> <p>2.7 Simplification of selected administrative services based on real events;</p> <p>2.8 Increasing institutional coordination and raising capacities for prevention and reduction of administrative burden;</p> <p>2.9 Simplification of administrative services at the local level;</p> <p>2.10 Increasing communication and raising awareness of administrative burden;</p> <p>2.11 Digital competencies in the public sector are sufficient to develop, govern and use public digital services;</p> <p>2.12 Ensure "whole of government" enterprise architecture supported by technology standards and frameworks;</p> <p>2.13 Public digital services are user-centered, inclusive and actively used;</p> <p>2.14 Government organizations and systems are resistant to cyber threats;</p> <p>2.15 E-Government innovation is supported by public-private partnerships at the national and international level;</p> <p>2.16 Providing services through E-Kiosks;</p> <p>2.17 Increasing the participation of citizens in the development of local policies</p> <p>2.18 Increasing municipal performance through the grant scheme.</p>
<p><b>3. Improving the performance and financial management of public enterprises</b></p>	<p>3.1 Advancing the legal framework for Public Enterprises;</p> <p>3.2 Strengthening the monitoring role of the Shareholder towards Public Enterprises, in the increase of public assets and the provision of public services.</p>
<b>Public finance</b>	
<p><b>1. Ensuring sustainable fiscal discipline</b></p>	<p>1.1 Strengthening macro fiscal projections by aligning them with fiscal risk assessments;</p> <p>1.2 Strengthening revenue collection and measuring the tax gap;</p> <p>1.3 Sound tax expenses;</p> <p>1.4 Gender Budgeting in central and local institutions.</p>
<p><b>2. Further increase of allocation efficiency</b></p>	<p>2.1 Strengthening the link between strategic planning and budgeting.</p>
<p><b>3. Further improvement of operational efficiency</b></p>	<p>3.1 Strengthening the registration of multi-year contractual commitments;</p> <p>3.2 Strengthening internal control;</p> <p>3.3 Expansion and professionalization of Internal Audit</p>
<p><b>4. Human capital and ICT infrastructure empowered to support the digital and transparent system of MFLT</b></p>	<p>4.1 Establishment of the effective information management system, which supports the continuous digital development of an effective and transparent public finance management system;</p> <p>4.2 Strengthening the transparency and inclusiveness of budget reporting and review;</p> <p>4.3 Increasing the effectiveness and efficiency of the civil service to support the PFM and all government services</p>
<b>Foreign policy and international relations</b>	
<p><b>1. Good neighborliness and regional cooperation</b></p>	<p>1.1 Advancement of bilateral relations with the countries of the region;</p> <p>1.2 Deepening the strategic partnership with Albania.</p>

<b>2. Creation and strengthening of relations with other countries</b>	2.1. Strengthening the diplomatic and consular service; 2.2. Deepening bilateral relations with other countries; 2.3. Advancement of relations with EU member states; 2.4. Advancement of relations with other European countries; 2.5. Strengthening the strategic partnership with the USA; 2.6. Establishing communication with non-recognizing states; 2.7. Establishing bilateral relations with those countries where we do not have DM; 2.8. Deepening the partnerships of the Diplomatic Academy with the Academies of different countries and other diplomatic training institutions.
<b>3. Increased engagement of the diaspora in the development of Kosovo</b>	3.1. Direct active involvement of members of the diaspora in policy-making and decision-making in the Republic of Kosovo; 3.2. Support in preserving the identity and cultural values of members of the diaspora; 3.3. Higher commitment of our diaspora in the sustainable development of the Republic of Kosovo.
<b>4. Membership in international organizations, Euro-Atlantic structures and the advancement of regional cooperation</b>	4.1. Intensification of cooperation with NATO and NATO member states; 4.2. Membership and Advancement of the position and role of RKS in international and regional organizations; 4.3. Ensuring Kosovo's representation in regional initiatives and organizations; 4.4. Coverage of Title II of the SAA for Political Dialogue.
<b>5. Strengthening Public and Economic Diplomacy</b>	5.1. Greater awareness of the international community about the social and economic potential of Kosovo; 5.2. The most positive perception of Kosovo in the online sphere by the international community; 5.3. Increasing knowledge and acceptance of Kosovo's citizenship by the foreign public; 5.4. Increasing the engagement of KDM/s in the promotion of Kosovo's art, culture, and economy around the world.

## 1.6 HORIZONTAL PRIORITIES

The horizontal priorities presented in this Statement of Priorities derives from the Government Program 2021-2025, the National Strategy and the National Development Plan 2030, which will be implemented and funded by different budget organizations in several sectors. These priorities must be planned and included in the budget requests by the budget organizations responsible for the implementation of those actions.

Horizontal Agendas are based on the analysis of existing and proposed strategic documents. The priorities and the main directions/orientations for the implementation of the priorities for the sectors under each horizontal agenda are formulated in the NDS, and in the sectorial strategies that are into force and those that are expected to be developed.

Each horizontal agenda defined will be coordinated by the responsible institution/s, but respective actions will be implemented by different budget organizations.

According to the definition of horizontal agendas, existing strategic documents which are cross-sectorial in nature contribute to the implementation of horizontal agendas.

Based on this, related to the sectorial priorities presented above, during the period 2024-26, the horizontal priorities which the Government of Kosovo intends to achieve include the following:

**1. Digital agenda for Kosovo** - The Government of Kosovo has set a high priority on the digital agenda, for this purpose the budget organizations must include in their budget requests the addressing of the following objectives: innovation and support for digitalization of businesses; further improvement of communication infrastructure; the security and integrity of the communications network and electronic services; cyber security; the advancement of governance and electronic services; digitization in education, health and justice.

**2. Comprehensiveness** - All actions of the Government of Kosovo include efforts to eliminate various inequalities, which actions are expressed through the Government Program, and are reflected in the form of objectives and indicators in the National Development Strategy. As a result, budget organizations should anticipate addressing the following priorities: ensuring equal access to education, in particular for children from families with low-income, national minorities and rural areas; investing in preventive health care to improve health outcomes and access for all; better access to the labor market, with special emphasis on youth, women and other vulnerable groups; proper access to justice and public services; targeted spending on social protection to reduce inequalities; improving social schemes that target efficient distribution to benefit the most needy groups; better access to decent and affordable housing. Advancing the gender perspective and supporting economic activation are also important priorities, including the commitment of the Government of Kosovo to combat domestic violence and other forms of discrimination. The government also intends to advance policies for the protection and promotion of the rights of communities.

**3. Green agenda** - Kosovo, like the countries of the region, is committed to addressing the priorities that emerged from the Green Agreement of the European Union. In the long term, this should result in a cleaner environment, affordable energy, smart transport, new jobs and an overall better quality of life. In the medium term, the Government intends to address numerous environmental problems starting from integrated waste management, protection of natural resources, forest management and biodiversity conservation, reduction of air pollutants by encouraging more active lifestyles. This requires coordinated action to reduce pollution in industry, business, energy, transport, agriculture, forestry, housing and other sectors.

**4. Migration and diaspora** - diaspora and migration issues are relevant to most sectors of public policies, therefore the Government intends to strengthen the engagement of the diaspora in the country's development. This means creating facilities and opportunities for investment in different sectors, and engaging their intellectual potential. Preservation of the identity and culture of the diaspora is an important objective of the Government, also aiming to engage the diaspora members for the promotion of Kosovo in the areas they live.

**5. Youth** - The State Strategy for Youth 2024-2032 derives as a commitment of the Government of the Republic of Kosovo to the young Kosovars to enable them, without exception, to realize their needs, rights, aspirations, as well as their full human potential. Through cross-sectorial

political measures and planned actions, this Strategy aims to offer young Kosovars opportunities and experiences that support their integration into society and support their empowerment as agents of the development of an inclusive and sustainable society.

## **PART TWO**

### **2. MACRO-FISCAL FRAMEWORK**

#### **2.1. MACROECONOMIC FRAMEWORK**

##### **2.1.1 External economic environment**

Global economic activity showed stability during the year 2023. This period was characterized by a decline in prices as a result of tight monetary policies and a decrease in inflationary pressures from energy and food prices. Employment and income growth were stable, reflecting positive developments on the demand side. Additionally, there were positive developments on the supply side, particularly reflected in the increase in labor force participation. However, despite signs of economic growth recovery, there are still challenges and risks that may hinder sustainable growth in the future. The long-term impact of the COVID-19 pandemic, changes in fiscal and monetary policies, turbulence in financial markets, as well as the potential for new geopolitical tensions, are just some of the factors that may influence the performance of the global economy. In this context, developing countries including Kosovo are particularly sensitive to these changes in the global economy.

According to the latest IMF publication released in April 2024<sup>1</sup>, the global economy grew by 3.2% in 2023. This trend is expected to continue for 2024 and 2025, reflecting a slight upward revision of around 0.1 percentage points and 0.3 percentage points, compared to the previous round of projections published in October 2023. These growth rates remain below the historical average economic growth rate (2000-2019) of 3.8%. As illustrated in Figure 1, developed economies are expected to experience an average economic growth of 1.7% in 2024, while for 2025 it is expected to be 1.8%. Among developed countries, economic growth in the United States is expected to increase by around 2.7% in 2024, followed by an economic slowdown in 2025 as a result of gradual fiscal policy consolidation and labor market softening. On the other hand, the Eurozone economy is expected to register a relatively lower growth rate than the US, with an average of 0.8% in 2024 and 1.5% in 2025, due to these countries being more affected by the ongoing conflict between

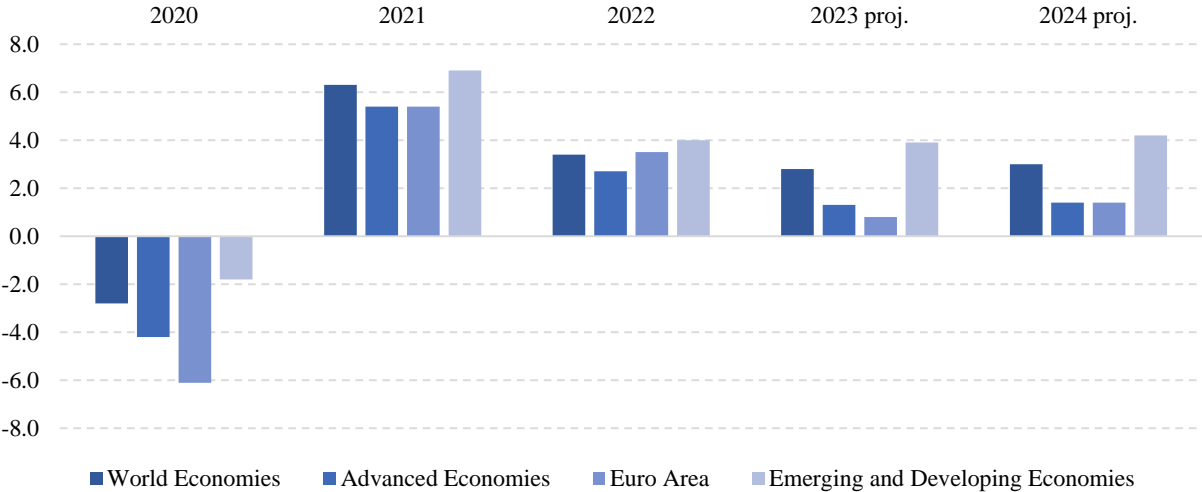
---

<sup>1</sup> International Monetary Fund (April 2024), World Economic Outlook  
[World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2024/04/02/wEO-apr24)

Russia and Ukraine. However, compared to 2023, these growth rates represent a recovery, as a result of strong private consumption supported by a decrease in energy prices.

For developing countries, sustainable growth of 4.2% is projected for both years (2024 and 2025), which is higher than the global average.

**Graph 1. Forecasts for real economic growth by group of countries**



Based on the report of the International Monetary Fund (IMF, 2024)<sup>2</sup> at the end of 2023, it is reported for the first time that inflation has reached pre-pandemic levels. This is an important indicator for the health of world economies. Global inflation is expected to fluctuate around 5.9% in 2024 and 4.5% in 2025. This stabilization of inflation is more visible in developed countries compared to developing ones.

A key factor in the inflation trajectory for 2024 and 2025 is related to geopolitical tensions, including the war in Ukraine or the conflict in Gaza and Israel, which could produce increased inflationary pressures.

Table 1 presents the forecast and movement of prices in international markets over the years as a percentage change compared to the previous period. After significant price fluctuations during the years 2021-2023, the price of oil is expected to continue falling in 2024 by 2.5%. A drop in prices is also expected for the category of food and metals, while the price of beverages and agricultural raw materials is expected to increase. In 2025, the decline in prices is expected to continue for all products presented in table 1, where the most pronounced decline is expected to be in the prices of beverages.

<sup>2</sup> International Monetary Fund (April 2024), World Economic Outlook [World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2024/04/01/wEO-april-2024)

**Table 1. Progress and forecast of prices in international markets (change, y-m-y, %)**

y-o-y, %	2021	2022	2023	2024 proj.	2025 proj.
Oil	65.8	39.1	-16.3	-2.5	-6.3
Food	27.0	14.8	-6.8	-2.2	-0.8
Drinks	22.4	14.1	4.0	27.1	-8.8
Agricultural raw materials	15.5	5.7	-15.6	5.3	-1.5
Metals	46.7	-5.6	-2.8	-1.8	-2.6

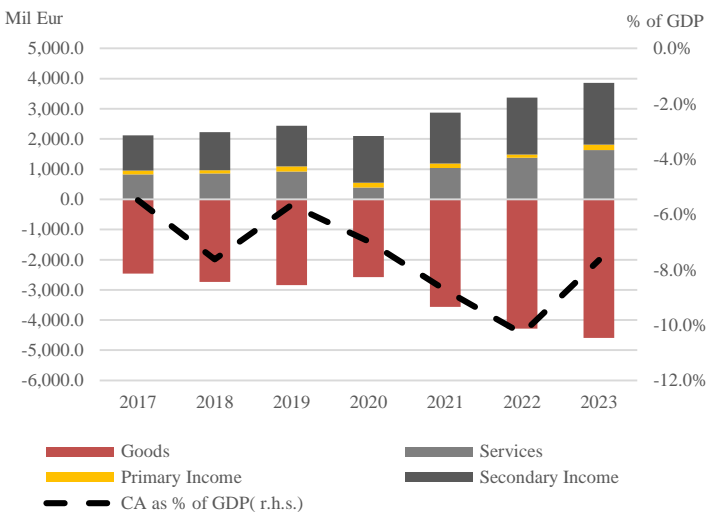
### 2.1.2. Recent Economic Developments in Kosovo

Despite a series of challenges in the external economic environment, the economy of Kosovo performed satisfactorily during the year 2023. According to preliminary quarterly data from the Kosovo Agency of Statistics (KAS), **the annual GDP growth was 3.3% in real terms and 8.5% in nominal terms.**

For the year 2023, data show that *total consumption* contributed positively to economic growth by 4.0 percentage points, with a yearly real growth of 4.1%, as a result of an increase in the sub-component of private consumption by 4.3% and public consumption by 2.3%. *Investments* during 2023 saw a real growth of 3.1%, making a positive contribution to GDP of 1.1 percentage points, mainly due to the growth of public investments, which experienced a record increase during the year 2023. *Net exports* in real terms decreased by approximately 5.4% in 2023 and had a negative contribution of 1.8 percentage points to GDP growth.

**The consumer price index** increased by an average of 5.0% in 2023, marking a slowdown trend in the second half of the year. This trend reflected trends in the categories of 'food' and 'energy', which are heavily influenced by global price movements in international markets. The latter were largely affected by successful monetary policies implemented by developed countries in response to high prices in the post-pandemic period caused by disruptions between supply and demand and the prolonged war in Ukraine. The contribution of the 'food' category to overall inflation was positive by 2.8 percentage points, while the contribution of 'energy' was negative by around 0.2 percentage points. It is important to emphasize that although there has been a downward trend in overall inflation rates, there has been persistence in core inflation during the year 2023. Core inflation in 2023, measured by excluding the categories of "food" and "energy", recorded an average annual rate of 4.8% and a contribution of 2.5 percentage points. This level of core inflation, similar to that in Eurozone countries, mainly results from the second-round effects of the increase in prices and to some extent from wage growth.

**Graph 2. Current account balance**



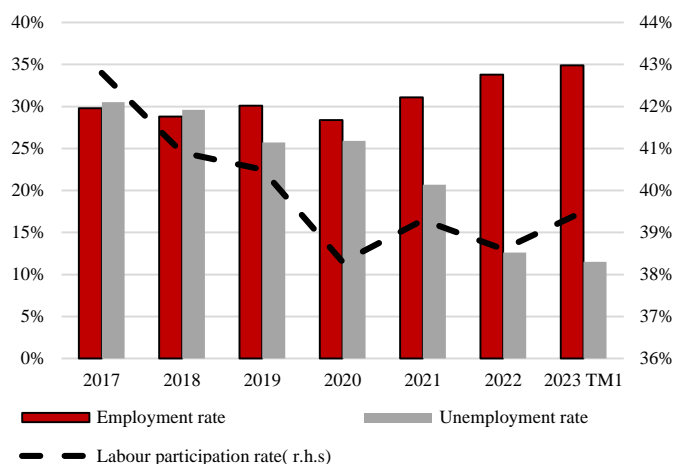
**The current account deficit** improved during the year 2023, reaching a value of -7.6% of GDP, mainly as a result of the growth of the positive balance of services and the improvement of the secondary income balance. **Exports of goods and services** recorded an annual growth of 12.5%. Compared to the previous year, goods exports were 6.5% lower, while service exports saw an increase of 18.4%. In 2023, the decrease in goods exports was mainly due to the category of 'mineral products' with a negative contribution

of 5.6 p.p; the category of 'other manufactured articles' with a negative contribution of 3.0 p.p; the category of 'base metals and articles thereof' with a negative contribution of 2.2 p.p. On the other hand, the categories of 'prepared foodstuffs, beverages and tobacco' and 'Textiles and textile articles' had positive growth and positively influenced total exports by 2.3 p.p and 1.0 p.p respectively. Service exports increased by 18.4%, as a result of the growth in exports of 'travel services' and 'computer, information and telecommunication services' with contributions of 13.2 p.p and 3.0 p.p respectively.

*Imports of goods* recorded an annual growth of 4.8%. The categories of goods that had the highest contribution to the total import growth were the category of 'transport equipment' with a positive contribution of 3.2 p.p, and the category of 'prepared foodstuffs, beverages and tobacco' with a positive contribution of 1.2 p.p. While the categories of 'mineral products' and 'plastics, rubber and articles thereof' had negative contributions of 3.6 p.p and 1.0 p.p respectively. Import of services in 2023 increased by 18.2% compared to the previous year, with the main contribution coming from 'travel expenses', with around 15.6 p.p. The categories of 'other business services' and 'computer, information and telecommunication services' also had positive contributions of 2.3 p.p. and 1.7 p.p. respectively. On the other hand, the transport category this year saw a negative contribution of around 1.8 p.p.

**The primary income balance** recorded an annual growth of 18.0%, mainly influenced by employee compensation. The secondary income balance had an annual growth of 8.8%, which is mainly attributed to the category of "Financial corporations, non-financial corporations, households, and OJSHEF".

**Graph 3. Labour market**

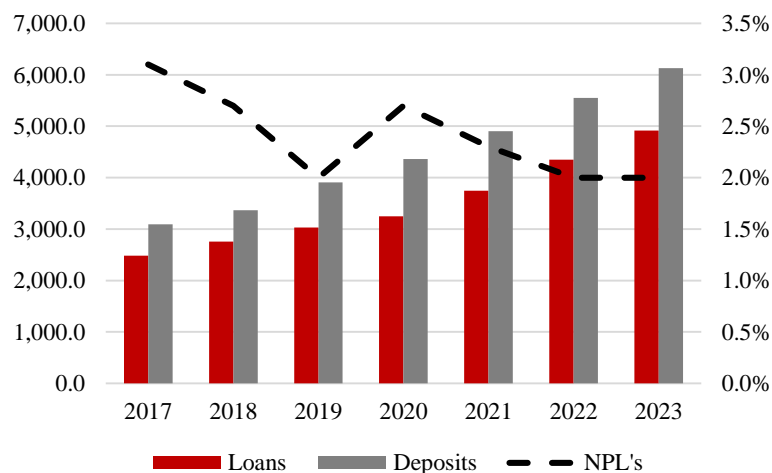


The latest available labor market data published by the Kosovo Agency of Statistics (ASK) show that the employment rate in the first quarter of 2023 improved on an annual basis, reaching 34.9%. Labor force participation improved by 0.9 p.p., reaching 39.5%. The unemployment rate improved by 1.1 p.p. on an annual basis, reaching 11.5%. In the absence of data published by the ASK's Labor Force Survey for the other quarters of 2023,

administrative data from the Tax Administration of Kosovo (TAK) have been utilized to provide a more comprehensive view of employment for 2023. The latest data show a 5.1% increase in employment compared to the previous year, in line with the economic activity trend and government measures towards formalizing employment. During this year, the average wage in the country, both in the public and private sectors, showed an increasing trend, at around 10.9%. The increase was higher in the public sector, as a result of the implementation of the Law on Wages in the Public Sector.

The banking sector showed satisfactory performance during 2023, characterized by double-digit growth in the credit stock, at around 13.0%. Enterprise credits increased by 9.0%, while household credits increased by 17.3%.

**Graph 4. Loans, deposits and non-performing loans**



At the end of 2023, the total deposits reached approximately 6,129.0 million Euros, marking an annual growth of 10.4%, of which enterprise deposits recorded an annual growth of 12.6%, while household deposits around 11.4%. The level of non-performing loans (NPLs) remained unchanged at 2.0%. The average interest rate on new loans during

2023 was 6.5%, while the average interest rate on deposits was 2.3% - both showing an increasing trend, reflecting the tight monetary policy pursued by other countries, especially those in the Eurozone.

### **Information Box 1. Comparison of the initial macroeconomic forecasts in the previous MTEF with the actual values**

In order to identify possible systematic bias in the projections (either upward or downward), in the following figure we have presented the comparison between the forecasts of the main macroeconomic indicators presented in the previous MTEF and their current performance during the period 2015-2023<sup>3</sup>.

As presented in the figure below, the forecasted nominal GDP growth rate during the period 2015-2019 is very close to the actual rate, with a slight underestimation noted only in 2016 and 2019. In the following period (2020-2022), this gap widened significantly (both downwards and upwards) due to the high uncertainty that characterized the economy during these years. Meanwhile, the year 2023 was characterized by higher stability compared to previous years, and consequently, the gap between forecasts and actual figures narrowed significantly.

Comparing the sub-components of GDP during the period under consideration shows that the current level of investments in all years (except for 2019, 2020, and 2023) has been higher than their projected level. Overall, the realization of export growth has also been higher than expectations, except for the years 2015 and 2020. Similarly, consumption and imports showed deviations, with the most pronounced ones being in the last three years.

The years 2021 and 2022 were characterized by a higher deviation between actual values and projections for nominal GDP (+10 p.p. and +6.1, respectively). The deviation in 2021 was the result of a faster economic recovery than expected after the COVID-19 pandemic, while in 2022, nominal GDP was higher due to higher prices. During these years, the inflation deviation has been higher than usual, especially in 2022, where the price level was 10.4p.p. higher than the projection. This deviation was mainly due to global developments in price levels as a result of the war in Ukraine, which also affected lower projections of GDP or GDP components in nominal terms.

During the year 2023, GDP components can be said to have experienced a return to historical growth trends, and consequently, deviations from projections were lower compared to the previous two years. The largest deviation was recorded in investments with -6.7 p.p, and imports with -2.7. Consumption was 0.8 p.p lower than the projection, while nominal GDP recorded a negative deviation of 1.4 p.p.

Since nominal GDP is used as a key macroeconomic variable that affects budget revenues, current GDP values are usually higher than projected ones.<sup>4</sup> have a positive impact on revenue collection for those years compared to projections (and vice versa), especially for categories such as personal income taxes and corporate income taxes;

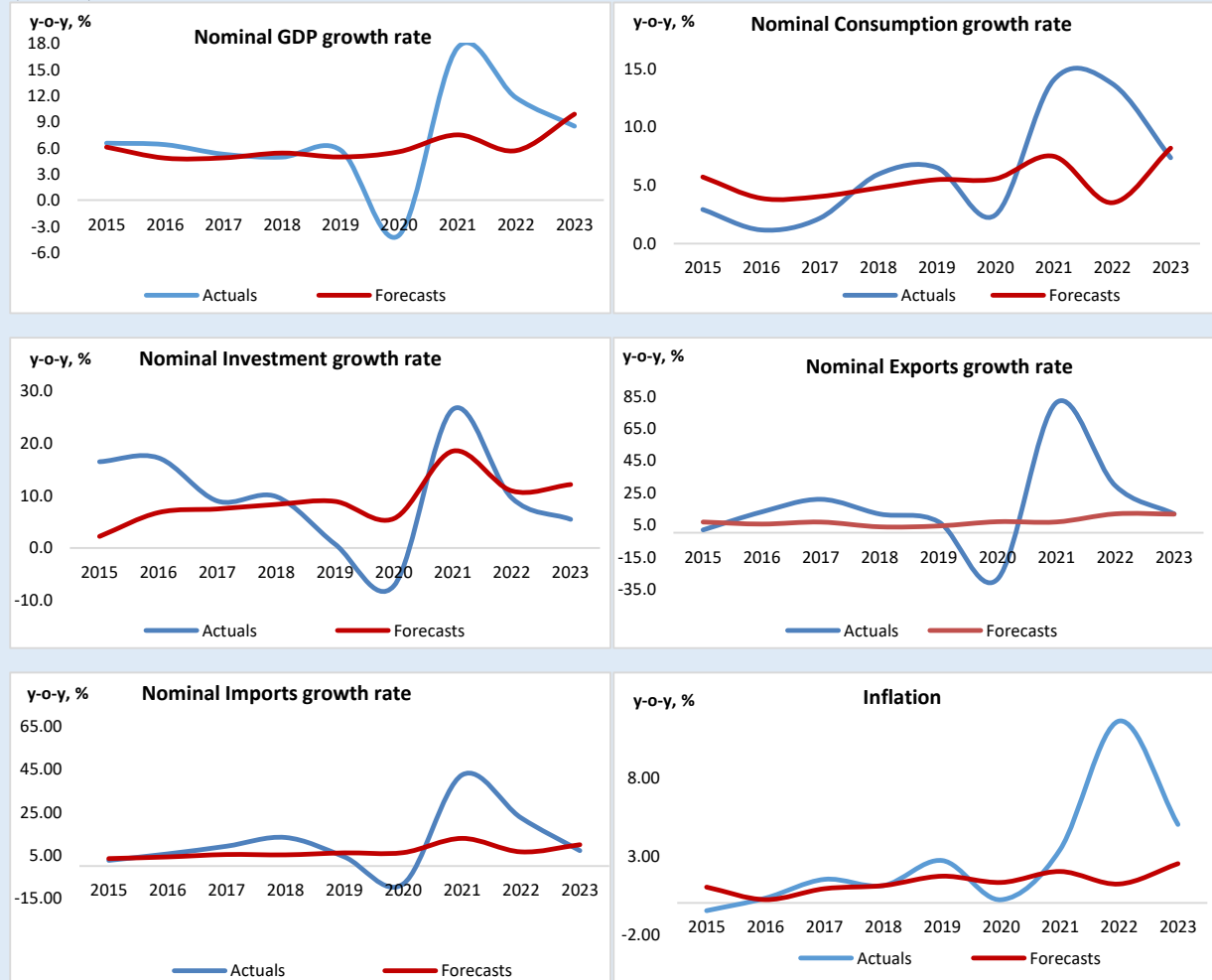
<sup>3</sup> GDP values and constituent components for 2023 are preliminary until the publication of annual data by the Kosovo Statistics Agency (September 2024).

<sup>4</sup> In the context of Kosovo, the benefits from fulfilling obligations for direct taxes and internal VAT may overlap (coincide) with the effects of macroeconomic variables that affect tax revenues.

Another important indicator in revenue forecasting, especially for indirect revenues, is the import of goods, the higher projected values of which lead to higher expectations for revenues collected at the border (and vice versa).

These divergences between projections and actual figures of economic variables, together with measures taken by the Government to combat informality, have contributed to higher revenues than those projected in 2021, 2022, and a realization of 98.9% of the plan for 2023.

**Graph 5. The main macroeconomic variables 2015-2023: Projections for MTEF compared to realization (actual)**



### 2.1.3. Macroeconomic Perspective in 2024 and the medium term

After a slowdown in economic growth in 2023 compared to 2022, Kosovo's economy is expected to experience an accelerated growth in 2024.

Available information for the first quarter of 2024, although limited, indicates that economic activity in the country has continued to grow. As shown in Table 2, the import of goods in quantity and value has shown a significant increase in the first two months of the year, followed by a significantly lower dynamic in March. The export of goods has continued the declining trend started in the previous year, both in quantity and value. Tax revenues have continued to show satisfactory growth in the first quarter of 2024, mainly as a result of not only economic activity but also reflecting the improvement in voluntary compliance and formalization of the economy. Capital investment show a faster execution pace compared to the previous year. The trend of slowing down consumer prices continued in the first quarter of 2024, hovering around the average value of 2.1%, in line with the decline in basic commodity prices in international markets. The lending rate, especially for consumption purposes, remained strong in the first two months of the year. Remittances, as one of the main sources of financing for private consumption, also continued to increase during this period.

**Table 2. Some Economic Indicators**

<i>Indicator, v-m-v, % unless otherwise stated</i>	<i>January '24</i>	<i>February '24</i>	<i>March '24</i>
<i>Import of Goods (Quantity)</i>	7.83%	37.67%	-0.87%
<i>Import of Goods (Value)</i>	8.15%	21.20%	2.53%
<i>Export of Goods (Quantity)</i>	-38.81%	-34.86%	-28.81%
<i>Export of Goods (Value)</i>	-3.82%	-3.90%	-1.55%
<i>TAK Revenues</i>	15.70%	20.00%	29.60%
<i>Customs Revenue</i>	15.00%	26.10%	21.70%
<i>Capital Investment (difference in million EUR)</i>	2.00	32.29	12.66
<i>Current Expenses</i>	1.77%	3.84%	10.18%
<i>ICK</i>	1.80%	2.20%	2.30%
<i>Remittances</i>	2.86%	7.06%	<i>n.a</i>
<i>New loans</i>	42.61%	12.62%	<i>n.a</i>

According to the latest projections updated by MFPT, the economy of Kosovo during 2024 is expected to record a nominal growth of 6.2%, while in real terms by around 4.3%. This estimate represents a slight downward revision from our initial estimates for 2024, as a result of the downward revision of the contribution of private investment and imports of goods, which have exceeded the upward revision of private consumption.

**Real growth of 4.3% in 2024 is expected to come mainly as a result of consumption (private and public), followed by total investment (especially public), while net export is expected to contribute negatively.**

*Private consumption* is expected to grow by 4.3% and have a positive contribution to GDP by about 3.6 p.p. The continuation of the upward trend of bank loans, remittances and the continuation

of a series of social transfers within the framework of family support will continue to support the growth of private consumption in the year 2024. Also, expectations for the expansion of employment and wages will continue to support consumption growth. Similar to private consumption, public consumption in real terms is expected to increase by 8.6% with a positive contribution to GDP of 1.1 p.p., as a result of the increase in the wage coefficient in the public sector, the implementation of some regulations for allowances deriving from the Law on Wages in the Public Sector, as well as increased spending on government goods and services.

During this year, *public investments* are expected to have a faster execution dynamic, not only as a result of new projects, but also the continuation of existing projects, the implementation of which is expected to accelerate during 2024. Moreover, the interconnection of the electronic procurement system with the Financial Management Information System of Kosovo (SIMFK), according to the recommendations issued by the Updated Evaluation of the IMF for the Management of Public Investments<sup>5</sup>, will positively affect the implementation of capital investment. Furthermore, *private investments* are expected to accelerate, supported by reduced uncertainty domestically associated mainly with high inflationary pressures, a series of fiscal stimulus policies for the private sector, and improvements in private sector balances. A series of investments related to planned energy generation, to be undertaken by both the public and private sectors combined with the implementation of the Energy Strategy, will be another boost for total investments during the year 2024 and beyond.

The export of services is expected to continue its positive contribution to GDP, almost at the same magnitude as in 2023, supported by service exports driven by diaspora visits as well as information technology and communication services. Meanwhile, the contribution of export of goods is expected to mark a higher positive contribution compared to the previous year due to the recovery of foreign demand and further diversification of export structures.

High inflationary pressures that characterized the early months of the past year (2023), although with a pronounced downward trend during the second part of the year, are expected to further ease during the current year (2024), hovering around an average value of 2.4%. This forecast factors in expectations for the normalization of inflation in the foreign environment (reflected in a contribution of 0.45 percentage points and 0.38 percentage points for the energy and food categories, respectively), combined with inflationary pressures stemming from the labor market (reflected in a contribution of core inflation to total inflation of 1.53 percentage points).

**In the medium term period (2025-2027), the economy of Kosovo is expected to achieve real growth fluctuating around the potential level of the economy, averaging around 4.2%.**

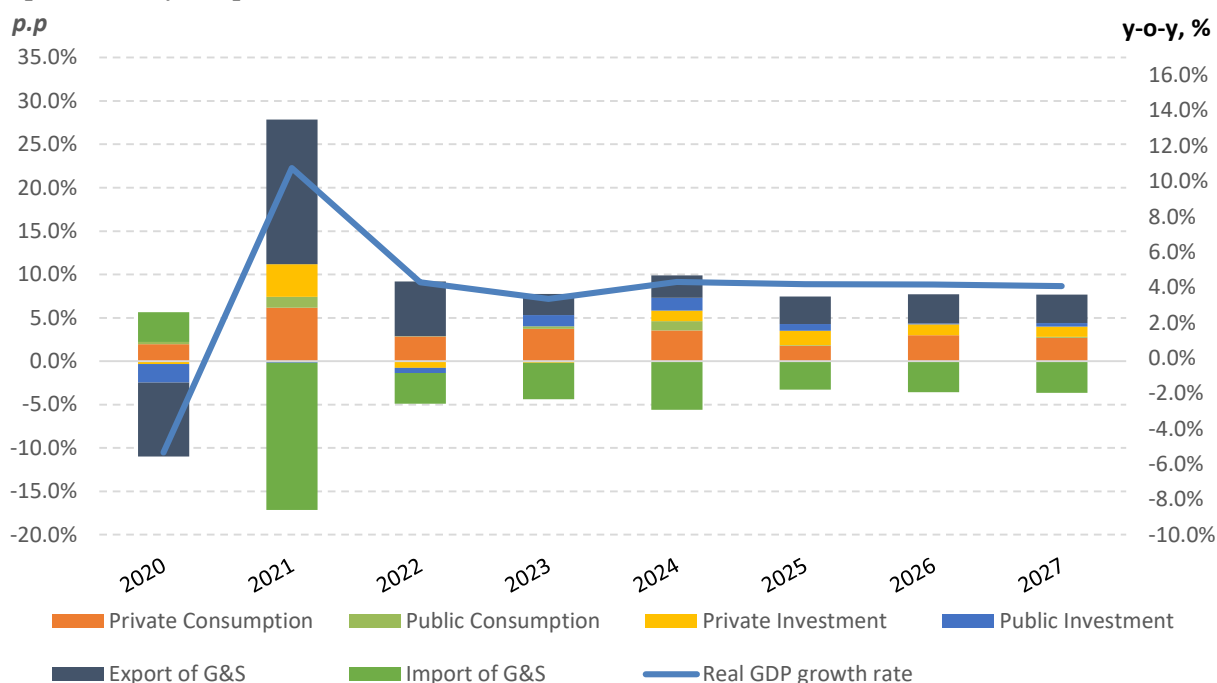
Private consumption is expected to have the highest contribution to GDP. This growth is expected to primarily result from continued expansion of lending. Additionally, remittance inflows are

---

<sup>5</sup> <https://www.imf.org/en/Publications/high-level-summary-technical-assistance-reports/Issues/2023/12/04/Republic-of-Kosovo-Public-Investment-Management-Assessment-Update-and-Climate-PIMA-542007>

expected to remain an important source of financing for private consumption. Meanwhile, private investments in the medium term period are expected to increase, as a result of credit growth and the increase in goods exports, which promotes private investment. Net exports will have a negative contribution, although significantly smaller in magnitude than in previous years. Inflation, in the medium term period, assuming there are no further disruptions in the global supply chain, is expected to fluctuate around an average value of 2.1%.

**Graph 6. GDP by components**



**Information Box 2. Comparison of macroeconomic forecast for the MTEF 2025-2027 with other institutions**

The tables presented below depict the forecasts of real GDP growth rate and inflation from various institutions<sup>6</sup> (if available) for the medium-term period. Such a comparison enables judgment on whether the macroeconomic projections of the MTEF are consistent with those of other (local and international) institutions.

The data for the year 2023 reflect quarterly data from the Statistical Office, which are still considered preliminary, except for the World Bank, which at the time of preparing their forecasts, in the absence of data for the fourth quarter of 2023, judged a lower real GDP growth rate than that later published by the Statistical Office.

All institutions have lowered their estimates for economic growth in 2024 compared to their initial projections, as a result of developments in the global economy. As can be seen in Table

<sup>6</sup> The projections of other institutions are taken from their latest updates, and not all of them cover the same forecast horizon. The footnotes in the tables indicate the date of the last update for each institution

1, the forecasts of the MTEF for 2024 and the medium-term period are higher than the average of other institutions' estimates, by around 0.5 percentage points. These more optimistic projections mainly reflect expectations for a faster pace of capital investment execution.

Regarding inflation, the MTEF forecasts a lower inflation rate in 2024 compared to the World Bank and IMF, while in the following period, the gap between the institutions' estimates for inflation narrows.

<i>Table 1: Real GDP growth projections among institutions</i>							
<b>Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
MFLT (April 2024)	10.7%	4.3%	3.3%	4.3%	4.2%	4.2%	4.1%
World Bank (April 2024)	10.7%	4.3%	3.1%	3.7%	3.9%	3.9%	n/a
IMF (April 2024)	10.7%	4.3%	3.3%	3.8%	4.0%	n/a	n/a
<b>Other's average</b>	<b>10.7%</b>	<b>4.3%</b>	<b>3.2%</b>	<b>3.8%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.8%</b>

<i>Table 2. Inflation rate projections among institutions</i>							
<b>Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
MFLT (April 2024)	3.3%	11.6%	5.0%	2.4%	2.2%	2.0%	2.0%
World Bank (April 2024)	3.4%	11.6%	5.0%	2.9%	2.5%	2.2%	n/a
IMF (April 2024)	3.3%	11.7%	5.2%	3.5%	2.3%	n/a	n/a
<b>Other's average</b>	<b>3.4%</b>	<b>11.6%</b>	<b>5.0%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>2.0%</b>

## 2.2 FISCAL FRAMEWORK 2025-2027

### 2.2.1 GOVERNMENT REVENUES AND EXPENDITURE

#### 2.2.1.1 Revenues and Expenditures in 2022

According to the Budget Law for 2024, MFLT's estimates indicate that budget revenues will increase by 6.1% compared to 2023, as a result of the growth of economic activity and formalization of the economy. Meanwhile, budget expenditures for 2024 are expected to increase annually by 15.2%, mainly due to the acceleration of capital investment execution; the increase in the wage bill driven by the wage coefficient increase and the implementation of regulations for allowances; and the increase in expenditures for goods and services.

During the first quarter of 2024, current data indicate a positive trend in budget revenue realization. During this period, budget revenues increased by 4.3% compared to the same period in 2023. Tax revenues increased by 14.2%, while non-tax revenues increased by 1.1%. The slower growth of budget revenues compared to tax revenue growth is attributed to the receipt of the EU energy grant in 2023 in the amount of 67.5 million Euros, while in 2024 this grant is planned for 7.5 million Euros. Similarly, budget expenditures during the first quarter of 2024 recorded an annual increase

of 15.5%, with capital investment and wages and allowances as the largest contributors to the total increase in budget expenditures, while expenditures in the category of goods and services had a negative contribution during this period.

### 2.2.1.2 Revenue projections for the period 2025-2027

Based on macroeconomic projections, revenues are expected to continue to increase in the medium term (2025-27) at an average rate of 6.0%. As a share of GDP, revenues are expected to maintain the same level as in 2023 at 29.5%.

Regarding the revenue structure, indirect taxes are expected to represent more than two-thirds of total revenues in the medium term, followed by revenues from direct taxes with a share of around 17.8%; and non-tax revenues with a share of approximately 9.8% of total revenues (Graph 7).

Direct taxes are expected to increase in the medium term at an average rate of 6.5%. This increase is expected to be reflected in the growth of corporate income tax and personal income tax at average rates of 6.3% and 7.2%, respectively. Property tax is expected to increase by around 4.1% in the medium term.

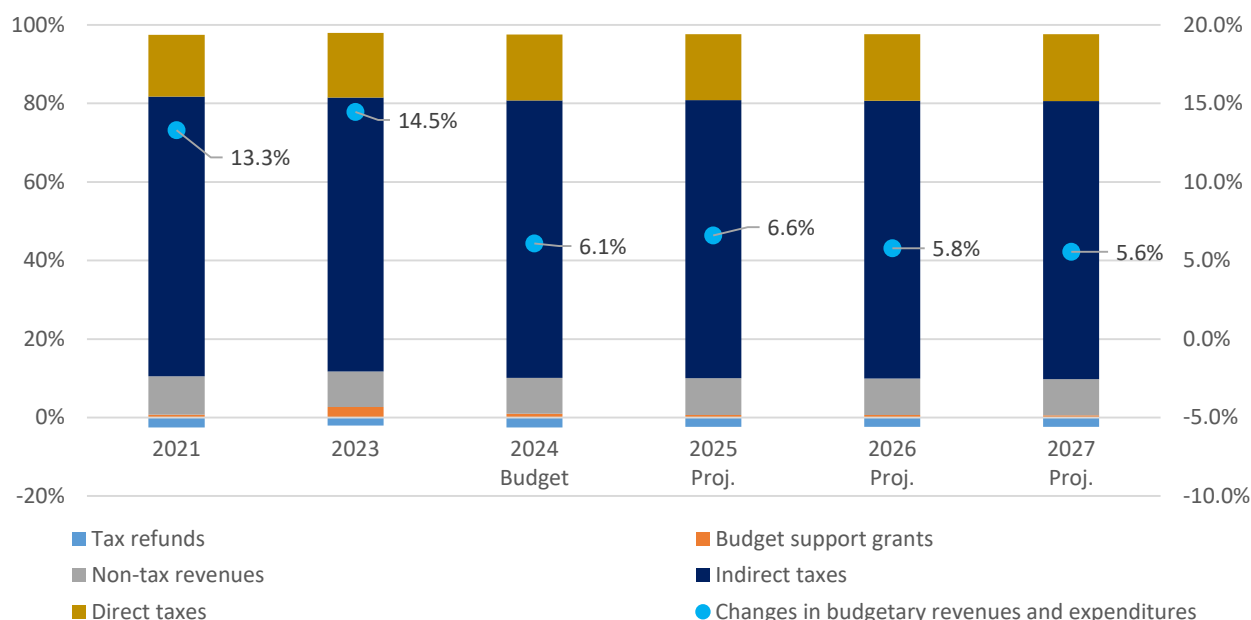
Revenues from indirect taxes are expected to continue to increase in the medium term at an average rate of 6.0%. Value-added tax (VAT), which has the highest share in indirect revenues, is expected to increase by an average of 6.6% in the medium term, mainly due to the growth of imports of goods and overall consumption. Revenues from excise duties are projected to increase by an average of 4.3% in the medium term, while revenues from customs duties are expected to increase by an average of 6.8%.

Non-tax revenues are expected to increase by an average of 5.8% in the medium term. While central non-tax revenues are expected to increase by an average of 5.2%, those at the local level are expected to increase by 11.5%.

**Table 3. Revenues, as % of GDP**

	2022	2023	BL 2024	2025 Proj.	2026 Proj.	2027 Proj.
<b>TOTAL BUDGET REVENUES</b>	28.0%	29.6%	28.7%	29.6%	29.5%	29.4%
<b>Tax Revenues</b>	24.9%	26.0%	25.6%	26.5%	26.4%	26.4%
Direct Taxes	4.7%	5.1%	5.1%	5.2%	5.3%	5.3%
Indirect Taxes	21.0%	21.5%	21.3%	22.0%	21.9%	21.9%
<b>Non-Tax Revenues</b>	2.9%	2.8%	2.8%	2.9%	2.9%	2.8%
Grants and Aids	0.2%	0.8%	0.3%	0.2%	0.2%	0.2%

**Graph 7. Structure and annual change of budget revenues**



**Information Box 3. Comparison of Budget Forecasts and Actuals for the Year 2023**

Table 1 in Annex 2 presents the comparison of actual values of key budgetary items with the projections made in the MTEF (both initial and latest) and with the Budget for the year 2023.

The revenue realization during the year 2023 was higher than that planned in the MTEF 2023-2025. The higher revenue realization was mainly due to the overachievement of tax revenues as a result of rising prices in international markets but also due to measures taken to formalize the economy. The other part of the overachievement is attributed to the grant received from the EU. In comparison with the revenues projected in the Budget Law for the year 2023, the actual revenues were slightly lower than those planned.

Regarding expenditures, we note that total expenditures for the year 2023 were lower than the values projected in the MTEF 2023-2025, mainly due to the lower execution of capital investment compared to the planning. This under-execution in capital investment was partially offset by the over-realization of current expenditures, especially those in the categories of 'wages and allowances' and 'subsidies and transfers'. This increase in expenditures in these two categories was a result of the implementation of the Wage in the Public Sector as well as the continuation of measures undertaken by the Government to support citizens and businesses. In comparison with the Budget Law for the year 2023, the execution of total expenditures was lower than the planned level, although to a greater extent than when comparing with MTEF 2023-2025, due to under-execution both in capital investment and current expenditures.

As a result of better performance in budget revenues and under-execution of capital investment compared to projected levels (MTBP and Budget), the overall budget deficit turned out to be significantly lower than projected

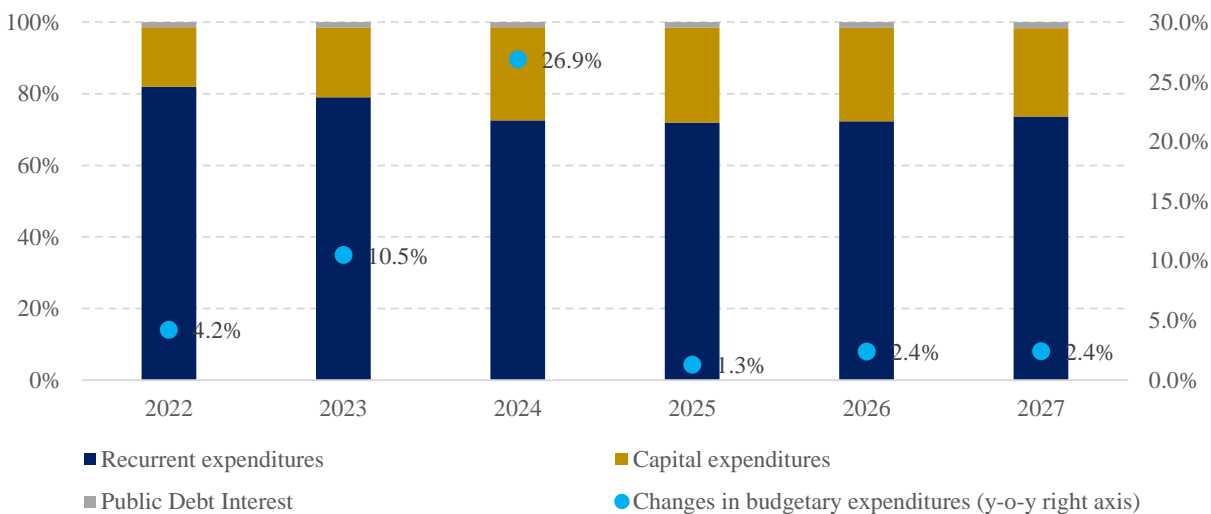
### 2.2.1.3 Expenditure projection for the period 2025-2027

During the medium-term period, budget expenditures are expected to increase at a slower rate than in previous years. Over the medium-term period 2025-2027, expenditures are planned to increase by an average of about 5.0%.

During the medium-term period 2025-2027, expenditures are expected to account for an average of about 32.0% of GDP. Specifically, current expenditures are expected to be around 23.2% of GDP, while capital investment around 8.2%. A portion of capital investment during the years 2025 and 2026 is planned to be financed through external borrowing via the investment clause, which allows the Government to finance projects with public interest and contribute to the reduction of developmental (infrastructural) bottlenecks in the country.

Graph 8 presents the planned structure of general government expenditures over the years 2025-2027.

**Graph 8. Budget expenditure structure**



During the medium-term period, recurrent expenditures are expected to increase by an average of 5.5%. Over the years 2025-2027, the category of current expenditures for wages and allowances is projected to have an average increase of about 6.1%. The category of goods and services is expected to increase by 2.4%, while subsidies and transfers are expected to increase by an average of around 6.8%.

Capital investment constitute a significant portion of total expenditures, and during the medium-term period, they are expected to represent about 25.7% of total expenditures. During this period, the implementation of capital investment is expected based on a priority list containing projects that impact the improvement of the transportation network, enhancement of the electricity grid, and improvement of conditions in education, social, and healthcare systems. The majority of capital investments during the upcoming medium-term period are expected to be financed from the regular budget, however, a large number of projects in various sectors are planned to be financed through external borrowing via the investment clause (Investment Clause Box in the annex).

**Table 4. Expenditures, as % of GDP**

	2022	2023	LB 2024	2025 Proj.	2026 Proj.	2027 Proj.
<b>TOTAL BUDGET EXPENDITURES</b>	28.5%	29.8%	31.4%	32.4%	32.5%	31.3%
<b>Recurrent Expenditures</b>	23.4%	23.6%	22.7%	23.2%	23.4%	23.0%
<b>Capital investment</b>	4.8%	5.8%	8.1%	8.6%	8.5%	7.7%

**Information Box 4 The main deviations between the MTEFs 2024-2026 and 2025-2027 for the years 2025 and 2026**

Tables 2 and 3 in Annex 2 identify and explain the differences in revenues and expenditures between the MTEFs 2024-2026 and 2025-2027 for the years 2025 and 2026. Table 2 presents the deviations in forecasts for the year 2025, while table 3 presents the deviations for the year 2026.

The deviations in the revenue category for both years are very small and mainly come from non-tax revenues, namely local level revenues and concession fees. In MTEF 2025-2027, total revenues for these two years have been revised upwards by 1.5% and 0.4%, respectively.

Budget expenditures for both years 2025 and 2026 are projected to be higher compared to those planned in the previous MTEF. These deviations occur for several reasons: (i) the increase in the category of wages and allowances as a result of the implementation of the New Law on Wages in the Public Sector in February 2023 and the expectation for further increase in wage coefficients in the following years, as well as the implementation of regulations for allowances; (ii) the increase in capital investment, which is the result of accelerated dynamics in the implementation of capital investment in both categories, both in capital investment funded by the regular budget and those funded by the investment clause.

### 2.2.2 BUDGET DEFICIT AND FISCAL RULES

The budget deficit for the year 2024, according to fiscal rules, is expected to be 209.6 million EUR, or about 2.0% of the projected GDP. In the medium term, the deficit is expected to remain within the legal ceiling of 2% of GDP.

The usable bank balance is expected to be 2.8% of GDP in 2024 and fluctuate at an average of 2.4% of GDP in the period 2025-2027.

**Table 5. Deficit, Budget Balance and Financing, % GDP**

	2022	2023	BL 2024	2025 Proj.	2026 Proj.	2027 Proj.
<b>Budget Balance</b>	-0.5%	-0.2%	-2.7%	-2.7%	-2.9%	-1.9%
<b>Budget Balance, as per fiscal rule ceiling</b>	0.2%	0.6%	-2.0%	-2.0%	-2.0%	-1.9%
<b>Financing Need</b>	-0.5%	-0.2%	-2.7%	-2.7%	-2.9%	-1.9%
<b>Bank Balance Stock (NETO)</b>	3.2%	2.3%	2.8%	2.4%	2.2%	2.6%
<b>Bank Balance Stock in the end of the year (GROSS)</b>	5.0%	4.0%	4.3%	3.9%	3.6%	3.9%

### 2.2.3 STATE DEBT LEVEL, DEVELOPMENTS AND PROSPECTS FOR THE COMING YEARS

The state debt at the end of 2023 is 1,663.04 million euros, of which 970.19 million are domestic debt, and 692.85 million are external debt, as presented in the table below. The debt portfolio at the end of 2023 included two state guarantees worth 28.59 million euros and had no municipal debt or municipal guarantees issued.

**Table 6. State Debt and State Guarantees**

<i>mln Eur</i>	2019	2020	2021	2022	2023
External Debt	409.10	525.80	576.75	641.20	692.85
Domestic Debt	791.94	961.90	1,106.14	1,112.00	970.19
<b>Total State Debt</b>	<b>1,201.05</b>	<b>1,487.69</b>	<b>1,682.89</b>	<b>1,753.20</b>	<b>1,663.04</b>
State Guarantees	42.68	31.65	30.63	29.61	28.59
<b>Debt as % of GDP</b>	<b>17.63%</b>	<b>22.44%</b>	<b>21.53%</b>	<b>20.04%*</b>	<b>17.52%</b>
GDP	7,056.17	6,771.60	7,957.88	8,895.73	9,652.89

Note: GDP values for the years 2018-2022 are taken from the official website of the Kosovo Agency of Statistics. For the year 2023, it is based on preliminary data from the Kosovo Agency of Statistics.

\*The Debt/GDP ratio has been retroactively revised as a result of the revised GDP data published by the Kosovo Agency of Statistics on 15.09.2023 on the official website of the Kosovo Agency of Statistics.

Domestic debt accounts for 58.34% of the total debt portfolio and consists of debt instruments with maturities ranging from 2 to 10 years. Through treasury bills, the Government of Kosovo has borrowed funds on favorable terms, which have been used for budgetary support, contributing to the development of the domestic treasury bills market. It is projected that by the end of 2024, domestic debt will reach €1,070.19 million or 10.14% of GDP.

On the other hand, external debt accounts for 41.66% of the state's debt portfolio and consists of inherited debt, budget support credits from the IMF and EU, as well as credits for specific projects from international financial institutions such as the World Bank, EBRD, EIB, AFD, KfW, and other smaller creditors. External debt has mainly been concessional, with the majority of loans being soft loans from international financial institutions. Sectors that have benefited most from international borrowing are: road infrastructure, water supply, wastewater treatment, education, healthcare, and agriculture. In order to address emergency needs and later recovery during 2020

and 2021, the Government of Kosovo entered into a series of financial agreements with IFIs, mainly focused on health and economy. In 2023, they were oriented towards improving the transmission network, railway infrastructure, energy efficiency, and budgetary support with a special emphasis on financing development policies.

By the end of 2024, the external debt stock is expected to reach €921.46 million, representing approximately 8.73% of GDP. The table below reflects the current status of the external debt portfolio, including owned-but-undisbursed debt (which includes debt arising from financial agreements ratified in the Assembly but not yet disbursed).

**Table 7. External debt including committed and undisbursed debt as of March 31, 2024**

Creditor	Approved Debt Current (A)	Disbursed Debt (B)	Undisbursed Debt (C=A-B)	Undisbursed Debt (D=B-E)	Debt Servicing (E)	Undisbursed Debt as % of GDP	Disbursed Debt (unpaid) % of GDP
IBRD	381.21	381.21	-	84.63	297.51	0.00%	0.80%
IMF	513.25	377.26	135.99	69.51	303.84	1.29%	0.66%
IDA	362.01	270.70	91.31	253.27	18.25	0.87%	2.40%
ISDB	15.32	15.32	-	13.18	2.15	0.00%	0.12%
OFID	18.52	4.11	14.41	-	4.23	0.14%	0.00%
FSD	14.81	5.18	9.63	0.03	5.33	0.09%	0.00%
EBRD	140.82	44.06	96.76	22.48	21.74	0.92%	0.21%
EIB	150.80	63.63	97.17	63.63	-	0.83%	0.60%
UniCredit	24.98	24.36	0.63	22.96	1.40	0.01%	0.22%
RBI Austria	5.13	5.13	-	5.13	-	0.00%	0.05%
CEB	60.00	45.82	14.18	45.82	-	0.13%	0.43%
BE	100.00	100.00	-	100.00	-	0.00%	0.95%
NATIXIS France	66.00	-	66.00	-	-	0.63%	0.00%
KfW	96.43	68.43	28.00	16.88	51.54	0.27%	0.16%
<b>Foreign Debt</b>	<b>1,949.27</b>	<b>1,405.20</b>	<b>544.07</b>	<b>697.52</b>	<b>705.98</b>	<b>5.16%</b>	<b>6.61%</b>

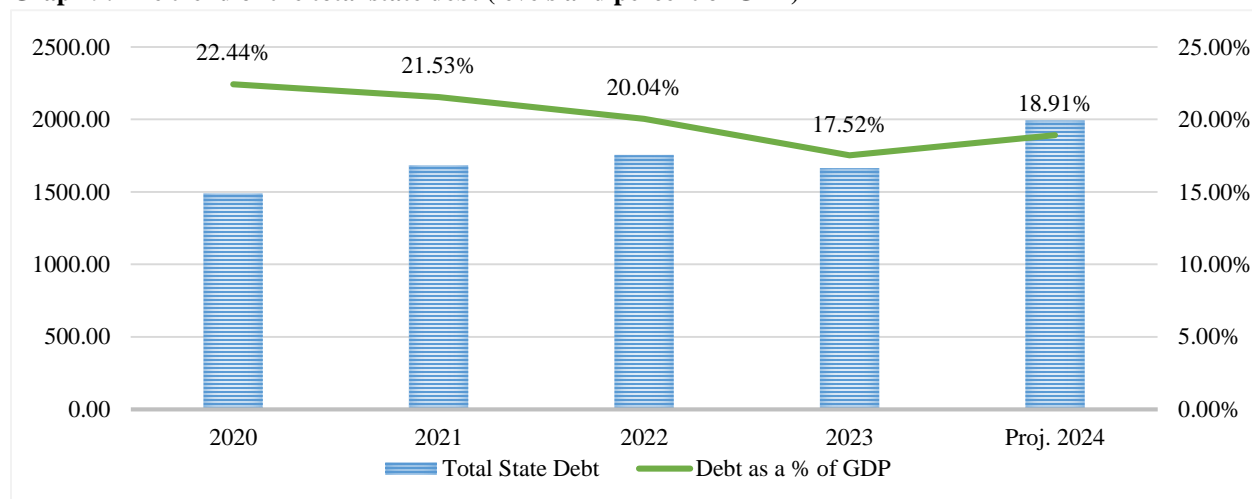
Note: Current ratified debt refers to the total amount<sup>7</sup> of all international financial agreements for loans, which are ratified<sup>8</sup> by the Assembly of the Republic of Kosovo

The level of state debt of the Government of Kosovo has gradually begun to decrease in the last two years, as observed from the graph below. By the end of 2024, state debt is projected to reach 1,995.22, representing 18.91% of GDP.

<sup>7</sup> With the exception of projects/loans that have been completed without being fully spent, for these cases, the unspent portion reduces the total ratified amount of the loan

<sup>8</sup> With the exception of inherited debt and agreements with the IMF (World Bank), which are not ratified as separate agreements but through the Budget Law

**Graph 9. The trend of the total state debt (levels and percent of GDP)**



Due to favorable borrowing conditions, in the medium-term period, the Government will continue to lean towards borrowing from external creditors. In this regard, cooperation and communication with international financial institutions, especially development ones, will continue to present priority projects for the country's economy and consequently, to finance these projects through preferential loans.

The financing of Kosovo's budget deficit will always be consistent with the deficit level presented in the Budget Law as well as the need to finance the banking balance. In any case, the MFPT will ensure that the amount borrowed for the Government's needs is at the lowest possible cost and always within acceptable market risk exposure limits. To ensure proper and strategic debt management, the MFPT prepares the State Debt Program every year, which is complementary and in line with the Medium-Term Expenditure Framework. Regarding public debt for the period covered by the Fiscal Strategy, borrowings for budget support and those for financing specific projects (signed agreements and those awaiting negotiation) are taken into account. Furthermore, the scenario of economic and fiscal forecasts also includes the issuance of securities to finance the deficit. Taking into account repayments for the medium-term period, a gradual increase in the overall debt stock is expected, but the total debt-to-GDP ratio will remain at acceptable and sustainable levels for the period 2025-2027

### **2.3. MEDIUM TERM RISKS 2025-2027**

The basic framework presented in the MTEF continues to be accompanied, as every year, by risks that may negatively affect the macro-fiscal outlook, depending on the probability of their materialization and the intensity with which these risks occur. For the sake of careful planning and in the interest of transparency, the Macro-Fiscal Framework will also take into account these risks, the details of which will be provided below. **Unlike the previous round of projections, the risks**

**for 2024 and the medium-term period have been reduced, leading to a balanced distribution of possible outcomes surrounding the baseline projection of economic growth in Kosovo.**

**The external environment** continues to pose risks during 2024 and the medium-term period, although to a lesser extent than in the past.

**i) The volatility of commodity prices in international markets**

Despite the slowdown in the global commodity price growth during 2023, uncertainties persist. There are still potential sources that could drive prices higher than baseline projections.

Possible geopolitical tensions, such as further escalation of the conflict in Ukraine, continued attacks in the Red Sea, or further escalation in the region of the Gaza-Israel conflict, could generate additional supply shocks that could hinder global economic recovery and lead to increases in energy, food, and transportation prices in international markets. Considering that Kosovo is a net importer of food and energy, combined with aging domestic energy production capacities, additional pressures on living costs and consequently on public finances may arise, similar to what happened at the end of 2021 and continued into 2022.

**ii) The weakening of economic activity in developed European countries**

In the medium term, in many developed and developing countries, fiscal consolidation is expected to soften the trajectory of government debt growth relative to GDP, but also to create fiscal space to accommodate other shocks that may occur in the future. A fiscal consolidation greater than planned, through tax increases or expenditure cuts, would lead to slower economic growth and would dampen the current momentum of reforms, similar to what happened in the Eurozone economies during the period 2010-2015. A slowdown in the economic growth of European countries, below that considered in our baseline projections, would be reflected in a decline in exports and remittances, and consequently in slower economic activity and lower budget revenues.

**The domestic environment** will continue to pose risks during 2024 and beyond (in the medium term 2025-2027), although at a lower level than in the previous year.

**i) Further tightening of the labor market**

Similarly to developing and developed countries, the labor market in Kosovo has been tightening since the pandemic, as a result of several factors: the speed and scale of economic recovery after the pandemic, changes in labor demand and supply dynamics, demographic developments, and other structural changes in the economy. This tightening has been reflected in the increase in average wages in the private sector, which, according to the latest data from the Statistical Office of Kosovo, has seen an average annual increase of 8.9% over the past three years. Additionally, core inflation, which excludes energy and food components, has proven to be more persistent than total inflation, although the transmission effects from past shocks on total inflation have diminished, confirming the pressures generated by the labor market. In the medium term period

considered in this MTEF, further tightening of the labor market, despite positive effects such as higher wages or increased productivity, may be accompanied by challenges such as high inflationary pressures or skills shortages in the labor market, which would require careful management by policymakers to ensure sustainable economic growth.

**ii) The risk from contingent liabilities arising from sub-borrowed loans**

In the structure of Kosovo's state debt, a potential risk source is the sub-borrowed international loans to companies providing key public services. Poor performance of these enterprises can burden the government in two aspects: subsidizing the services these enterprises offer and assuming financial responsibilities towards external creditors.

To limit the impact of the risk from contingent liabilities, the implementation of several measures will continue, including: (a) monitoring the financial position of beneficiaries; and (b) conducting initial assessments of the possibility of materializing existing contingent liabilities. In the medium-term plan, an additional measure that needs to be undertaken to manage these risks is the inclusion of a provision in the Budget Law as a budget allocation for losses from these contingent liabilities in case of default by the main borrower.

**iii) Under-execution of capital investment**

An increase in public capital investment to address structural constraints is a cornerstone of the government's strategy to support an environment that fosters economic growth. Over the past three years, despite improvements, the under-execution of capital investment has averaged around 34.6% of budgeted values – although with a significant improvement in the last year.

However, under-execution of capital investment beyond the assumptions of the baseline scenario, especially for borrowing-funded projects, is considered a potential risk to lower economic growth forecasts and consequently budget revenues. Many projects have been delayed due to disagreements over land ownership, legal disputes, inefficiencies in the procurement process, and lack of adequate long-term planning controls. For capital investment financed by concessional borrowing, high under-execution mainly results from delays in processing external loans, due to lack of preparation, documentation, and proper market analysis. Another factor since 2021 has been the cancellation of fixed-price contracts by economic operators facing considerable price increase pressures.

However, the risk stemming from under-execution of capital investment is significantly lower than in previous years, considering the increased allocation for land acquisition in recent years and the inclusion of these costs by budget organizations in the total project value, starting from the Budget Law for 2024. Additionally, to expedite the implementation of IFI projects, the Ministry of Finance has begun to ensure that technical assessment and documentation for these projects are finalized before signing the respective financing agreements

**iv) The fiscal risk from revenue collection**

A potential fiscal risk related to tax revenues is whether the collectible taxes can be gathered or not. According to the annual financial report for the year 2023, uncollected receivable taxes amounted to 918 million euros<sup>9</sup>, of which 669.4 million euros were associated with the central government level and 248.6 million euros with the local government level. The total amount of 918 million euros of uncollected receivable accounts represents an increase of around 77 million euros compared to the previous year. The average annual increase for the period 2018-2023 reaches 8.5%.

#### v) **Fiscal risks from Public Enterprises**

In the Republic of Kosovo, there are two types of Public Enterprises (PE): those owned by the central government and those owned by local government. At the central level, the PE sector includes 19 enterprises, 17 of which are supervised by the Ministry of Economy; KOSTT is supervised by the Assembly, while the Gjakova Airport is supervised by the Kosovo Security Force (KSF). In the case of Trepça, around 80% of the shares are state-owned, while 20% are owned by workers. Finally, a Central Public Enterprise "*Energy Storage Corporation (KRE)*" has been established, which will own and manage 125 megawatts of battery energy storage system capacity being built through the Millennium Challenge Corporation (MCC)-funded Compact Program between the Republic of Kosovo and the United States. In the future, this enterprise will also be included in the analysis of fiscal risks arising from central-level public enterprises<sup>10</sup>.

The public enterprises considered in this analysis operate in various sectors such as energy, transportation, water supply, telecommunications, and the mining sector. The following analysis is based on financial data from 17 public enterprises supervised by the Ministry of Economy.

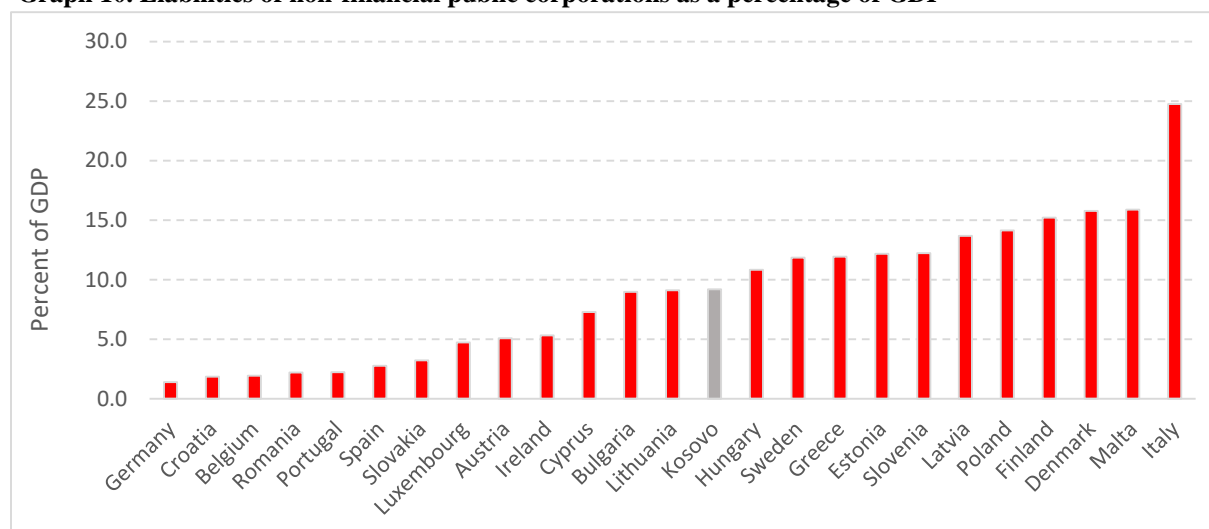
The public enterprise sector is relatively small compared to the European Union countries, representing around 10% of GDP in terms of total liabilities.

---

<sup>9</sup> Out of the total amount of 918 million euros, around 585 million euros (64% of the total) belong to the Ministry of Finance, Labour, and Transfers, which are mainly related to tax debt. Even for this budget organization, the trend is increasing over the years

<sup>10</sup> <https://kryeministri.rks-gov.net/en/blog/decision-193/>

**Graph 10. Liabilities of non-financial public corporations as a percentage of GDP**



Note: Data for the year 2023 is not yet available from the OECD.

Based on the quarterly reports submitted during 2023 by 17 public enterprises, at the end of 2023, total assets reached 16.8 percent of GDP, marking a decrease of 2.1 percentage points from 2022. Liabilities amounted to 7.4 percent of GDP, which represents a decrease of 1.4 percentage points from 2022. Total revenues as a percentage of GDP saw a decline to 4.2 percent, down from 6.5 percent in 2022.

In 2023, the public enterprise sector generated a profit of 11.2 million euros, with more than half of the public enterprises operating at a profit. The return on equity for 2023 was 1.2%, a significant decrease compared to 2022 when the return on equity was 11.1%).

Since public enterprises continued to generate profits in 2023, their liquidity situation has improved. As a result, the public enterprise sector is now in a better position to meet its obligations with the revenues generated.

**Table 8. Summarized financial statements for the PE sector (millions of Euros)**

	2018	2019	2020	2021	2022	2023 (prel.)
General revenues	351.2	392.2	383.0	436.3	575.0	406.4
<b>% e GDP</b>	<b>5.3</b>	<b>5.6</b>	<b>5.7</b>	<b>5.5</b>	<b>6.5</b>	<b>4.2</b>
Net Profit	-7.2	7.3	11.1	-5.4	100.2	11.2
<b>% e GDP</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>-0.1</b>	<b>1.1</b>	<b>0.1</b>
Total assets	1,227.6	1,408.2	1,510.9	1,570.0	1,681.1	1,630.3
<b>% e GDP</b>	<b>18.4</b>	<b>20.0</b>	<b>22.3</b>	<b>19.7</b>	<b>18.9</b>	<b>16.8</b>
Total current assets	347.0	390.2	434.2	478.0	550.6	469.9
<b>% e GDP</b>	<b>5.2</b>	<b>5.5</b>	<b>6.4</b>	<b>6.0</b>	<b>6.2</b>	<b>5.1</b>
Total liabilities	654.0	667.1	662.2	741.1	778.8	715.9
<b>% e GDP</b>	<b>9.8</b>	<b>9.5</b>	<b>9.8</b>	<b>9.3</b>	<b>8.8</b>	<b>7.4</b>
Total current liabilities	167.3	187.2	205.5	292.4	325.6	221.7
<b>% of GDP</b>	<b>2.5</b>	<b>2.7</b>	<b>3.0</b>	<b>3.7</b>	<b>3.7</b>	<b>2.3</b>
Total equity	573.5	741.1	848.7	828.9	902.3	91439
<b>% GDP</b>	<b>8.6</b>	<b>10.5</b>	<b>12.5</b>	<b>10.4</b>	<b>10.1</b>	<b>9.4</b>

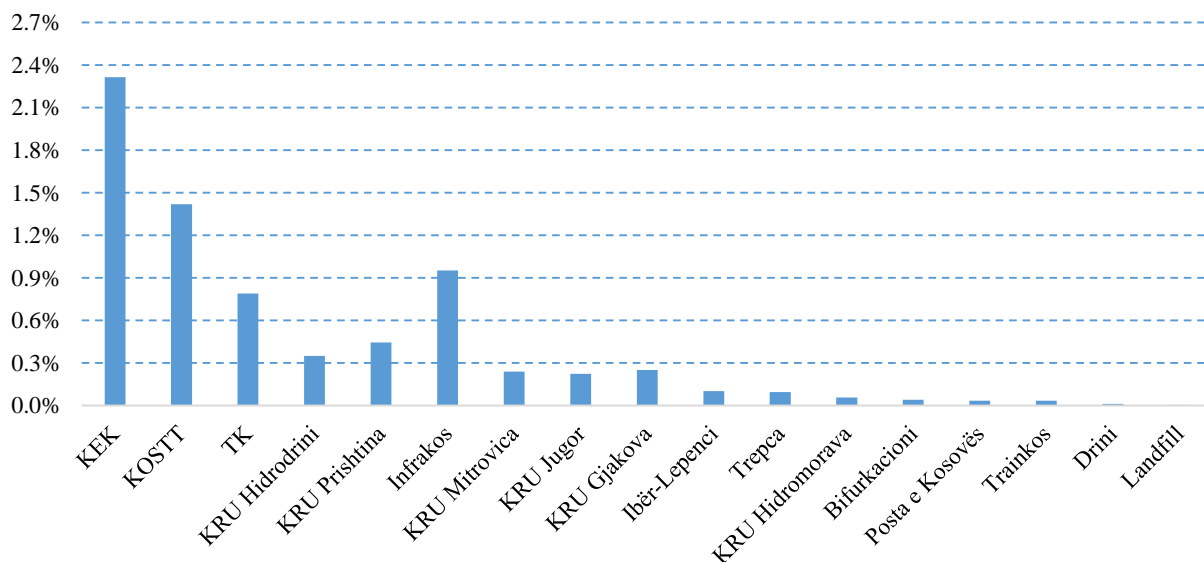
For each company, six main financial indicators were calculated: i) cost coverage ratio, ii) return on equity, iii) current ratio of short-term assets to short-term liabilities, iv) days of receivable accounts, v) ratio of debt to assets, and vi) the ratio of debt to EBITDA (earnings before interest, taxes, depreciation and amortization). These indicators provide an overview of the profitability, liquidity and solvency of each public enterprise.

Each report is assigned a risk rating based on international norms. The overall risk assessment for each public enterprise is calculated as the arithmetic mean of the risk assessments for the individual reports. The risk ratings of public enterprises range from Category 1 – the lowest risk – to Category 5 – the highest risk.

The evaluation methodology will continue to be improved and/or modified depending on the context and data availability.

Out of 17 Public Enterprises, two enterprises were categorized in the category 5, six PEs were classified under category 4, seven under category 3 and two under category 2. Compared to 2022 there was an improvement in the assessment of the fiscal risk, where one PE was classified under category 5, eleven under category 4, three under category 3 and one in category 2. The risk assessment shows that, in general, most of the PEs have a healthy liquidity position, but some of the companies are having difficulties in collecting debts from their debtors. Many PEs have high levels of debt when considering their (insufficient) ability to generate profits to meet their obligations.

**Graph 11. Share of total liabilities according to POEs (percentage of GDP)**



#### vi) Outstanding Liabilities

Article 39 of the Law on MFPT stipulates that unpaid obligations are payments that have exceeded the payment deadline by more than 30 days. The annual financial report of the Budget of the Republic of Kosovo for the year 2023 includes an annex for unpaid obligations, which include

financial commitments, payable accounts, and unpaid obligations, dividing these amounts into two categories based on the maturity: i) less than 30 days; and ii) more than 30 days.

Table 9 presents the unpaid obligations (>30 days) for the last three years by central and local levels.

Over the past three years, there has been a significant reduction in total unpaid obligations, which decreased to 34.1 million euros in 2023, from 54.6 million euros in 2021. In 2023, at the central level, the Ministry of Defense is attributed the largest portion of unpaid obligations (more than 30 days), representing around 7.7% of all obligations at this level. The obligations for this budgetary organization have shown a significant increase over the past three years, with particular emphasis in 2023.

At the local level, unpaid obligations increased in 2023 by around 2.2 million euros compared to 2022, mainly due to the increase in obligations in the municipalities of Peja and Malisheva. In 2023, the municipality of Peja constitutes the largest portion of unpaid obligations which exclude 30 days.

In 2023, unpaid obligations constituted 1.0% of the actual expenditures of budgetary organizations at the central level (an increase from 0.7% in 2022) and 1.9% at the local level (a decrease from 2.0% in 2022), which together constitute 1.2% of total budgetary expenditures (an increase from 1.0% in 2022).

**Table 9. Outstanding Liabilities**

	2021	2022	2023	2023/ General expose of BO
<b>Central government (mil EUR)</b>	<b>34.3</b>	<b>12.7</b>	<b>20.9</b>	<b>1.0%</b>
Ministry of Environment, Spatial Planning and Infrastructure	18.8	4.2	1.4	0.9%
Ministry of Agriculture, Forestry and Rural Development	7.6	0.0	0.1	0.1%
University of Prishtina	2.5	0.9	0.5	1.6%
Health Insurance Fund	1.2	2.6	0.6	2.5%
<b>Local government (mil EUR)</b>	<b>20.3</b>	<b>11.0</b>	<b>13.2</b>	<b>1.9%</b>
Gjilan	9.5	4.2	2.4	7.0%
Ferizaj	5.7	0.4	0.5	1.2%
Mitrovica	1.6	0.7	0.6	2.1%
Prishtina	0.8	0.2	0.8	0.7%
<b>Total (thousand euros): Central + Local</b>	<b>54.6</b>	<b>23.7</b>	<b>34.1</b>	<b>1.2%</b>
<b>Total payments/total budget expenditures %</b>	<b>2.4%</b>	<b>2.2%</b>	<b>1.2%</b>	

#### vii) Fiscal risks from court cases

An important indicator of fiscal risks from judicial cases is the trend of annual government payments for court decisions. Table 10 presents payments according to court decisions over the past three years, both at the central and local levels.

Payments for court decisions at the **central level** are mainly attributed to the Ministry of Environment, Spatial Planning and Infrastructure (49.7% of central level payments) and the University Clinical Hospital Service of Kosovo (8.5% of central level payments). **At the local**

**level**, the municipalities of Ferizaj, Prizren, Mitrovica, and Pristina constitute the majority of these payments.

In 2023, payments based on court decisions accounted for 0.6% of current expenditures of budgetary organizations at the central level and 6.1% at the local level, together constituting 1.8% of total budgetary expenditures. To have a more complete picture of fiscal risks arising from the costs of judicial cases, it will be necessary to know how significant the costs arising from cases that are currently in court proceedings might be.

**Table 10. Payments based on court decisions (milion Euro)**

	2021	2022	2023	2023/ General expense of BO
<b>Central government (mil EUR)</b>	<b>20.0</b>	<b>9.9</b>	<b>11.7</b>	<b>0.6%</b>
Ministry of Environment, Spatial Planning and Infrastructure	37.4%	47.3%	49.7%	3.7%
Ministry of Finance, Labor and Transfers	16.3%	2.5%	4.4%	0.1%
Ministry of Internal Affairs	14.5%	2.0%	1.3%	0.1%
University Clinical Hospital Service of Kosovo	13.3%	26.6%	8.5%	0.6%
Ministry of Culture, Youth and Sports	4.3%	2.7%	1.1%	0.3%
<b>Local government (mil EUR)</b>	<b>31.9</b>	<b>36.5</b>	<b>13.2</b>	<b>6.1%</b>
Ferizaj	22.2%	13.7%	12.9%	11.5%
Prizren	15.6%	4.6%	10.0%	6.5%
Mitrovica	13.6%	9.9%	2.9%	4.4%
Pristina	7.3%	17.1%	11.8%	4.2%
Gjakova	6.3%	1.7%	5.1%	5.5%
<b>Total (thousand euros): Central + Local</b>	<b>51.9</b>	<b>46.3</b>	<b>40.2</b>	<b>1.8%</b>
<b>Total payments/total budget expenditures %</b>	<b>2.3%</b>	<b>1.9%</b>	<b>1.8%</b>	

# ANNEX 1

## Table 1. Fiscal Projections

Description	2021	2022	2023	LB 2024	2025 Proj.	2026 Proj.	2027 Proj.
In millions of Euros:							
<b>1. Total Revenue [1]</b>	<b>2,200.9</b>	<b>2,493.5</b>	<b>2,854.1</b>	<b>3,028.0</b>	<b>3,227.9</b>	<b>3,414.2</b>	<b>3,604.0</b>
<b>1.1 Tax Revenue</b>	<b>1,947.9</b>	<b>2,217.0</b>	<b>2,505.9</b>	<b>2,705.1</b>	<b>2,886.9</b>	<b>3,057.6</b>	<b>3,234.7</b>
<b>Direct Taxes</b>	<b>342.2</b>	<b>413.8</b>	<b>490.3</b>	<b>534.5</b>	<b>569.7</b>	<b>607.8</b>	<b>645.8</b>
Tax on Corporate Income	113.9	159.9	184.9	217.1	231.5	246.1	260.7
Tax on Personal Income	189.5	215.6	255.9	264.7	289.4	307.6	325.9
Tax on Immovable Property	36.3	34.6	46.1	49.3	45.0	50.0	55.0
Other	2.4	3.8	3.4	3.4	3.8	4.0	4.3
<b>Indirect Taxes</b>	<b>1664.7</b>	<b>1870.2</b>	<b>2,076.9</b>	<b>2249.8</b>	<b>2397.4</b>	<b>2534.8</b>	<b>2678.7</b>
Value Added Tax (VAT)	1038.2	1220.0	1,365.6	1492.6	1600.8	1700.6	1805.8
Domestic:	291.7	344.6	407.9	478.5	495.1	521.7	549.0
Border:	746.5	875.4	957.7	1014.1	1105.6	1178.9	1256.9
Customs Duty	124.6	132.7	156.2	163.7	175.6	187.2	199.6
Excize	501.3	517.3	555.0	593.5	621.0	646.8	673.1
Other indirect	0.6	0.3	0.1	0.1	0.1	0.1	0.1
<b>Tax Refunds</b>	<b>-58.9</b>	<b>-67.1</b>	<b>(61.3)</b>	<b>-79.3</b>	<b>-80.3</b>	<b>-84.9</b>	<b>-89.7</b>
<b>1.2 Non-tax revenue</b>	<b>236.1</b>	<b>256.5</b>	<b>266.9</b>	<b>292.9</b>	<b>318.5</b>	<b>334.1</b>	<b>346.8</b>
Fees, charges, and other - Central Level	129.6	149.3	148.1	166.2	175.9	184.4	193.8
Fees, charges, and other - Local Level	57.3	55.6	62.5	56.2	70.0	73.5	77.2
Concessionary fees	17.0	18.4	26.0	32.0	38.7	42.7	42.7
Royalties	19.2	29.9	26.7	30.3	30.3	30.3	30.3
Te hyrat nga liberalizimi i tregut te telefonise mobile	0.0	0.0	-	0.0	0.0	0.0	0.0
Dividends and profit sharing	10.0	0.0	-	5.0	0.0	0.0	0.0
Interest income	3.1	3.4	3.6	3.1	3.5	3.1	2.8
Interest income (KEC loan)	3.1	3.4	3.6	2.8	2.8	2.5	2.3
Interest income (PE -other)	0.0	0.0	-	0.3	0.7	0.6	0.5
<b>1.3 Grants</b>	<b>16.8</b>	<b>20.0</b>	<b>81.3</b>	<b>30.0</b>	<b>22.5</b>	<b>22.5</b>	<b>22.5</b>
Budget support and grants	0.0	10.3	67.5	18.0	10.5	10.5	10.5
EU grants for energy	0.0	0.0	67.5	7.5	0.0	0.0	0.0
DDG - Donor designated grants	16.8	9.7	13.8	12.0	12.0	12.0	12.0
<b>2. Total Expenditure [1]</b>	<b>2,298.7</b>	<b>2,539.6</b>	<b>2,876.6</b>	<b>3,314.3</b>	<b>3,527.3</b>	<b>3,755.3</b>	<b>3,837.7</b>
<b>2.1 Recurrent Expenditure</b>	<b>1,842.6</b>	<b>2,082.0</b>	<b>2,273.5</b>	<b>2,396.8</b>	<b>2,528.7</b>	<b>2,704.9</b>	<b>2,816.9</b>
Wages and Allowances	668.1	653.4	767.3	805.4	865.1	911.7	961.7
Goods and Services	331.5	363.4	426.8	519.0	537.0	549.0	557.0
Subsidies and Grants	842.9	1065.2	1,079.4	1062.3	1121.8	1239.4	1293.4
Reccurent reserves	0.0	0.0	-	10.2	4.8	4.8	4.8
<b>2.2 Public Debt Interest</b>	<b>32.2</b>	<b>35.0</b>	<b>42.2</b>	<b>46.3</b>	<b>53.3</b>	<b>60.6</b>	<b>62.9</b>
<b>2.3 Capital investment</b>	<b>423.9</b>	<b>422.6</b>	<b>560.9</b>	<b>859.2</b>	<b>933.3</b>	<b>977.8</b>	<b>945.9</b>
Regular budget financing	403.9	405.3	543.3	784.2	851.6	872.2	945.9
Debt financing through the investment clause	20.0	17.3	17.5	75.0	81.7	105.6	0.0
Liquidation proceeds (PAK)	0.0	0.0	-	0.0	0.0	0.0	0.0
<b>2.4 DDG- Donor designated grants</b>	<b>9.7</b>	<b>10.0</b>	<b>11.9</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>3. Budget Balance (1-2)</b>	<b>-97.8</b>	<b>-46.1</b>	<b>(20.9)</b>	<b>-284.6</b>	<b>-297.2</b>	<b>-338.4</b>	<b>-231.0</b>
<b>4. Expenditure exempted from the fiscal rule:</b>	<b>53.9</b>	<b>60.0</b>	<b>75.4</b>	<b>75.0</b>	<b>81.7</b>	<b>105.6</b>	<b>0.0</b>
Expenditure from dedicated revenue	0.0	0.0	-	0.0	0.0	0.0	0.0
Expenditure financed from municipal carried-over OSR	33.8	42.7	57.9	0.0	0.0	0.0	0.0
Capital investment from the liquidation p.	0.0	0.0	-	0.0	0.0	0.0	0.0
Capital investment from the investment clause	20.0	17.3	17.5	75.0	81.7	105.6	0.0
<b>5. Budget Balance, as per fiscal rule definition (3.4)</b>	<b>-43.9</b>	<b>13.9</b>	<b>54.5</b>	<b>-209.6</b>	<b>-215.6</b>	<b>-232.8</b>	<b>-231.0</b>
<b>A. Financing Need:</b>	<b>-97.8</b>	<b>-46.1</b>	<b>(20.9)</b>	<b>-284.6</b>	<b>-297.2</b>	<b>-338.4</b>	<b>-231.0</b>
B. External Financing(neto)	53.4	71.4	63.8	224.7	297.3	278.3	228.0
C. Internal Financing(neto)	121.9	-55.3	(131.5)	5.9	49.0	55.4	64.0
D. Change in usable bank balance:	77.4	-29.9	(88.6)	-54.0	49.1	-4.7	61.1
E. Stock of Usable Bank Balance (Net)	312.1	285.8	218.3	290.9	257.0	252.3	313.4
F. Designated Funds, saldo	130.1	159.9	167.1	159.9	167.1	167.1	167.1
<b>G. END-YEAR GROSS BANK BALANCE</b>	<b>442.2</b>	<b>445.7</b>	<b>385.4</b>	<b>450.8</b>	<b>424.1</b>	<b>419.3</b>	<b>480.4</b>
<b>Memo 1:</b>							
Revenues received from TAK	597.7	723.9	852.1	963.7	1,019.9	1,079.5	1,139.8
Revenues received from Customs	1,376.7	1,530.5	1,672.9	1,771.4	1,902.3	2,013.1	2,129.7
Tax Refunds	-58.9	-67.1	(61.3)	-79.3	-80.3	-84.9	-89.7
Outflows from DDG-s	9.7	10.0	11.9	12.0	12.0	12.0	12.0
GDP	<b>7,957.9</b>	<b>8,895.7</b>	<b>9,652.9</b>	<b>10,552.3</b>	<b>10,901.5</b>	<b>11,563.2</b>	<b>12,254.6</b>
General fiscal deficit (balance) as % of GDP	-1.2%	-0.5%	-0.2%	-2.7%	-2.7%	-2.9%	-1.9%
Budget deficit (fiscal rule def.) as % of GDP	-0.6%	0.2%	0.6%	-2.0%	-2.0%	-2.0%	-1.9%
Available bank balance as % of GDP	3.9%	3.2%	2.3%	2.8%	2.4%	2.2%	2.6%

[1] DDG- Donor designated grants have been included

**Table 1.1 Financing**

Description	2021	2022	2023	LB 2024	2025 Proj.	2026 Proj.	2027 Proj.
In millions Euro							
<b>Budget Revenues</b>	<b>2200.9</b>	<b>2493.5</b>	<b>2854.1</b>	<b>3,028.0</b>	<b>3,227.9</b>	<b>3,414.2</b>	<b>3,604.0</b>
<b>Budget Expenditure</b>	<b>2298.7</b>	<b>2539.6</b>	<b>2876.6</b>	<b>3,314.3</b>	<b>3,527.3</b>	<b>3,755.3</b>	<b>3,837.7</b>
<b>1. FINANCING NEEDS</b>	<b>-97.8</b>	<b>-46.1</b>	<b>-20.9</b>	<b>-284.6</b>	<b>-297.2</b>	<b>-338.4</b>	<b>-231.0</b>
<b>2. Net external financing</b>	<b>53.4</b>	<b>71.4</b>	<b>63.8</b>	<b>224.7</b>	<b>297.3</b>	<b>278.3</b>	<b>228.0</b>
<b>2.1. Inflows:</b>	<b>132.4</b>	<b>119.7</b>	<b>110.7</b>	<b>291.5</b>	<b>355.2</b>	<b>327.9</b>	<b>284.9</b>
IMF	60.0	50.6	52.8	129.0	153.0	130.0	130.0
On-lending	13.5	21.5	13.7	39.6	64.5	57.2	52.1
Withdrawals from creditors	5.5	13.3	5.5	29.1	53.8	47.1	39.8
Receipts from public lending entities	8.0	8.1	8.2	10.5	10.8	10.1	12.3
Draft loans	<b>58.9</b>	<b>47.6</b>	<b>44.2</b>	<b>122.9</b>	<b>137.6</b>	<b>140.7</b>	<b>102.8</b>
IFI project-loans	38.8	30.3	17.4	47.9	55.9	35.0	102.8
IFI financing as per the investment clause	20.0	17.3	26.8	75.0	81.7	105.6	0.0
<b>2.2. Outflows:</b>	<b>79.0</b>	<b>48.3</b>	<b>46.9</b>	<b>66.8</b>	<b>57.8</b>	<b>49.6</b>	<b>56.9</b>
Debt principal repayments	79.0	48.3	46.9	66.8	57.8	49.6	56.9
<b>3. Net domestic financing</b>	<b>121.9</b>	<b>-55.3</b>	<b>-131.5</b>	<b>5.9</b>	<b>49.0</b>	<b>55.4</b>	<b>64.0</b>
<b>3.1. Inflows:</b>	<b>322.3</b>	<b>227.9</b>	<b>139.5</b>	<b>377.9</b>	<b>379.7</b>	<b>317.3</b>	<b>340.8</b>
Domestic borrowing: new debt issuance	144.2	5.9	-141.8	100.0	100.0	100.0	100.0
Refinancing of treasury bills	162.0	204.8	250.3	260.9	266.1	204.7	224.7
Loans- returns from public entities (principal)	11.4	11.4	13.6	12.5	13.6	12.6	16.1
<i>Lonan KEK</i>	11.4	11.4	11.4	11.4	11.4	9.2	10.0
<i>Lonan KOSTT</i>	0.0	0.0	0.1	0.1	0.1	0.1	0.1
<i>Lonan TELECOM</i>	0.0	0.0	2.1	1.0	2.1	3.3	6.0
<i>Liquidity Lonan KOSTT</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One-off financing from liquidation / privatization and others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inflows from designated funds PAK	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inflows from designated funds	4.6	5.9	6.0	4.5	0.0	0.0	0.0
Inflows from funds (FS2; FS3; FS4 ,FS5)	0.0	0.0	11.5	0.0	0.0	0.0	0.0
<b>3.2. Outflows:</b>	<b>200.4</b>	<b>283.1</b>	<b>270.9</b>	<b>372.0</b>	<b>330.7</b>	<b>261.9</b>	<b>276.8</b>
Loans for public entities	0.0	35.7	1.947	40.0	0.0	0.0	0.0
On-lending	14.3	25.3	18.8	39.6	64.5	57.2	52.1
Outflows from debt service	5.5	13.3	5.5	29.1	53.8	47.1	39.8
Outflows from on lending	8.8	11.9	13.2	10.5	10.8	10.1	12.3
<i>Interest on lending</i>	1.3	1.1	1.5	1.7	2.1	2.7	2.7
Outflows from issuance of treasury bills	162.0	204.8	250.3	260.9	266.1	204.7	224.7
Outflows for IFI memberships and quota increases	0.0	4.5	0.0	1.5	0.0	0.0	0.0
Outflows for Capitalization and purchase of shares	0.0	0.0	0.0	30.0	0.0	0.0	0.0
Outflows from funds (FS2, FS3, FS4,FS5 increase)	24.2	12.9	0.0	0.0	0.0	0.0	0.0
<b>4. CHANGES IN BANK BALANCE (Undesignated)</b>	<b>77.4</b>	<b>-29.9</b>	<b>-88.6</b>	<b>-54.0</b>	<b>49.1</b>	<b>-4.7</b>	<b>61.1</b>
<b>5. END-YEAR NET BANK BALANCE</b>	<b>312.1</b>	<b>285.8</b>	<b>218.3</b>	<b>290.9</b>	<b>257.0</b>	<b>252.3</b>	<b>313.4</b>
Off which : ELA	46.0	46.0	46.0	46.0	46.0	46.0	46.0
<b>6. Designated Funds, saldo</b>	<b>130.1</b>	<b>159.9</b>	<b>167.1</b>	<b>159.9</b>	<b>167.1</b>	<b>167.1</b>	<b>167.1</b>
Stock of donor designated grants	15.8	15.5	17.5	15.5	17.5	17.5	17.5
Stock of carried-over OSR (Central level)	1.4	2.6	3.0	2.6	3.0	3.0	3.0
Stock of carried-over OSR (Local level)	80.1	90.0	81.4	90.0	81.4	81.4	81.4
Designated revenue	0.5	2.3	3.4	2.3	3.4	3.4	3.4
The development trust	7.4	8.0	3.5	8.0	3.5	3.5	3.5
Other	19.8	24.8	29.3	24.8	29.3	29.3	29.3
Unspent funds from borrowing	5.1	16.8	6.2	16.8	6.2	6.2	6.2
Unspent funds from EU grants for energy			22.7	0.0	22.7	22.7	22.7
<b>7. END-YEAR GROSS BANK BALANCE</b>	<b>442.2</b>	<b>445.7</b>	<b>385.4</b>	<b>450.8</b>	<b>424.1</b>	<b>419.3</b>	<b>480.4</b>
<b>8. CHANGE in BANK BALANCE</b>	<b>112.3</b>	<b>3.5</b>	<b>-60.4</b>	<b>-54.0</b>	<b>49.1</b>	<b>-4.7</b>	<b>61.1</b>
<b>Memo:</b>							
Stock of Domestic Debt	1,106.1	1,112.0	970.2	1,218.5	1,170.2	1,270.2	1,370.2
Stock of Foreign Debt	576.7	641.2	692.9	967.1	1,198.0	1,466.3	1,682.0
State guarantees	30.63	29.61	28.6	3.6	2.6	1.5	0.5
Total debt as % of GDP	21.5%	20.0%	17.5%	20.7%	21.7%	23.7%	24.9%
Interest expenditure as % of GDP	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%

**Table 3 Non-tax revenues –Tax fees and other – Central level by BO [1]**

<b>BUDGET ORGANIZATION (BO)</b>	<b>2021</b>	<b>2022</b>	<b>2023 Buxheti</b>	<b>Preliminary [4] 2023</b>	<b>2024 Proj.</b>	<b>2025 Proj.</b>	<b>2026 Proj.</b>	<b>2027 Proj.</b>
ASSEMBLY [2]	47.8	4.1	0.0	0.0	0.0	0.0	0.0	0.0
THE OFFICE OF THE PRESIDENT (2)	0.0	0.4	0.0	9.8	0.0	0.0	0.0	0.0
THE OFFICE OF THE PRIME MINISTER	7,081.5	6,890.7	8,151.3	1.4	10.0	10.0	10.0	10.0
MINISTRY OF FINANCE, LABOT AND TRANSFERS	5,766.2	9,134.8	7,258.9	6,660.3	8,524.2	9,338.6	9,712.1	9,712.1
MINISTRY OF AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT	2,680.1	2,570.4	3,094.9	9,279.7	9,791.7	9,909.1	9,929.1	9,929.1
MINISTRY OF INDUSTRY, ENTREPRENEURSHIP AND TRADE	2,483.0	2,609.8	2,847.5	2,105.9	2,845.4	3,117.2	3,241.9	3,241.9
MINISTRY OF ENRIVONMENT, SPATIAL PLANNING AND INFRASTRUCTURE	6,107.6	4,691.2	5,589.2	5,012.9	6,249.8	6,846.9	7,120.7	7,120.7
MINISTRY OF HEALTH	5,302.0	5,842.0	6,235.9	6,128.5	6,827.2	7,479.4	7,778.6	7,778.6
MINISTRY OF CULTURE YOUTH AND SPORTS	58.4	139.7	91.6	88.8	113.4	124.3	129.2	129.2
MINISTRY OF EDUCATION SCIENCE TECHNOLOGY AND INNOVATION	2,434.4	2,736.6	2,849.5	2,357.7	2,975.8	3,260.1	3,390.5	3,390.5
MINISTRY FOR COMMUNITIES AND RETURN [3]	2.8	0.0	1.9	11.6	0.0	0.0	0.0	0.0
MINISTRY OF ECONOMY	2.4	1.1	472.1	121.2	49.3	54.0	56.1	56.1
MINISTRY OF INTERNAL AFFAIRS	66,588.1	69,677.2	76,540.7	72,437.9	82,493.1	90,373.9	93,988.4	93,988.4
MINISTRY OF JUSTICE	127.8	1,085.1	524.8	105.4	521.1	570.9	593.7	593.7
MINISTRY OF FOREIGN AFFAIRS AND DIASPORA	5,871.1	6,219.2	6,851.1	5,392.3	6,910.3	7,570.4	7,873.2	7,873.2
MINISTRY OF DEFENSE	6.2	165.9	116.5	169.7	135.1	148.0	153.9	153.9
UNIVERSITY CLINICAL HOSPITAL SERVICE OF KOSOVO	2,645.9	3,230.5	3,070.4	3,759.9	3,808.9	4,172.7	4,339.6	4,339.6
MINISTRY OF REGIONAL DEVELOPMENT	28.2	7.5	19.2	14.2	19.7	21.6	22.5	22.5
HEALTH INSURANCE FUND	57.2	128.7	96.3	57.2	96.1	105.3	109.5	109.5
ACADEMY OF SCIENCES AND ARTS OF KOSOVA [3]	4.7	8.5	10.0	4.7	10.0	10.0	10.0	10.0
ELECTRONIC AND POSTAL COMMUNICATIONS REGULATORY AUTHORITY	6,359.5	16,449.7	10,985.4	7,509.8	7,486.5	9,443.7	11,912.6	11,912.6
ENERGY REGULATORY OFFICE OF KOSOVA	1,401.7	1,174.8	1,603.8	7,639.0	6,614.0	1,000.0	1,000.0	1,000.0
PRIVATIZATION AGENCY OF KOSOVA	0.0	1.2	0.5	0.0	0.0	0.0	0.0	0.0
PROCUREMENT REVIEW BODY	18.3	125.7	73.0	459.8	238.7	261.5	271.9	271.9
FREE LEGAL AID AGENCY [2]	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UNIVERSITY OF PRISTINA	1,492.2	1,530.1	2,281.2	1,380.4	1,740.3	1,906.5	1,982.8	1,982.8
CONSTITUTIONAL COURT [2]	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
KOSOVA COMPETITION AUTHORITY [3]	7.0	25.3	19.5	171.7	21.7	24.8	21.7	21.7
KOSOVA INTELLIGENCE AGENCY [2]	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COUNCIL OF KOSOVO FOR CULTURAL HERITAGE [2]	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0
COMPLAINTS AND APPEALS ELECTION PANEL [2]	237.3	39.4	0.0	6.5	0.0	0.0	0.0	0.0
KOSOVO PROSECUTORIAL COUNCIL	16.2	11.3	18.8	47.0	29.5	32.3	33.6	33.6
PRIVACY AND INFORMATION AGENCY	0.0	106.0	43.1	22.5	50.8	55.6	57.9	57.9
AGENCY FOR MANAGEMENT OF MEMORIAL COMPLEXES [3]	7.7	13.6	0.0	0.0	0.0	0.0	0.0	0.0
AIR NAVIGATION SERVICE AGENCY [3]	0.0	8.5	5.6	34.8	6.0	6.2	6.2	6.2
NATIONAL AUDIT OFFICE	39.2	9.7	27.9	15.7	25.5	27.9	29.1	29.1
WATER SERVICE REGULATORY AUTHORITY	400.6	403.9	466.8	444.3	493.6	540.8	562.4	562.4
RAILWAY REGULATORY AUTHORITY	1.5	24.6	11.3	8.6	13.7	15.0	15.6	15.6
KOSOVA CIVIL AVIATION AUTHORITY [3]	2,054.9	2,899.9	3,651.8	3,344.0	5,101.2	5,202.5	5,202.5	5,202.5
INDEPENDENTCOMMISSION FOR MINES AND MINERALS	794.7	1,204.7	1,058.9	904.8	1,147.9	1,257.6	1,307.9	1,307.9

MEDIA INDEPENDENT COMMISSION	362.9	315.8	392.3	390.7	422.7	463.1	481.6	481.6
CENTRAL ELECTION COMMISSION [2]	45.3	1.3	0.0	6.6	0.0	0.0	0.0	0.0
OMBUDSPERSON [2]	0.2	0.0	0.0	1.4	0.0	0.0	0.0	0.0
KOSOVO JUDICIAL COUNCIL	9,019.1	9,821.6	10,114.2	10,191.2	11,475.3	12,571.6	13,074.4	13,074.4
<b>TOTAL</b>	<b>129,563.0</b>	<b>149,310.6</b>	<b>154,575.8</b>	<b>148,074.0</b>	<b>166,248.5</b>	<b>175,921.5</b>	<b>184,419.1</b>	<b>184,419.1</b>

Note:

[1] Projections have been calculated based on the historical data of the last three years 2021-2023.

[2] Projections with zero (0) indicate missing data (-); potential revenues depend on temporary activities.

[3] These are projections sent by budgetary organizations.

[4] Total from the 2023 Annual Report, distribution according to preliminary OBs!

**Table 4 Main economic indicators**

Description	2021	2022	2023 Est.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.
<b>Real growth rates (in percent)</b>							
GDP	10.7%	4.3%	3.3%	4.3%	4.2%	4.2%	4.1%
Consumption	7.6%	3.0%	4.1%	4.8%	1.9%	3.1%	3.0%
Investment	10.7%	-3.8%	3.2%	7.9%	6.7%	3.7%	4.3%
Exports	76.8%	18.9%	6.3%	6.5%	7.8%	7.9%	7.6%
Imports	31.4%	5.4%	5.9%	7.9%	4.4%	4.7%	4.9%
<b>Price changes (in percent)</b>							
CPI (annual monthly average)	3.3%	11.6%	4.9%	2.4%	2.2%	2.0%	2.0%
GDP deflator	6.8%	7.5%	5.1%	1.9%	2.1%	1.9%	1.9%
<b>Savings/investment balances (in percent of GDP)</b>							
Net primary income from abroad	1.9%	1.3%	1.7%	2.2%	2.1%	2.0%	2.0%
Net secondary income from abroad	21.2%	21.2%	21.3%	21.4%	21.1%	20.9%	20.8%
of which: remittances	14.5%	13.7%	13.9%	13.8%	13.6%	13.4%	13.3%
Investment	36.0%	35.2%	34.2%	35.8%	36.7%	36.6%	36.7%
Current account balance	-8.7%	-10.3%	-7.7%	-9.6%	-8.9%	-8.3%	-7.6%
Trade balance	-44.8%	-48.2%	-47.6%	-50.7%	-50.4%	-50.4%	-50.4%
Gross national savings (GNDI- Total Consumption)	27.2%	24.9%	26.6%	26.2%	27.8%	28.3%	29.1%
Private domestic savings (GDP-Private Consumption)	21.4%	18.7%	19.1%	17.8%	19.5%	19.7%	20.1%

**Table 5 Nominal GDP and its components, in mil eur**

Description	2021	2022	2023	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.
<i>In million Euro</i>							
<b>Consumption</b>	<b>7,629</b>	<b>8,676</b>	<b>9,313</b>	<b>9,986</b>	<b>10,402</b>	<b>10,939</b>	<b>11,481</b>
Private Consumption	6,572	7,593	8,070	8,612	8,985	9,500	10,009
Public Consumption	1,024	1,049	1,210	1,342	1,384	1,405	1,438
IJPSHESH	32	34	32	32	33	34	35
<b>Investment</b>	<b>2,861</b>	<b>3,134</b>	<b>3,305</b>	<b>3,670</b>	<b>4,000</b>	<b>4,230</b>	<b>4,498</b>
Private Investment	2,441	2,712	2,744	2,944	3,179	3,379	3,585
Public Investment	420	423	561	727	821	851	914
<b>Net Export of Goods and Services</b>	<b>-2,532</b>	<b>-2,914</b>	<b>-2,967</b>	<b>-3,403</b>	<b>-3,500</b>	<b>-3,606</b>	<b>-3,725</b>
Export	2,659	3,436	3,837	4,177	4,594	5,054	5,539
Eksport of goods	753	932	871	914	1,006	1,106	1,217
Eksport of services	1,906	2,505	2,966	3,262	3,589	3,947	4,322
Import	5,191	6,350	6,803	7,580	8,095	8,660	9,264
Import of goods	4,320	5,219	5,469	6,112	6,504	6,935	7,393
Import of services	871	1,132	1,334	1,468	1,591	1,725	1,871
<b>GDP</b>	<b>7,958</b>	<b>8,896</b>	<b>9,651</b>	<b>10,253</b>	<b>10,901</b>	<b>11,563</b>	<b>12,255</b>
<b>Gross National Disposable Income (GNDI)</b>	<b>9,795</b>	<b>10,893</b>	<b>11,876</b>	<b>12,669</b>	<b>13,435</b>	<b>14,212</b>	<b>15,053</b>
<b>Disposable income of the private sector</b>	<b>8,276</b>	<b>9,253</b>	<b>9,912</b>	<b>10,436</b>	<b>11,109</b>	<b>11,775</b>	<b>12,475</b>

Private consumption as % of GDP	83%	85%	84%	84%	82%	82%	82%
Private investment as % of GDP	31%	30%	28%	29%	29%	29%	29%
Public consumption and investment, as % GDP	18%	17%	18%	20%	20%	20%	19%
Ekspert, as % of GDP	33%	39%	40%	41%	42%	44%	45%
Import, as % of GDP	65%	71%	70%	74%	74%	75%	76%

## THE INVESTMENT CLAUSE

In 2012, as part of the then program with the International Monetary Fund (IMF), the Assembly of Kosovo approved amendments to the Law on Public Finance Management and Accountability, including the fiscal rule. Among other things, this provided for an annual limit on government borrowing of up to 2% of Gross Domestic Product (GDP), despite the Government's capacity to provide more external financing for capital investment of public importance.

At the same time, the Government of Kosovo had identified the need for additional fiscal space to finance major capital investment and in 2015 began negotiations for a third program with the IMF, which, among other things, would allow the relaxation of the fiscal rule that limited debt for strategically important capital investment. In other words, for these projects the Government would be able to enter into debt beyond the fiscal rule of 2%, which rule would be valid for 10 years, as long as the public debt did not exceed 30% of the projected GDP. This is known as the "amendment to the investment clause" that introduced the approval of the necessary legislative changes by the Assembly in January 2016.

The Government of Kosovo remains committed to including in the budget capital investment implemented through the "investment clause", so that the financing of such projects is based on analyses for the long-term sustainability of public debt.

Another condition provided by the provisions of the investment clause is that the Ministry of Finance prepares twice a year a narrative report on the implementation of projects under this provision.

It is important to note that the COVID-19 pandemic and the high inflation pressures due to the war in Ukraine have slowed down the implementation of projects planned during 2020-2022. Measures taken to manage the effect of the pandemic on public health, have caused a slowdown in economic activity that has been accompanied by numerous problems for businesses in the country and the most vulnerable segments of society. While, the increase of the price in primary products has led to the increase in the overall price of the projects over the planned prices. To remediate the damage caused by the pandemic, the Ministry of Finance, Labour and Transfers has drafted the Economic Recovery Package, part of which was financed through the Investment Clause.

The pandemic situation has also created the need to provide additional funding to manage the economic and health situation

The projects that are included in the investment clause are briefly summarized below:

### 1. Financing for the recapitalization of the Kosovo Credit Guarantee Fund

In order to facilitate access to finance for local businesses, under the program for economic recovery from the crisis caused by the COVID-19 pandemic, the re-capitalization of the Kosovo Credit Guarantee Fund (KCGF) is envisaged. The total re-capitalization financing of KCGF is expected to be 40 million euros and is planned to be financed through the financing agreement between Kosovo and the European Investment Bank (EIB), which has been signed and ratified. By the March of 2024 an amount of 32.63 million euros has been disbursed.

## **2. COVID-19 Emergency Response Public Sector Financing Facility**

This project is funded by the Council of Europe Development Bank (CEB). The total value of the loan is 35 million euros, which was amended with an additional financing of 25 million euros. The interest rate is subsidized by the CEB up to 1 million euros. The financial agreement has been ratified by the Assembly of Kosovo and has entered into force. From the base agreement the first disbursement of 17.8 million euros occurred at the end of 2020, while the rest was disbursed in April 2021. While from the amendment Nr.1, another 10.8 million euros were disbursed and have covered costs associated with COVID-19. So far, 31 March 2024, a total of about 45.8 million euros have been disbursed from this loan.

## **3. COVID-19 Emergency Project for Kosovo (and the amendment of additional funding)**

The basic project was negotiated and ratified in 2020. The main goal of the project is to support the Government of Kosovo in the fight against the COVID-19 pandemic. The main components of the project are related to the reimbursement of social transfer expenses made in 2020, as well as the purchase of medical equipment. The total value of the basic project is 46 million euros, as well as a 2 million euro grant awarded by the WB. The amendment of additional funding has increased the amount of the project by another 15 million euros. Until 31 March 2024 about 45.99 million euros have been disbursed and another 10.15 million have been disbursed from the amount of the additional funding. Part of the procurement of medical equipment was carried out by UNOPS.

## **4. Vital Infrastructure Emergency Liquidity Loan**

Due to the COVID-19 pandemic, vital infrastructure service providers in the Republic of Kosovo have consistently faced declining revenues. In the absence of liquidity or any additional government support, these enterprises are at significant risk of financial collapse. In order to avoid this risk, the Government of Kosovo has negotiated this agreement for emergency loans for vital infrastructure with the European Bank for Reconstruction and Development. The value of the loan is EUR 30,000,000 with a duration of 3 years. The financial agreement was signed and ratified at the end of 2020. The first disbursement of 10.3 million euros was made in the second quarter of 2021, while in June 2022 an additional 4.9 million euros were disbursed. The loan will not have any more disbursements and is in the process of repayment.

## **5. Financial Sector Strengthening Project**

This project has the Kosovo Credit Guarantee Fund (KCGF) as the implementing institution, and the aim of the project is to improve access to finance for micro, small, and medium enterprises, strengthening the financial and technical capacity of KCGF. The financial agreement is concluded with the IDA / World Bank and has a

value of 22.3 million euros. Of these, 21.9 million are intended to increase the capital of the KCGF and 0.8 million for the institutional strengthening of the KCGF. With the approval of the Law on Economic Recovery, it has been possible for the KCGF to cover more than 50% of the loan guarantee for certain investments and to cover the relevant fees for businesses. The technical assistance provided in the project is continuously working with KCGF to achieve the goals set in the project. So far the entire amount of the project has been disbursed.

## **6. Project for Energy Efficiency and Renewable Energy (KEEREP)**

This project, supported by the World Bank aims to reduce energy consumption and the use of fossil fuels in public buildings through energy efficiency and investments in renewable energy and improving the policy and regulatory environment for renewable energy and energy efficiency. The Euro value of the project is about 23.7 million euros. The project has three components:

I. EE and RE investments in public facilities

II. Energy Efficiency Act, NEEAP 1 and 2, NREAP and other packages

III. Support for the Kosovo Agency for Energy Efficiency for the implementation of the project.

By the end of March 2024, around 70% of the total amount have been disbursed.

## **7. Rehabilitation of the Railway Line 10**

The implementing institution of this project is the Public Enterprise "Infrakos" Prishtina. Initially, the total cost of the project was estimated to be around 194.5 million euros, half of which is funded by the EBRD and the EIB, while the other half of this project is funded by the European Union. The financial agreements with the EBRD and the EIB have been signed and ratified. In terms of EU contribution, the first and second grant agreements have already been signed and ratified. But due to changes in the market prices and the need for additional experts, the total value of the project is expected to increase to 255 million euros. As a high-priority project for the EU, parity with international financial institutions (EBRD and EIB) will be maintained to seek additional funding for this project. In parallel a grant application will be submitted to the WBIF. The civil works for phase 1 have started at the beginning of 2019, while for phase 2 the works have started in the third quarter of 2022. The detailed design for phase 3 is expected to take place during 2023. In end of 2022 the Agreement for the additional financing with EIB in the value up to 38 million euros was ratified. This can be used for all three phases of the project and has been allocated by the EIB when the first agreement with this bank has been signed.

## **Rehabilitation of Regional Roads**

The implementing institution for this project is the Ministry of Environment, Spatial Planning and Infrastructure. The financial agreement has been ratified and has a value of EUR 29 million, financed by the EBRD. Field works have started in May 2019 and all contracts have been signed. At the end of 2020, the agreement was signed for the extension of the grant to cover the additional services of the consultant as support for the project implementation unit up to the value of 450,000 EUR. By March 2024 in total 8.94 million euros have been disbursed from the project in question while an amendment of the grant agreement is being negotiated for an additional 21,950 EUR to enable to complete the payment of the Consultant for the extra work they were engaged in.

## **9. Competitiveness and Export Readiness Project**

The implementing organization for this project is the Ministry of Industry, Entrepreneurship and Trade (MINT). This project aims to support the certification of products for export, increase the capacity of export-oriented companies and reduce the cost of business inspections. The agreement in the amount of 14.3 million euros was signed in 2017 with the IDA - World Bank, and the first disbursement was made in 2019. By March 2024, 9.81 million euros of the total loan amount were disbursed while most of the remaining amount was cancelled since it was not needed and a small amount is yet to be disbursed.

## **Additional Financing for the Agriculture and Rural Development Project**

The implementing organization is the Ministry of Education and Culture. The project aims to help the beneficiaries in improving the productivity and access to the market of horticulture and livestock for Kosovar companies and strengthening the institutional capacity of the MAFRD. The agreement for this project in the amount of 20.8 million euros was signed with the International Development Agency - World Bank in 2017. The first disbursement was made in March 2019, while by the end of 2022, 15.72 million euros have been disbursed from the amount of total loan. The project was completed at the end of 2022.

## **11. Wastewater Treatment in Prishtina (Construction of Wastewater Treatment Plant in Prishtina region)**

Project financing is provided through a framework agreement between the Government of the Republic of Kosovo and the Government of the Republic of France, which was ratified during 2017. Based on the agreement, the project is worth around EUR 160 million. Implementation started in the second half of 2020, where the design tender was opened. After updating the feasibility study to accommodate the change in prices from when this study was first done (2012), as well as changes in the design of the project taking into account the large influx of citizens in the Prishtina region and geotechnical works, the cost of the project is expected to increase significantly. Funding for the remainder is expected to be provided through the French Development Agency (AFD) and WBIF (with an indicative grant amount of EUR 91 million).

## **12. Construction of Wastewater Treatment Plant in Mitrovica**

The regional water company of Mitrovica is the implementing institution for this project. The Financial Agreement with the EIB and the EBRD was ratified in May 2022 and the implementation of the project is expected to begin as soon as the criteria for effectiveness are met by the Municipality of Mitrovica and the Regional Water Company. The agreement will also be supported by a grant from the Western Balkans Investment Framework (WBIF).

## **13. Digital Economy in Kosovo (KODE)**

The implementing organization of this project is MINT. The main objective of the project is to improve fast and quality internet access in underdeveloped regions in this regard and to provide training for young people

in order to be empowered to work online. The financial agreement for a loan in the amount of 20.7 million euros was signed in 2018 with the creditor IDA. The first disbursement was made in November 2019 and until the March 2024 about 13.71 million have been disbursed from the total loan amount. Project implementation is continuing at an adequate pace.

#### **14. Gjilan Wastewater Treatment Development Project**

The regional water company of Gjilan is the implementing institution for this project, which has an anticipated value of EUR 23 million, which will be financed by the EBRD and the EIB. The EUR 10 million financial agreement with the EBRD was signed in May 2020 and ratified in parliament on July 23, 2020, while the EUR 11 million agreement with the EIB was signed in May 2020 and ratified at the end of 2020. Also for capital investment in this project, a grant agreement in the amount of 2.5 million euros was signed in 2023. The project has started to be implemented during 2022 however only 100 thousand have been disbursed until now considering the problems the project has had with expropriation and the substitution of the Ministry of Environment, Spatial Planning and Infrastructure with the Ministry of Economy.

#### **15. Real Estate Cadastre and Registration Project (REGIP)**

The implementing institution of this project is the Kosovo Cadastre Agency. The main objective of the project is to help develop the land and real estate market and increase tenure security. The financial agreement in the amount of 14.6 million euros with the creditor IDA – World Bank was signed in February 2019. The ratification of the agreement was done in August 2020 and until end of March 2024, 1.2 milion euros have been disbursed from this loan.

#### **16. Fostering and Leveraging Opportunities for Water Security Program (FLOWS)**

This project aims to increase the capacity of local authorities to manage water safety and improve water safety in the Morava e Binçes basin. The project is in the amount of 25.1 million euros. The Ministry of Finance, Labour and Transfers has requested support from the European Union, for the financing of a part of the technical assistance provided by the project so that the loan funds are more focused on capital investments. Two grant agreements are in the process of approval, which involves a grant from WBIF and Swiss Cooperation Office in Kosovo. The signed agreement was ratified in the assembly during February 2022. The project is separated into two parts; one is implemented by MESPI while the second from the RWC Hidromorava. Until now only 664 thousand EUR have been disbursed.

#### **17. Water Security and Canal Protection Project**

The project contributes to the restoration of the original canal capacity as needed to provide bulk water to the various canal water users in Central Kosovo. Some of the negative impacts and mitigation measures include: (1) crop loss compensation and land improvements; (2) cash compensation for affected land equivalent to replacement value, including perennial crops; (3) providing access to the property or dwelling unit. During the canal rehabilitation works, temporary access will be provided; (4) cash compensation based on the type, age and productive value of affected trees; and (5) restoration measures will be included in compensation

agreements between contractors and affected people. The financier of the project is the World Bank and the project is being implemented. By the March about 9.39 million have been disbursed.

### **18. Kosovo Social Assistance System Reform Project**

This project aims to strengthen the social protection delivery systems and improve the performance of the Social Assistance System. The project is funded by the IDA / World Bank, with a total amount of 47 million euros. The agreement has been signed in October 2021 and has been ratified in 2023. A significant portion of loan is dedicated to the budget line Subsidies and Transfers, however investments are foreseen for the implementation systems of the social assistance scheme, which are expected to start during 2023. The implementation is under way as the PIU has been recruited and about 15 million have been disbursed by March of 2024.

### **19. Wastewater Treatment Project in the Municipality of Podujeva**

The Municipality of Podujeva is the implementing institution of this project. The financial agreement for the loan in the amount of 5.35 million euros was signed with UniCredit Bank Austria AG, on behalf of the Government of Austria, in 2018. The first disbursement for the project was made in 2019 and the project is being finalised. By March of 2023 about 5.1 million EUR have been disbursed.

### **20. Construction of Water Supply Scheme in the Municipality of Ferizaj**

The Municipality of Ferizaj is the implementing institution of this project. The loan agreement in the amount of 5.125 million euros was signed in November 2018 with Raiffeisen Bank International, which operates on behalf of the Government of Austria. The first disbursement for this project was made in 2019. The project has been implemented and the government has begun the repayment of the loan.

### **21. Construction of Water Supply Scheme in the Municipality of Istog**

Municipality of Istog is the implementing institution for this project, which is financed with a loan in the amount of 5,094 million euros. The financial agreement was signed in November 2018 with UniCredit Bank Austria AG, which acts on behalf of the Government of Austria. The first disbursement for this project was made in 2019 and the project is being finalised. By March of 2024 the about 4.9 million have been disbursed and the project is towards finalization.

### **22. Wastewater Treatment Project in the Municipality of Shtime**

Municipality of Shtime is the implementing institution for this project, which is financed with a loan in the amount of 2,385 million euros. The financial agreement was signed in November 2018 with UniCredit Bank Austria AG, which acts on behalf of the Government of Austria. The first disbursement for this project was made in 2019 and the project is being finalised. By March of 2024 about 2.1 million have been disbursed and the project is close to implementation.

### **23. Construction of Water Supply Scheme in the Municipality of Gracanica**

The Municipality of Gracanica is the implementing institution for this project, which is financed with a loan in the amount of 5.115 million euros. The financial agreement was signed in November 2018 with UniCredit Bank Austria AG, which acts on behalf of the Government of Austria. The first disbursement for this project was made in 2019 and the project is being finalised. The full amount of the loan has been disbursed and the project has been implemented.

### **24. Public Transport Project, Municipality of Prishtina**

Public Enterprise of Prishtina 'Urban Traffic' is the implementing institution for this project, which has a total cost estimated at 10 million EUR. The project is funded by the EBRD and its implementation began in 2016. The loan is being repaid.

### **25. Energy Efficiency Project for the Municipality of Prishtina**

The project aims to develop a reliable and affordable energy renewal program for municipal public buildings. The project amount is expected to be around 6 million euros and will be financed by the EBRD. The agreement between the EBRD and the Government of Kosovo was signed in April 2022. The loan will be taken as a sovereign loan from the central level and then transferred as a sub-loan to the municipality. The municipality has budgeted the project as a capital investment for 2023 and the financial agreement between the Republic of Kosovo and EBRD has been ratified in the first quarter of 2023.

### **26. Energy Efficiency Project for the Municipality of Prizren**

The project aims to develop a reliable and affordable energy renewal program for municipal public buildings. The project amount is expected to be 5 million euros and will be financed by the EBRD. The agreement between the EBRD and the Government of Kosovo is expected to be signed during 2022. The loan will be taken as a sovereign loan from the central level and then transferred as a sub-loan to the municipality. The municipality has budgeted the project as a capital investment for 2023 and the financial agreement between the Republic of Kosovo and EBRD has been ratified in the first quarter of 2023.

### **27. Social Housing Project**

The project aims to provide affordable housing for certain categories of citizens. The project is being developed with the support of UN-Habitat, who are conducting the feasibility study and concept paper for the program. The project is expected to cost a total of about 50 million euros and part of it will be funded by the CEB, while the modalities of structuring the project and its implementation have been defined by the feasibility study. The feasibility study was finalized during February of 2022. The financial agreement with the CEB was signed in January 2024. For this project a grant of 2 million euros has been obtained from WBIF for technical assistance and oversight during implementation.

### **28. Solar District Heating Project**

The main goal of this project is to contribute to an efficient, reliable and environmentally friendly supply of heating for homes, public institutions and businesses in Prishtina. This project will be funded by KfW and the EBRD. The value of this project will be around 80.5 million euros. The German government has committed 31.6 million euros in the form of a grant for this project. While from the WBIF an investment grant of 21.5 million euros was obtained. The loan with EBRD for this project is for 23.2 million euro. National contributions will fill the financing gap in the project. The agreements have been signed at end of 2022 and have been ratified in 2023.

### **29. KEK Solar Photovoltaic Generator Project –**

This project will build the capacity to generate electricity from solar energy in the vicinity of KEK. The generation capacity of this project will be up to 100 MW of electricity which will be used to diversify energy sources in Kosovo. The project is expected to cost around 100 million euros and is co-financed by KfW and the EIB, with a grant from WBIF. The loan agreement with KfW and EIB have been signed but are yet to be ratified in the Parliament. The grant agreement with WBIF has been signed and ratified.

### **30. Development of the Energy Sector VII - Improvement of Transmission Network**

This project is expected to be developed to improve the transmission system in Kosovo. Specifically, the project includes measures for the rehabilitation, expansion and modernization of the Kosovar transmission network. The project is funded by KfW and amounts to 25.5 million euros. The amount will be transferred as a sub-loan to KOSTT. The agreement has been negotiated, and once the sustainability criteria are met by KOSTT, the agreement was ratified at end of 2023.

### **31. Prishtina – Podujeva M7 Road Construction Project**

This project is funded by the EBRD and the EIB, the total amount of the project is expected to be over 200 million euros. The project is part of the Western Balkans Investment and Economic Plan drafted by the EU, and has so far benefited from investment grants and technical assistance of over 45m euros. The financial agreements are scheduled to be negotiated in 2024.

### **32. Renovation of the M2 Milosheva - Mitrovica Road**

This project aims at the revitalization of the M2 Road, Milloshevë - Mitrovica. The project is financed by the Islamic Development Bank (IsDB) with a loan in the amount of 15.4 million euros; The OPEC Fund for International Development (OFID) with a loan in the amount of 16.7 million euros and from the Saudi Fund for Development (SFD) with a loan in the amount of 13.4 million euros. The project has started implementation, and recently picked up pace. By the end of 2023 the full amount of the IsDB loan, 22% of the OFID loan and 33% of the SFD loan have been disbursed.

### **33. Strengthening Digital Governance**

The project aims to assist in the digital transformation of the Government of Kosovo. Component 1: Digital transformation of the Government, assisting the Government in digital development and improving the ability of the Government to face potential digital risks. Component 2: digital transformation of public services, to reduce the administrative burden by offering digital services and developing services in harmony with the life cycle of citizens. Component 3: Innovation, change management and capacity building. Development of an innovation center in ASHI. The project is financed by the World Bank and negotiations have taken place in the first half of 2023 and the agreement is awaiting ratification. The loan amount is 18.5 million euro.

### **34. Implementation of the feasibility study for medical equipment for secondary and tertiary care**

The total value of the project is estimated to be around 53 million euros. Formal discussions on this project have not yet begun. Formal negotiations are expected to take place by the end of 2024. This project is expected to be financed through loans with the Council of Europe Development Bank and the European Investment Bank.

**35. Construction of Ring Road Prishtina** - The implementing institution for this project is the Municipality of Prishtina. The feasibility study for this project is completed. The total estimated cost of the project is over 200 million euro. The project is still under discussion with EBRD.

### **36. Construction of the Waste Water Treatment Plant in the Municipality of Ferizaj**

The purpose of the Project is to finance the construction of a new wastewater treatment plant, the expansion of the sewerage system in the Ferizaj region in Kosovo and the purchase of equipment and supplies for the maintenance of the sewerage system. The Project will be located in the Ferizaj district of Kosovo and will serve the Municipality of Ferizaj and the Municipality of Kacanik.

The financing agreement totalling 20 million euros was signed in December 2023, and is expected to be complemented with a grant from the Western Balkan Investment Framework in an amount of 10 million euros.

### **37. Waste Water Treatment Plant in the Municipality of Podujeva**

This project involves the construction of a new Waste Water Treatment Plant in the municipality of Podujeva. Initial estimations of the total cost of the project suggest that it will cost approximately 45 million euro, whereas the exact cost will be made known once the feasibility study is properly finalized. The financing of this project is intended to go through a loan from EBRD and Western Balkan Investment Framework's investment grant. The feasibility study is underway, which was facilitated by a grant from EBRD.

### **38. Early Childhood Development Project**

This project is going to be financed by the World Bank and its main goal is to develop and reform the early childhood education system in Kosovo. The financial agreement has been negotiated on April 2024, and is currently awaiting World Bank board approval. The financial agreement entails a 20 million USD loan, which is accompanied by a 2 million USD grant to support one of its components. The main implementing agency of this project is Ministry of Education, Science, Technology and Innovation.

### **39. KOMPAS - Kosovo Comprehensive Approach to Health System Strengthening**

This project is financed by the World Bank and its main components include strengthening institutional capacity for public health and pandemic preparedness and response, improving service delivery, as well

as developing an integrated health information system. The financial agreement has been negotiated on April 2024, and is awaiting World Bank board approval. The financial agreement includes a 20 million USD loan, with Ministry of Health being the main implementing agency.

#### **40. Investments in Sports and Recreational Infrastructure – AFD**

This project seeks to obtain funding for the development of sports and recreational infrastructure crucial for hosting the Mediterranean Games 2023 in Kosovo. Preliminary conversations have taken place with AFD, which has expressed interest in potentially offering a grant to conduct a feasibility study for one of the proposed projects. This study may focus on renovating the dormitories in Prishtina to serve as the Athletic Village for the games, in addition to refurbishing sports halls within nearby schools. The exact amount of the project cost will be known after the completion of the feasibility studies.

#### **41. Investments in Sports and Recreational Infrastructure – EIB**

This project is also supposed to support funding for the development of sports and recreational infrastructure crucial for hosting the Mediterranean Games 2023 in Kosovo. Among the key components of the masterplan for the competition venues is the renovation project for the Palace of Youth and Sports. This iconic venue is slated to host four sports events of the Mediterranean Games 2030: gymnastics, boxing, table tennis, and volleyball. The main financial institution supporting this initiative is EIB, and the discussions are being held for a possibility of a technical assistance to support the infrastructural investments planned for the Mediterranean Games 2030, particularly the Palace of Youth. The exact amount of the project cost will be known after the completion of the feasibility studies.

#### **42. Flood Risk and Drought Mitigation Infrastructure Investment Programme**

This project is a priority for Kosovo, given the immediate climate change risks for the Governments aim to reduce and manage the risks posed by floods to human health, the environment, cultural heritage, and economic activity. The precise level of investment will be determined upon the conclusion of studies aimed at identifying priority projects. An application for Technical Assistance (TA) has been submitted to the Western Balkans Investment Framework (WBIF), with the European Investment Bank (EIB) serving as the primary financial institution.

#### **43. Doubling the Capacity of Prishtina District Heating**

The EIB supports the project of doubling the heating capacity of Termokos for the Prishtina district. The technical assistance to prepare a Decarbonisation Plan for Termokos and the preparation of the project for the investment phase is supported by EIB in the form of a grant. The EIB is expected to also support the expansion of the network and capacity once the project is ready for implementation. The exact amount of the project cost will be known after further discussions.

## ANNEX 2

**Table 1. Comparison of budget forecasts, MTEFs and implementation for 2023**

	MTEF Preliminary (2021-2023)	MTEF Last (2023-2025)	The annual budget 2023	ERP 2023-2025	Actual 2023						MTEF -the last in relation with actual	Budget in relation with actual
						MTEF Preliminary Actual	MTEF- last: Actual		Budget: Actual			
							%	mil Eur	%	mil Eur		
<b>TOTAL expenses</b>	2,411.0	2,974.8	3,223.6	3,223.6	2,876.6	-16.2%	3.4%	98.2	0.1	347.0		
<b>TOTAL current expenses</b>	1,654.7	2,123.2	2,344.8	2,344.8	2,273.5	-27.2%	-6.6%	-150.3	0.0	71.3		
<i>of which: Current regular expenses</i>	1,654.7	2,123.2	2,344.8	2,344.8	2,273.5	-27.2%	-6.6%	-150.3	0.0	71.3	<p>1) Overrealization of subsidies and transfers by approximately 132 million euros, due to the continuation of government support measures;</p> <p>2) Underrealization of expenditures on goods and services by -49 million euros;</p> <p>3) Overrealization of wage and allowances expenditures by 72 million euros, as a result of the implementation of the new Law on Wages in the Public Sector.</p>	<p>1) Underrealization of subsidies and transfers by approximately 21 million euros.</p> <p>2) Underrealization of expenditures in the category of goods and services by -67 million euros.</p> <p>3) Overrealization in the category of wages and allowances by 21.8 million euros, as a result of the implementation of the new Law on Wages in the Public Sector</p>
<i>Capital investment</i>	699.9	792.8	819.9	819.9	560.9	24.8%	41.3%	231.9	0.5	259.0	<p>1) Lower execution of capital investment from the regular budget due to price increases and the non-functionality of the Procurement Review Body for more than a year (-107 million euros).</p> <p>2) Non-execution of the investment clause due to obstacles in implementing units (-125 million euros).</p>	<p>1) Lower dynamics of execution of capital investment financed from the state budget by (-143 million euros).</p> <p>2) Non-execution of the investment clause due to obstacles in implementing units (-116 million).</p>

<b>TOTAL Revenue</b>	2,116.4	2,676.6	2,884.1	2,884.1	2,854.1	-25.8%	-6.2%	-	0.0	30.0	<p>1) Overperformance in VAT revenue by 40 million euros, as a result of increased import prices due to significant increases in consumption and import prices compared to projections;</p> <p>2) Higher performance in revenue from tax on income (TAK) by 20 million euros and tax on profit (TAP) by 32 million euros, mainly as a result of formalizing the economy.</p> <p>3) Grants from the EU to support the energy sector amounting to 67.5 million euros.</p>	<p>1) Underperformance in direct and indirect revenues amounting to 35 million euros Lower tax refunds totaling 15 million euros;</p> <p>2) Underperformance in revenue from EU grants for energy and sectoral budget support amounting to 16.2 million euros;</p> <p>3) Lower revenue from excise taxes by 14.6 million euros as a result of lower economic growth compared to projections;</p> <p>4) Higher non-tax revenues by 5.7 million euros, mainly due to concessionary tax, which had an overperformance of 7 million euros</p>
<b>Primary balance</b>	-238.2	-250.2	-291.0	-291.0	21.3	-1218.3%	1274.6%	-	-14.7	-312.3		
<b>Payment of interest</b>	30.0	46.8	46.9	46.9	42.2	-28.9%	10.9%	4.6	0.1	4.7		
<b>Overall balance</b>	-294.6	-297.0	-337.9	-337.9	-20.9	1309.6%	1321.1%	-	15.2	-317.0		

**Table 2. Main differences between MTEF 2024- 2026 dhe 2025- 2027 for 2025**

2025	MTEF 2024-2026	MTEF 2025-2027	Deviations		Last MTEF compared to previous MTEF
			MTEF i fundit ndaj MTEF-it të kaluar		
			%	mln Eur	
<b>Total Budget Revenues</b>	3,180.70	3,227.90	1.48%	47.20	
<i>Of which</i>					
Excise	623.5	621	-0.40%	-2.5	
Custom Duty	158.9	175.6	10.51%	16.7	1) The projections for customs duty revenues are forecasted higher as a result of the assumption about the trend in the importation of goods as well as the reflection of the import structure according to the countries of origin.
Border VAT	1102.8	1105.6	0.25%	2.8	
Domestic VAT	513.7	495.1	-3.62%	-18.6	
Direct Taxes	557.4	569.7	2.21%	12.3	2) Continuing the expansion of the tax base through reducing informality
Non-tax Revenues	288.8	318.5	10.28%	29.7	1) Increase in local revenues and revenues from concessionary taxes - the latter as a result of the increase in operations at Pristina Airport
<b>Total Budget Expenditures</b>	3413.2	3527.3	5.40%	167.6	
<i>Of which</i>					
Wages and Allowances	816	865.1	6.02%	49.1	1) The increase in projections for the wages category has occurred as a result of the entry into force of the New Law on Wages in the Public Sector in February 2023; the increase in the wage coefficient in 2024 and expectations for its further increase in 2025, and the implementation of regulations for allowances
Goods and Services	534.6	537	0.45%	2.4	
Subsidies and Transfers	1178.8	1121.8	-4.84%	-57	1) The revision downward of contingencies as a result of decreased uncertainty in the country.
Capital investment	807.4	933.3	15.59%	125.9	1) Increase in projections for investments financed by the investment clause (20 million euros). 2) Increase in projections for investments financed by the regular budget (105 million euros)
Interest on Public Debt	59.5	53.3	-10.42%	-6.2	

**Tabela 3. Main differences between MTEF 2024- 2026 dhe 2025- 2027 for 2026**

2026	MTEF 2024-2026	MTEF 2025-2027	Deviations		Last MTEF compared to previous MTEF
			MTEF i fundit ndaj KASH-it të kaluar		
			%	mln Eur	
<b>Total Budget Revenues</b>	<b>3,397.00</b>	<b>3,414.20</b>	1%	17.20	
<i>Of which</i>					
Excise	655.6	646.8	-1%	-8.80	
Custom Duty	169	187.2	11%	18.20	1) Increase in diversification of imports according to country of origin, specifically the shift of imports from CEFTA countries to other countries
Border VAT	1,197.10	1,178.90	-2%	-18.20	
Domestic VAT	549.4	521.7	-5%	-27.70	Revision downward of the assumption for private consumption.
Direct Taxes	596.7	607.8	2%	11.10	1) Expansion of the tax base through the reduction of informality.
Non-tax Revenues	299.9	334.1	11%	34.20	1) Increase in local revenues as well as revenues from concession fees as a result of the increase in operations at Pristina Airport
<b>Total Budget Expenditures</b>	<b>3,498.80</b>	<b>3,755.30</b>	7%	256.50	
<i>Of which</i>					
Wages and Allowances	840	911.7	9%	71.70	1) Expectations for continuous increase in the wage coefficient even in 2026, as well as the implementation of regulations for supplements.
Goods and Services	528.2	549	4%	20.80	1) Expansion of the demand for goods and services.
Subsidies and Transfers	1,225.5	1,239.40	1%	13.90	
Capital investment	822.8	977.8	19%	155.00	1) Increase in projections for investments financed by the investment clause (88.5 million euros). 2) Increase in projections for investments financed by the regular budget (67 million euros).
Interest on Public Debt	65.5	60.6	-7%	-4.90	

## **PART THREE**

### **3.SECTORAL EXPENDITURES FRAMEWORK 2025-2027- CENTRAL GOVERNMENT**

## **PART FOUR**

### **4.MUNICIPALIY LEVEL**

## THE THIRD PART

### 3. SECTORAL EXPENDITURE FRAMEWORK 2025-2027 AT THE CENTRAL LEVEL

In the following, in the third part, the main objectives will be presented according to the central level sectors. A total of 16 sectors were presented where each of them presented the 2023-2024 financing trend and the budget projections for the next three-year period 2025-2027. Within each sector, the budget organizations according to the respective sectors are also presented.

The tables in the third part present the projections for the years 2025-2027 for the general budget of Kosovo, at the central level and by sectors. In relation to the budget expenditure projections for the next mid-term period 2025-2027, budgetary organizations should take into account that they can plan expenditures within the given budget limits, only after covering the obligations, while the free fiscal space can be used for other priorities.

Trends of financing 2023 -2024 and estimations 2025 -2027					
General Budget of Kosovo	Year 2023 Expenditures	Year 2024 Budgeted	Year 2025 Estimated	Year 2026 Estimated	Year 2027 Estimated
<b>Total</b>	<b>2,767,027,140</b>	<b>3,302,323,025</b>	<b>3,515,267,132</b>	<b>3,743,326,693</b>	<b>3,825,728,358</b>
Number of employees	85,167	91,046	91,137	91,137	91,137
Wages and Allowances	766,047,233	805,389,671	865,145,250	911,668,766	961,674,919
Goods and Services	386,418,761	484,772,821	501,385,353	512,629,538	519,662,185
Utilities	28,074,543	34,185,862	35,566,305	36,357,805	37,358,805
Subsidies and Transfers	1,074,308,453	1,062,315,550	1,121,848,729	1,239,411,997	1,293,386,997
Capital investments	512,178,150	859,176,429	933,252,520	977,825,916	945,898,218
Reserve	-	10,173,408	4,800,000	4,800,000	4,800,000
Interest	-	46,309,284	53,268,976	60,632,670	62,947,234
<b>Source of financing</b>					
Government grants	2,592,579,425	3,018,854,309	3,194,770,169	3,396,620,718	3,509,511,243
Own source revenues	103,491,329	111,531,062	120,565,075	129,315,075	137,990,075
Financing from PAK	-	-	-	-	-
Dedicated revenues	4,812,199	7,271,893	8,555,657	8,759,748	8,975,064
Total financing from borrowing	66,144,188	118,356,476	138,107,255	147,998,482	106,304,743
Financing from borrowing - 04	48,624,832	47,860,432	56,425,770	42,358,770	106,304,743
Financing from Investment Clause - 06	17,519,356	70,496,044	81,681,485	105,639,712	-
Donors* grants	1,274,907	12,000,000	12,000,000	12,000,000	12,000,000

\*Donor grants are not part of total expenditures according to sources of financing

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Budget for Cental level</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>2,118,268,898</b>	<b>2,559,407,899</b>	<b>2,726,972,380</b>	<b>2,914,156,410</b>	<b>2,958,473,167</b>
Number of employees	40,238	45,602	45,693	45,693	45,693
Wages and Allowances	427,454,448	446,645,292	492,145,250	518,153,766	546,516,594
Goods and Services	279,660,243	365,093,387	377,385,353	384,629,538	386,662,185
Utilities	14,768,149	19,273,505	20,066,305	19,857,805	19,858,805
Subsidies and Transfers	1,047,589,521	1,031,824,065	1,088,848,729	1,203,411,997	1,253,386,997
Capital investments	348,796,537	640,493,366	690,457,768	722,670,633	684,301,352
Reserve	-	9,769,000	4,800,000	4,800,000	4,800,000
Interest		46,309,284	53,268,976	60,632,670	62,947,234
<b>Source of financing</b>					
Government grants	2,042,340,445	2,383,462,760	2,523,975,417	2,695,250,435	2,776,431,052
Own source revenues	4,972,067	6,007,485	5,565,075	5,815,075	5,815,075
Financing from PAK	-	-	-	-	-
Dedicated revenues	4,812,199	7,271,893	8,555,657	8,759,748	8,975,064
Total financing from borrowing	66,144,188	116,356,476	135,607,255	143,698,482	104,304,743
Financing from borrowing - 04	48,624,832	47,860,432	56,175,770	41,958,770	104,304,743
Financing from Investment Clause - 06	17,519,356	68,496,044	79,431,485	101,739,712	-
Donors* grants	1,274,907	12,000,000	12,000,000	12,000,000	12,000,000

\*Donor grants are not part of total expenditures according to sources of financing

In the following, each sector will be presented separately.

### **3.1. PUBLIC ADMINISTRATION**

The main goals within this sector are as follows: Good governance, increasing effectiveness and accountability, socio-economic development, advancing the integration processes of the country and strengthening the international subjectivity of the Republic of Kosovo, as well as the advancement and modernization of the entire public administration to serve all citizens, businesses and institutions of the Republic of Kosovo with efficiency, transparency, professionalism and impartiality, creating conditions for the sustainable return of the displaced, protection, integration and development of the communities living in Kosovo. Within this sector, during this year, the important project "Registration of the Population, Family Economies and Housing 2024" will be developed.

The main objectives during the next three-year period 2025-2027 within this sector are:

- Strengthening the international subjectivity of the Republic of Kosovo and the implementation of the criteria in the process of integration into the EU and international institutions;
- Modernization of public administration and strengthening of integrity and institutional development;
- Return, reintegration in Kosovo and construction of the necessary infrastructure for the normal functioning of returnees;
- Stabilization of communities and closure of collective centers in Kosovo;

- Preventing and fighting corruption through preventive mechanisms of asset declaration, conflict of interest and reporting;
- Increasing quality in the development of policies and the provision of services to citizens and businesses;
- Increasing interoperability for the security of the country, consolidating and strengthening the center of the security sector;
- Sustainable and balanced regional development and increased inter-municipal and cross-border cooperation;
- Promotion and protection of human rights and ensuring gender equality through the empowerment of women as well as promotion and protection of the rights of communities;
- Increasing foreign investments and exports through the operationalization of the Kosovo Agency for Investments and Exports;
- Documentation and research of crimes committed during the war.

The Public Administration Sector consists of the following institutions: the Assembly of the Republic of Kosovo, the Office of the President, the Office of the Prime Minister, the Ministry of Local Government Administration, the Ministry of Regional Development, the Ministry of Internal Affairs (part of the public administration), the Ministry for Communities and Return, Anti-Corruption Agency, Procurement Review Body, Electoral Panel for Complaints and Submissions, Information and Privacy Agency, Central Election Commission, Independent Supervisory Council for the Civil Service of Kosovo, Constitutional Court of Kosovo, Agency for Comparison and Verification of Properties.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Public Administration</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>70,552,923</b>	<b>123,309,670</b>	<b>123,257,720</b>	<b>108,596,406</b>	<b>98,005,992</b>
Number of employees	1,745	2,252	2,270	2,270	2,270
Wages and Allowances	20,448,311	23,040,911	26,040,519	26,693,018	27,675,940
Goods and Services	17,334,659	32,795,093	38,247,547	26,720,067	23,340,380
Utilities	2,445,981	3,391,903	3,387,204	3,387,704	3,442,504
Subsidies and Transfers	13,951,291	19,075,072	15,035,072	14,535,072	14,562,072
Capital investments	16,372,681	45,006,691	40,547,378	37,260,545	28,985,096
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	70,552,923	114,879,670	117,346,470	101,838,656	95,605,992
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	8,430,000	5,911,250	6,757,750	2,400,000
Financing from borrowing - 04	-	1,818,750	800,000	900,000	2,400,000
Financing from Investment Clause - 06	-	6,611,250	5,111,250	5,857,750	-
Donors* grants	507,054	1,574,718	88,506	165,380	50,000

\*Donor grants are not part of total expenditures according to sources of financing

### 3.2. PUBLIC FINANCES

The main goal within this sector is the stability and management of public finances in accordance with the strategic framework and obligations within the European integration agenda, as well as to ensure the implementation of priorities within the framework of ensuring the implementation of fiscal discipline in order to maintain stability macrofiscal that ensures stability and economic growth. The advancement of fiscal policies will be oriented in such a way as to ensure the support and fair treatment of economic entities, the increase of tax revenues and the formalization of employment, as well as the intensification for the elimination of fiscal evasion, the fight against the informal economy and the fight against money laundering.

Also, greater commitment is aimed at increasing the efficiency and effectiveness of public procurement, by strengthening electronic procurement, as well as increasing the transparency of public tenders, in order to achieve the right ratio between value and expenses. Also, it is aimed at raising the efficiency of allocation in the management of public money, in function of providing quality services to citizens, as well as raising the operational efficiency in the management of public money, in harmony with the rules and standards in force which will contribute to the smooth running, strengthening and transparency of the smooth running of public finances.

The main objectives during the next three-year period 2025-2027 within this sector are:

- Harmonization of legislation in the field of Public Finance in harmony with the obligations issued by the SAA (Acquis) and international standards;
- Ensuring the implementation of fiscal discipline in order to maintain macro fiscal stability;
- Raising the allocative efficiency in the management of public money, in order to provide quality services to citizens;
- Raising the operational efficiency in the management of public money, in harmony with the rules and standards in force;
- Ensuring sound public finances, through reforms in Public Finance Management and cooperation with International Financial Institutions;
- Reduction of fiscal evasion, informal economy and money laundering;
- Advancing the electronic procurement system, increasing efficiency, effectiveness and transparency of public tenders, equal treatment and value for money;
- Transparent and digitized public finance management system.

The Public Finance Sector consists of the following institutions: Ministry of Finance, Labor and Transfers (budget allocations related to the former Ministry of Labor and Social Welfare-MLSW (social care sector and labor and employment market) are excluded, the Regulatory Commission of Public Procurement, the National Audit Office, as well as the Unforeseen Expenses budget program.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Public Finance</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>126,182,233</b>	<b>200,287,612</b>	<b>178,633,850</b>	<b>301,885,726</b>	<b>309,576,492</b>
Number of employees	1,802	2,237	2,255	2,255	2,255
Wages and Allowances	20,314,466	22,198,307	23,548,889	25,715,018	26,205,784
Goods and Services	8,976,146	13,025,947	13,174,370	15,280,117	16,080,117
Utilities	285,445	1,011,092	1,003,591	1,003,591	1,003,591
Subsidies and Transfers	92,565,446	104,604,514	108,660,000	226,660,000	233,060,000
Capital investments	4,040,730	49,678,752	27,447,000	28,427,000	28,427,000
Reserve	-	9,769,000	4,800,000	4,800,000	4,800,000
<b>Source of financing</b>					
Government grants	97,039,493	174,515,612	171,633,850	291,885,726	299,576,492
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	29,142,740	25,772,000	7,000,000	10,000,000	10,000,000
Financing from borrowing - 04	29,142,740	2,300,000	2,000,000	10,000,000	10,000,000
Financing from Investment Clause - 06	-	23,472,000	5,000,000	-	-
Donors* grants	269,073	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.3. FOREIGN POLICY AND INTERNATIONAL RELATIONS**

The Department of Foreign Policy and International Relations has as its mission the formulation and implementation of the foreign policy of the Republic of Kosovo, the protection of the interests of Kosovo in relation to other countries and international organizations, the representation of Kosovo in foreign countries, the preservation and protection of immunities and privileges of diplomatic missions and the persons to whom they belong according to international conventions and customs, the development and coordination of policies in relation to other countries. The Ministry of Foreign Affairs and Diaspora protects and promotes the national, cultural and economic policies of the Republic of Kosovo. As for the diaspora, Kosovo will treat it as an extraordinary potential in promoting the image of Kosovo and will advance in the protection of the rights and interests of the citizens of Kosovo abroad.

Currently, the primary priority of the Ministry of Foreign Affairs and Diaspora is membership in international organizations and increasing the recognition of the Republic of Kosovo. As a result of these priorities, a large part of the focus and human and financial resources will be concentrated on preparatory work for membership in international organizations, including membership in various UN agencies and other organizations, as well as accession to various conventions. . The Republic of Kosovo is working intensively to achieve progress in aligning the integration processes with the EU and NATO, in which processes the Ministry of Foreign Affairs plays a key role.

Likewise, the Ministry proposes and implements policies and legislation for the promotion of diaspora and diaspora engagement, as well as supervises their implementation; helps to promote, preserve, cultivate the cultural, linguistic, and educational identity of immigrants; cooperates and coordinates activities with other state and municipal institutions, civil society and organizations and associations inside and outside Kosovo for the improvement of the position of the diaspora and diaspora; collaborates and coordinates activities with the institutions of other countries, for the improvement of the position of the diaspora and diaspora, etc.

In the context of the importance for the citizens and institutions of the Republic of Kosovo, the strengthening of the international subjectivity of the Republic of Kosovo through the creation and strengthening of bilateral relations with other countries is presented as a strategic priority/objective. Specifically, of particular importance is the increase in the number of recognitions and recognition from the five countries of the European Union (EU), the continuous strengthening of the strategic partnership with the USA, while the establishment and deepening of bilateral relations enjoys a special role as well as membership in international organizations.

Kosovo promotes the strengthening of regional cooperation with good neighborly relations and is committed to deepening strategic relations, active participation in regional organizations and initiatives and full diplomatic commitment for membership in international organizations.

Kosovo's membership in international and regional organizations represents a very important strategic objective of the Republic of Kosovo. As a result of non-recognition by some members of the EU and NATO, the journey towards the EU and towards NATO remains difficult for Kosovo. The intensification of the political dialogue with the EU on one side and NATO on the other is an important instrument for strengthening credibility and a tool for deepening cooperation.

Strengthening diaspora diplomacy is considered an extremely important objective of the Ministry. Addressing social, political and economic rights for the diaspora and diaspora are a special part of our institutional commitment. Likewise, their engagement helps Diplomacy to increase engagement in Diaspora issues, in Economic Diplomacy, Public Diplomacy and other topics related to the role of the citizen inside and outside the country.

The strengthening of public diplomacy and economic diplomacy through the promotion of cultural, economic and political values of the new image of the Republic of Kosovo in the world, are separate objectives, but closely related.

The strategic objectives of the Foreign Policy and International Relations Sector are:

- Creation and strengthening of bilateral relations with other countries;
- Strengthening regional cooperation;
- Membership of Kosovo in international and regional organizations;
- Strengthening Diaspora Diplomacy;
- Strengthening Public Diplomacy and Economic Diplomacy.

The Department of Foreign Policy and International Relations consists of: Ministry of Foreign Affairs and Diaspora.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Foreign policy and International relations</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>37,541,693</b>	<b>47,483,313</b>	<b>48,096,777</b>	<b>50,751,144</b>	<b>51,230,502</b>
Number of employees	314	389	389	389	389
Wages and Allowances	6,130,024	7,358,254	8,261,226	8,715,593	9,194,951
Goods and Services	18,330,820	22,577,008	21,000,000	23,200,000	23,200,000
Utilities	698,193	1,010,551	1,010,551	1,010,551	1,010,551
Subsidies and Transfers	621,910	1,342,500	1,430,000	1,430,000	1,430,000
Capital investments	11,760,746	15,195,000	16,395,000	16,395,000	16,395,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	37,541,693	47,483,313	48,096,777	50,751,144	51,230,502
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.4. PROTECTION AND SECURITY**

The Defense and Security Sector consists of the Ministry of Defense (MOD) and the Kosovo Security Force (KSF). The mission of the said institutions is related to the design and implementation of general state defense policies. The powers and functions of the Ministry of Defense are defined by the laws in force. The Kosovo Security Force is a multi-ethnic, professional military force, armed and authorized to serve in the country and abroad, in accordance with the constitutional and legal powers in the defense of the sovereignty and territorial integrity of the Republic of Kosovo, military support to the authorities civil and participation in international operations.

Based on the objectives foreseen in the Comprehensive Transition Plan (CTP), the Ministry of Defense and the Kosovo Security Force is in the fifth year of the transition (second phase) which continues with the establishment of priority units and the development of the necessary skills for fulfilling the constitutional and legal mission.

The new situation in the changes of the security environment in the region requires concrete actions and decisions for the development of defense skills and capacities for the Republic of Kosovo, to face the new security challenges. The Republic of Kosovo will respond through concrete state policies of defense and the advancement of relations with strategic allies and the pursuit of the most appropriate ways to achieve the goals and objectives in the field of defense, becoming a factor of peace and stability for the region and beyond.

Cooperation with partners will be conceived as a function of contributing to the creation of an environment of peace and stability in the region and in the world, re-modeling the way of acting and thinking about issues of strengthening security, as well as expanding the country's defense capacities. International and Military Cooperation will aim to further expand the cooperation map. Bilateral and multilateral cooperation should eventually turn into a partnership based on the growth and consolidation of our capacities.

The Kosovo Security Force during the First Phase of Transition, in coordination and synchronization with the Ministry of Defense, has carried out the re-organization of headquarters, commands and units in the new table of organization and operation; the development of new skills in the defense of the territory has begun; has prepared skills and capacities for participation in international operations in support of peace or humanitarian operations; KSF has started preparations for the development of combat support capabilities and support with combat services. KSF has started the development of advanced communication and cyber protection capacities.

The Ministry of Defense and the Kosovo Security Force, based on the defense policies of the Republic of Kosovo, Development Plans, the Program of the Government of the Republic of Kosovo; The Defense Strategy, Strategic Goals and Operational Objectives of the Ministry of Defense 2021-2025, the Comprehensive Transition Plan, the Medium-Term Plan and other plans in force, in order to implement the Comprehensive Transition Plan, will develop, standardize and modernize skills and capacities to ensure the independence of the country, the protection of the

territorial integrity, assistance to the civilian population as well as participation in international operations.

During the time period 2025 - 2027, the Ministry of Defense and the Kosovo Security Force will focus on: harmonizing and fulfilling the objectives defined in the strategic documents; unification and implementation of the planning-programming, budgeting and execution process; fulfilling the obligations set forth in the Comprehensive Transition Plan; consolidation of the education and training system; consolidating the system for cyber protection as well as increasing the level of skills of KSF units to contribute to operations inside and outside the country.

The strategic objectives of the Defense and Security Sector are:

- Development of military capacities in function of the protection of sovereignty and territorial integrity;
- Strengthening civil democratic oversight and increasing accountability and transparency;
- Expansion of bilateral cooperation, membership in organizations and participation in international operations;
- Maintaining essential capacities in function of military support to civil authorities;
- Completion and advancement of the legal framework in the field of defense;
- Advancement of interstate cooperation to achieve access to interstate and international programs for military equipment and acquisitions from the field of security and defense.

The Defense and Security Sector consists of the Ministry of Defens

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Protecion and Security</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>177,943,593</b>	<b>153,049,911</b>	<b>158,705,242</b>	<b>163,313,638</b>	<b>168,065,496</b>
Number of employees	4,710	5,479	5,479	5,479	5,479
Wages and Allowances	36,754,944	42,320,051	47,425,382	50,033,778	52,785,636
Goods and Services	51,294,124	51,040,600	51,140,600	51,640,600	51,640,600
Utilities	862,240	1,148,000	1,198,000	1,198,000	1,198,000
Subsidies and Transfers	-	-	-	-	-
Capital investments	89,032,284	58,541,260	58,941,260	60,441,260	62,441,260
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	177,943,593	153,049,911	158,705,242	163,313,638	168,065,496
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.5. PUBLIC SAFETY**

The mission of the Public Security Sector is the rule of law, public security throughout the territory of the Republic of Kosovo and the preparation of public policies, in accordance with the Constitution and legislation in force.

However, this mission aims to ensure an independent, impartial professional system with the aim of advancing the legislative and strategic framework. Within this sector, the Strategy for the Prevention and Combating of Terrorism, the Strategy for Cyber Security, the National Response Plan and the Strategy for Reducing the Risk from Natural Disasters and Other Disasters have been approved.

The Public Safety Sector has successfully implemented its policies in terms of fulfilling priorities such as: Preventing and fighting crime, increasing and maintaining public safety, Preventing and fighting terrorism, violent extremism and radicalism - The Kosovo Police continues to address strategically, starting from cooperation at the local level to the implementation of the state strategy against terrorism and the 2019-2025 action plan and the national strategy of the Republic of Kosovo for preventing and combating the informal economy, money laundering, financing of terrorism and financial crimes 2020-2025.

In fulfilling these goals, the effort to increase the capacities of the Kosovo Police and the Police Inspectorate has been continued and intensified through various specialized trainings and the provision of advanced equipment to combat these phenomena.

The Ministry of Internal Affairs (MIA) has successfully managed migration, advancing technical and human capacities for the management of migrants. The New Integration and Integration Process during 2024 has marked significant progress.

The main strategic objectives of the public safety sector are:

- Improving public safety;
- Advancement of policies and operationalization of mechanisms for Cyber Security;
- Raising the professional capacities of public security institutions through the provision of standardized training programs;
- Prevention, fight against organized crime, corruption and terrorism as well as efficient management of migration and border control;
- Raising the professional capacities of public security institutions through the provision of standardized training programs;
- Continuously raising the capacities of the KIA's Warning and Preventive Intelligence to avoid global security threats to national security.

The Public Security Sector consists of the following institutions: Ministry of Internal Affairs (security part), Kosovo Intelligence Agency, Agency for the protection of classified information.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Public Safety</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>190,483,522</b>	<b>185,097,784</b>	<b>204,159,465</b>	<b>213,719,082</b>	<b>227,419,817</b>
Number of employees	10,321	11,889	11,919	11,919	11,919
Wages and Allowances	122,355,827	113,830,290	131,044,327	138,085,243	146,389,745
Goods and Services	31,600,267	32,157,765	34,832,076	33,360,194	33,819,528
Utilities	1,487,780	2,055,800	2,060,800	2,061,800	2,008,000
Subsidies and Transfers	1,672,445	2,691,367	2,841,367	2,841,367	2,814,367
Capital investments	33,367,203	34,362,562	33,380,895	37,370,478	42,388,177
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	189,415,267	184,206,655	203,268,336	212,827,953	226,528,688
Own source revenues	1,068,256	891,129	891,129	891,129	891,129
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.6. JUSTICE

The mission of the Justice Sector is to prepare public policies, legal and by-laws and mandatory standards in the field of Justice in accordance with the Constitution and legislation in force, as well as to ensure an independent, impartial professional and effective prosecutorial and judicial system. The Ministry of Justice, as the bearer of the Justice sector, is committed to ensuring that the state of Kosovo is a state of law and the rule of law. The Ministry of Justice will show a special commitment in the direction of the formation of a stable legal system which will be fair, fast, efficient, and which will strengthen the trust of citizens in the institutions of the country and in the justice system in general.

The judiciary must be perceived as an objective and independent system, free from political influence, while the procedures must be clear, and easily understandable and applicable. Without these, public confidence in the judicial system cannot be achieved. Furthermore, a strong and trusted judiciary is essential to building a strong economy.

The implementation of the case management project (SMIL) is at the end of the consolidation phase of the project funded by the Ministry of Foreign Affairs of Norway. As a result of the successful implementation of the previous phases, the project donor has expressed readiness to continue the project with another phase. This phase is called the transitional phase of the SMIL project and is focused on providing assistance for capacity building for the Kosovo Judicial Council and the Kosovo Prosecutorial Council and to ensure the sustainability of its implementation in the courts and the prosecutor's office.

The main objectives of the Justice sector are:

- Investigation and prosecution of perpetrators of criminal offenses that reflects professionalism, dedication, efficiency and full respect for freedoms and human rights through the implementation of the highest professional and ethical standards;
- Development and implementation of policies to ensure fair and effective access to the justice system for all community members in accordance with the legislation in force;
- Functional Review of the Justice Sector;
- Fighting organized crime and corruption;
- Development and implementation of policies for social and family services as well as protection for children;
- Protection and supervision of basic human rights and freedoms through the increased influence of the Ombudsman Institution;
- Preventing and combating domestic violence, violence against women and gender-based violence;
- Exercising responsibilities in searching, obtaining, securing and verifying information regarding the location and fate of missing persons and the return of the remains of missing persons.

In the Justice sector, reform initiatives and the exercise of the legal mandate have included the following areas: Integrity in the justice system, including the development of the vetting process, implementation of the Strategy for the Rule of Law 2021-2026, strengthening the capacities of the free professions and addressing of international arbitration matters, the procedure in which it is involved The Republic of Kosovo.

The Justice Sector consists of the following institutions: the Ministry of Justice, the Judicial Council of Kosovo, the Prosecution Council of Kosovo and the Institution of the People's Advocate.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Justice</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>80,950,571</b>	<b>101,414,682</b>	<b>111,799,964</b>	<b>103,075,291</b>	<b>106,447,968</b>
Number of employees	4,956	5,532	5,532	5,532	5,532
Wages and Allowances	50,529,128	54,607,785	58,077,621	61,321,392	64,694,069
Goods and Services	15,397,430	19,663,998	19,619,444	21,378,000	21,378,000
Utilities	1,440,131	1,745,399	1,945,399	2,195,399	2,195,399
Subsidies and Transfers	11,363,029	10,098,000	11,098,000	10,098,000	10,098,000
Capital investments	2,220,852	15,299,500	21,059,500	8,082,500	8,082,500
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	80,325,659	100,834,482	111,219,764	102,245,091	105,617,768
Own source revenues	624,911	580,200	580,200	830,200	830,200
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.7. ENVIRONMENT

Within this sector, the monitoring and protection of the environment, water, as well as the development and strengthening of spatial planning, construction, housing, cadastre and expropriation at the national level are aimed.

Kosovo faces the problems of water management, waste, air and soil pollution. Other environmental problems are caused by unplanned spatial developments and illegal constructions which damage the space and reduce the possibilities for the future development of the country.

In order to improve the state of the environment and prevent further degradation, the Ministry of Environment, Spatial Planning and Infrastructure has prepared legislation that is aligned with the directives of the European Union, and has drawn up strategies and action plans for each environmental component. such as: air, biodiversity, climate change and integrated waste management.

Kosovo aims to pursue a Green Agenda as an important element around the principles of an environment-centric economy, defined by sustainable growth, sustainable consumption of resources and reduced carbon emissions.

The main objectives of the environment sector are:

- Completion of the legal infrastructure in the field of the environment and their harmonization with EU legislation and its implementation;
- Improving the state of the environment and monitoring its state;
- Creation of an efficient administrative system for spatial planning, construction, housing, energy efficiency in buildings and cadastre;
- Better administration and management of water resources and rehabilitation of river beds and waste management;
- Strengthening of the environmental inspectorate, water, nature, spatial planning, housing and construction;
- Advancing tariff policies, raising water service standards and reducing water losses.

The Environment Sector is made up of the Environment part which is within the Ministry of Environment, Spatial Planning and Infrastructure as well as the Regulatory Authority of Water Services.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Environment</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>53,871,129</b>	<b>72,913,740</b>	<b>60,746,045</b>	<b>74,396,473</b>	<b>62,793,137</b>
Number of employees	338	338	346	346	346
Wages and Allowances	2,044,369	2,890,086	2,968,119	3,282,634	3,463,179
Goods and Services	1,826,381	12,168,083	12,187,900	11,080,167	8,080,167
Utilities	5,507	140,873	145,873	145,873	145,873
Subsidies and Transfers	63,456	200,000	200,000	200,000	200,000
Capital investments	49,931,416	57,514,698	45,244,153	59,687,799	50,903,918
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	52,648,033	56,770,842	46,435,810	52,555,620	53,793,137
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	1,223,096	16,142,898	14,310,235	21,840,853	9,000,000
Financing from borrowing - 04	769,763	5,182,118	4,970,000	8,056,972	9,000,000
Financing from Investment Clause - 06	453,333	10,960,780	9,340,235	13,783,881	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.8. TRANSPORT AND COMMUNICATION**

Through this sector, the improvement of the economic infrastructure, the orientation towards the digital transformation with the aim of increasing the economic development and the well-being of the citizens is aimed.

Through the Infrastructure, opportunities will be created to connect the transport of our country to the international communication network, to connect all settlements, the free movement of citizens to their workplaces, schools, health facilities, recreation facilities and other contents, that will affect the quality of life in general.

On the other hand, the Information and Communication Technology (ICT) industry in Kosovo is growing every year, especially in the export of information technology services. Also, road infrastructure projects have been implemented in the field of road construction and rehabilitation, road maintenance and signaling of national and regional roads.

The main objectives within the Transport and Communication sector are:

- The integration of the Republic of Kosovo within the regional road network through the development of Roads 6 & 7 along the pan-European corridors, turning it from an isolated country into a transit country for the transport of Southeast Europe;
- Increasing safety and efficiency in the provision of services in air traffic management;
- Improving infrastructure and transport services;
- Creating barrier-free connections in international multimodal transport;
- Increasing the safety of transport;
- Development of high quality broadband electronic communication networks and services.

The Transport and Communication Sector consists of the following institutions: the Ministry of Environment, Spatial Planning and Infrastructure (departments dealing with transport issues), the Regulatory Authority for Electronic and Postal Communications, the Regulatory Authority for Railways, the Civil Aviation Authority and the Agency for Air Navigation Services.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Transport and Communication</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>113,099,401</b>	<b>204,985,244</b>	<b>272,821,087</b>	<b>274,956,864</b>	<b>262,034,894</b>
Number of employees	557	604	604	604	604
Wages and Allowances	7,149,152	7,023,105	7,763,331	8,147,360	8,637,269
Goods and Services	18,882,427	25,654,629	25,700,886	31,797,246	38,797,246
Utilities	367,389	537,828	482,828	482,828	482,828
Subsidies and Transfers	1,058,297	1,443,814	1,443,814	1,443,814	1,443,814
Capital investments	85,642,136	170,325,868	237,430,228	233,085,616	212,673,737
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	100,925,302	182,985,244	221,147,087	253,538,145	260,828,054
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	4,812,199	7,271,893	8,555,657	8,759,748	8,975,064
Total financing from borrowing	12,174,099	22,000,000	51,674,000	21,418,719	1,206,840
Financing from borrowing - 04	34,859	12,000,000	21,674,000	3,218,719	1,206,840
Financing from Investment Clause - 06	12,139,240	10,000,000	30,000,000	18,200,000	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.9. ENERGY

The energy sector is considered one of the most important elements for sustainable economic development, social welfare and national security. Despite the developments so far, there are still challenges that need to be addressed.

Regarding the current state of this sector, it can be said that the energy field is faced with challenges that must be addressed with policies that focus on sustainable energy supply at an affordable price and without harming the environment.

The overall production of electricity in Kosovo is realized by two thermal power plants (TC "Kosova A" and TC "Kosova B") with lignite and power plants from BRE (Renewable Energy Sources). The total installed capacity is 1568 MW, while the operating capacity is 1236 MW, of which about 960 MW are lignite-based thermal power plants, while about 276 MW are from BRE (Renewable Energy Sources) such as: wind power plants, hydro power plants and power plants photovoltaic. In this regard, according to the Energy Strategy 2022-2031, it is planned to continue investments in existing lignite-based capacities to increase the reliability of operation and to meet the required standards regarding emissions. This includes the renovation of two units of the "Kosova B" Thermal Power Plant and at least one unit of the "Kosova A" Thermal Power Plant to ensure a capacity of at least 540 MW for base load and 360 MW of strategic reserve capacity until 2030. Regarding the modernization of the network, investment activity is continuing both at the level of transmission and distribution to accommodate large generating capacities from RES and to reduce technical losses, especially in the distribution network. Also, in the direction of the development of the electricity market, the Albanian stock exchange ALPEX was created and operationalized and the market was merged with Albania. In order to increase the flexibility of the electricity system, the activity is continuing for the provision of market-based electricity reserve services and the achievement of at least 170 MW (mega-watt) of flexible regulation capacity through the construction of the battery system for energy conservation, project according to the agreement between the Government of the Republic of Kosovo and MCC (Millennium Challenges Corporation).

Currently, the participation of Renewable Energy Sources (RE) in electricity consumption is around 12%. An extremely important component related to the security of energy supply is Energy Efficiency (EE). In this direction, with the aim of increasing Energy Efficiency (EE) during the past year, Energy Efficiency (EE) measures were implemented in 59 public buildings at the central and local level in accordance with the goals defined in the Energy Strategy 2022-2031. Currently, through loan financing from the WB (World Bank) and KfW, Energy Efficiency (EE) measures are being implemented in buildings in the public sector. In order to reduce energy consumption, around 10,000 families were subsidized for efficient equipment (biomass boilers, heat pumps, efficient air conditioners and individual efficient biomass stoves), worth about 5 million Euros, during the past year.

The main objectives within the sector for the next three-year period are:

- Ensuring stable energy supply, diversification of energy resources, increasing energy efficiency, maximum utilization of renewable energy sources, as well as creating policies for sustainable development of the mining sector;
- Raising the awareness of operators in the implementation of energy and pressure equipment laws, regulations and technical codes deriving from the basic laws;

- Implementation of Energy Efficiency (EE) measures in local public institutions;
- Raising the level of applicability of energy laws, regulations and codes by energy and pressure equipment operators;
- Creating a stable environment for investments in the energy sector as well as enabling an appropriate framework for the development of competition and non-discriminatory conditions of access to transmission and distribution systems.

The energy sector consists of: the Ministry of Economy and the Office of the Energy Regulator.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Energy</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>58,336,050</b>	<b>59,526,653</b>	<b>59,627,274</b>	<b>86,018,756</b>	<b>88,077,063</b>
Number of employees	172	240	242	242	242
Wages and Allowances	1,757,892	2,073,621	2,395,142	2,526,875	2,665,853
Goods and Services	2,237,510	9,425,973	8,353,332	10,240,000	10,840,000
Utilities	24,029	45,130	45,130	45,130	45,130
Subsidies and Transfers	50,990,756	29,920,448	24,352,870	24,352,870	24,352,870
Capital investments	3,325,863	18,061,481	24,480,800	48,853,881	50,173,210
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	52,614,755	36,535,075	30,115,504	31,637,596	31,741,560
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	5,721,296	22,991,578	29,511,770	54,381,160	56,335,503
Financing from borrowing - 04	5,577,011	10,339,564	7,511,770	8,008,079	56,335,503
Financing from Investment Clause - 06	144,285	12,652,014	22,000,000	46,373,081	-
Donors* grants	-	-	2,000,000	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.10. SUPPORT FOR BUSINESS AND INDUSTRY**

The main goals within this sector are the creation of favorable conditions for the development of trade and industry as well as the stimulation of entrepreneurship in the Republic of Kosovo, in particular: the development of commercial and industrial policies, the improvement of the business environment, the promotion of investments and export potential, promotion of innovation and entrepreneurship, sustainable development of the mining sector, oil market regulation, market surveillance, consumer protection as well as industrial property protection.

Regarding the current state of this sector, it can be said that work has been done on the advancement of commercial policies and coordination mechanisms, the improvement of quality infrastructure, the protection of industrial property, consumer protection, and the advancement of market surveillance. Also, during the year 2023, the Industrial Policy was drawn up and approved: "Strategy for Industrial Development and Business Support 2030", where the vision is that by 2030, Kosovo's industry will transform into a more globally integrated industry and be able produce high value-added products and provide decent employment, through expansion of industrial production, reduction of industrial trade deficit, generation of better and inclusive employment, facilitation of circular and green industry and maximization of increasing the internal value.

The main objectives within this sector are:

- Implementation of Industrial Policy and strengthening of market supervision;
- Growth and expansion of industrial production;
- Improving access to finance for the private sector;
- Strengthening the protection of industrial property;
- Internationalization of enterprises and reduction of excessive dependence on imports;
- Encouraging investments through the advancement of policies, the regulator, the increase of production and processing capacities in priority industrial sectors, as well as the increase of the space of economic zones;
- Export promotion;
- Generation of inclusive and better employment;
- Facilitation of green and circular industry;
- Increasing Innovation in Entrepreneurship;
- Development of Tourism;
- Sustainable development of the mining sector using the country's mineral resources in an optimal and rational way.

The Business and Industry Support Sector consists of: the Ministry of Industry, Entrepreneurship and Trade, the Kosovo Privatization Agency, the Kosovo Competition Authority and the Independent Commission for Mines and Minerals.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Support for business and industry</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>39,921,003</b>	<b>31,272,484</b>	<b>39,655,562</b>	<b>40,953,496</b>	<b>41,348,375</b>
Number of employees	553	680	680	680	680
Wages and Allowances	6,733,668	6,747,774	7,412,640	7,820,335	8,212,214
Goods and Services	11,680,847	9,287,830	11,251,042	12,011,281	12,014,281
Utilities	196,566	340,880	290,880	330,880	330,880
Subsidies and Transfers	18,754,543	5,251,000	7,251,000	7,251,000	7,251,000
Capital investments	2,555,378	9,645,000	13,450,000	13,540,000	13,540,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	33,442,290	31,272,484	39,655,562	40,953,496	41,348,375
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	6,478,712	-	-	-	-
Financing from borrowing - 04	6,478,712	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.11. AGRICULTURE

Through this sector, the aim is to improve the development of the competitive and innovative agro-rural sector based on knowledge, technology and modern standards, offering high quality products in the internal market of the region and the EU, as well as sustainable development of natural resources and environment, providing economic activities and employment opportunities, social inclusion and quality of life for residents in rural areas.

In Kosovo, agriculture contributes 7.4% to GDP, or 658 million. €, as far as trade exchange is concerned, the share of export of agricultural products in total export is 13%, while the share of import of agricultural products in total import is 21%.

Regarding the current state of this sector, it can be said that the Ministry of Agriculture, Forestry and Rural Development (MAFRD) continues to offer financial support through two annual programs, the one for Direct Payments/subsidies and the Program for Rural Development/investment grants. Regarding the Direct Payments Program/subsidies, a total of 26 categories are supported, while, as for the Rural Development Program/investment grants, they are supported - Measure 1: Investments in physical assets in agricultural economies; Measure 3: Investments in physical assets in the processing and marketing of agricultural products; Measure 7: Farm Diversification and Business Development; and Measure 5: Implementation of Local Development Strategies - "Leader Approach". The legislative part has advanced thus providing support and implementation of agricultural policies which enable greater financial support for private investors.

The main objectives within the Agriculture sector are:

- Increasing the competitiveness of the agri-food sector and improving the efficiency and sustainability of farm production: Subsidy/farm income support for agricultural crops per area/head and quality schemes; Grants for investments in primary production and agro-processing industry; Investments in the irrigation system as well as Support and strengthening of advisory services;
- Sustainable management of natural resources (water, soil and forests): Agricultural land inventory; Administration and management of public forest lands and forests in National Parks in Kosovo; Drafting of long-term forest management plans as well as Afforestation and reforestation of bare areas;
- Support for businesses in rural areas in increasing employment and improving social infrastructure: Investments in rural businesses, diversification and rural tourism;
- Comprehensive institutional and sectoral reforms to create efficient public services: Investments in data collection and digitization of policy management and administration.

The Agriculture Sector consists of: Ministry of Agriculture, Forestry and Rural Development.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Agriculture</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>91,084,781</b>	<b>89,833,563</b>	<b>90,312,823</b>	<b>95,257,739</b>	<b>96,348,605</b>
Number of employees	598	937	937	937	937
Wages and Allowances	4,960,509	7,187,303	6,890,005	7,268,956	8,359,822
Goods and Services	3,397,295	6,410,455	5,487,013	6,500,000	6,500,000
Utilities	119,715	314,783	314,783	314,783	314,783
Subsidies and Transfers	81,492,355	72,097,022	74,077,022	77,630,000	77,630,000
Capital investments	1,114,906	3,824,000	3,544,000	3,544,000	3,544,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	90,705,258	89,489,722	89,968,982	94,913,898	96,004,764
Own source revenues	379,523	343,841	343,841	343,841	343,841
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.12. CULTURE, RECREATION AND SPORTS

In the framework of this sector, the creation and development of sports, culture and youth, accessible to all for social welfare and international promotion, identification, evaluation, protection of cultural heritage, promotion and protection of copyright and related rights as and the regulation, management and supervision of the broadcasting frequency spectrum

In the framework of each program policy of the Ministry of Culture, Youth and Sports (MCYS), we are highlighting some achievements: - Kosovo is announced as the host of the 2030 Mediterranean Games, a sensational discovery in Ulpiana, Dardane, Kosovo joins the youth association EYCA, was held song festival on RTK. 3 Laws and 2 draft laws have been approved by the Government, while 11 new by-laws have entered into force. The Register of Cultural Heritage at Risk has been made. Emergency rescue interventions were carried out in 65 assets, the implementation of the project for the preservation of Dresnik. The professional assessment study of the physical condition of the buildings within the Adem Jasharit-Prekaz complex was carried out, and emergency interventions were carried out. 10 sports facilities and 3 youth centers were returned to the function of the community. The programs "Art in School" and "Sport in School" have been developed, where more than 13 thousand students are participating within the year. The "Opera Edu" program was successfully piloted through which operatic education for children was developed in 10 public music schools. The "Kosovo, State of Judo" program was implemented, including the strengthening and popularization of the sport of judo. The program "Young volunteers from the Diaspora" was also implemented, through which young people from the diaspora perform voluntary work in the fields of culture, youth and sports, the "Library Network" program was designed. We have supported the organization of the Nomadic Biennale "Manifesta 14 Prishtina", the "Sunny hill" Festival and many other cultural and sports activities that have attracted a large number of international visitors. The Youth Conference was held, now an annual organization of MKRS with the participation of over 300 youth participants from all over Kosovo. 46.20 m length of archival material has been adjusted/processed, 3005 sheets conserved, 2115 sheets restored. 64,831 scans of archival documents were digitized, 4 archival exhibitions were opened.

The main objectives of the culture, recreation and sport sector are:

- Art and culture for well-being and development;
- Strengthening the protection, preservation and promotion of cultural heritage and memorial complexes;
- Active and healthy society through sports activity;
- Advancement of policies, programs and inter-institutional cooperation so that young people can enjoy a better life and contribute towards the development of an inclusive and stable society;
- Strengthening the research-scientific activity by advancing the archive field at the local, regional and international level;
- Promotion of the state image through the development of sports and cultural tourism;
- Increasing the amount of archival material regulation and improving the storage conditions of archival material;
- Digitization of archival material;
- Development of international cultural and sports events in the Republic of Kosovo;
- Efficient collective management of copyright and related rights;
- Preservation and effective management of cultural heritage assets and memorials;

- Improving the condition of cultural heritage assets and their functionalization with the aim of sustainable local and economic development;
- Improving the legal and physical infrastructure and raising the institutional capacities of museums in Kosovo;
- Stable support of potential athletes to win medals in the international arena;
- Regulation, management and supervision of the transmission frequency spectrum;
- Digitization in RTK and implementation of terrestrial digital television broadcasting.

Budgetary organizations that make up the Culture, Recreation and Sports sector are: Ministry of Culture, Youth and Sports, Kosovo Council for Cultural Heritage, Independent Media Commission and Radio Television of Kosovo.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Culture, recreation and sports</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>56,072,310</b>	<b>99,158,160</b>	<b>107,015,593</b>	<b>107,309,010</b>	<b>107,766,122</b>
Number of employees	768	878	893	893	893
Wages and Allowances	6,749,910	7,640,993	8,027,838	8,311,119	8,768,231
Goods and Services	4,877,265	5,628,159	5,556,747	5,966,883	5,966,883
Utilities	411,325	514,458	514,458	514,458	514,458
Subsidies and Transfers	31,034,085	26,076,550	26,076,550	26,076,550	26,076,550
Capital investments	12,999,725	59,298,000	66,840,000	66,440,000	66,440,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	56,044,304	99,040,570	106,898,003	107,191,420	107,648,532
Own source revenues	28,006	117,590	117,590	117,590	117,590
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### 3.13. LABOR MARKET AND EMPLOYMENT

Within this sector, it is intended to continue the implementation of active measures of the labor market, as well as to invest in the advancement and increase of quality in employment and professional training services, through which the increase in the participation of women is possible. young people, marginalized groups in the labor market as well as the development of skills in accordance with the requirements of the labor market.

It is also aimed at reducing inactivity, formalizing jobs, increasing the professional skills of the workforce and improving public employment services.

Likewise, through the Labor Inspectorate, the supervision of the applicability of the legislation that regulates contractual legal relations, including rights and obligations, between employers and employees will continue.

The main objectives for the next three-year period are:

- Reducing inactivity, formalizing jobs, increasing professional skills in accordance with the requirements of the labor market;
- Increasing the participation of women, youth and marginalized groups in the labor market;
- Improving working conditions and reducing informal employment;
- Strengthening of supervision mechanisms and improvement of working conditions;
- Strengthening the capacities of employment services and expanding professional training services.

The Labor Market and Employment Sector consists of the Employment Agency and the Central Labor Inspectorate Agency, which are within the Ministry of Finance, Labor and Transfers.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Labour market and employment</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>21,092,033</b>	<b>33,523,695</b>	<b>33,790,986</b>	<b>33,978,063</b>	<b>34,175,429</b>
Number of employees	293	470	470	470	470
Wages and Allowances	2,221,278	2,991,966	3,401,399	3,588,476	3,785,842
Goods and Services	548,054	813,844	768,702	768,702	768,702
Utilities	101,504	172,885	172,885	172,885	172,885
Subsidies and Transfers	17,910,032	29,000,000	29,000,000	29,000,000	29,000,000
Capital investments	311,165	545,000	448,000	448,000	448,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	21,092,033	33,523,695	33,790,986	33,978,063	34,175,429
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	-	-	-
Financing from borrowing - 04	-	-	-	-	-
Financing from Investment Clause - 06	-	-	-	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.14. SOCIAL CARE**

Within this sector, it is intended to create a system of social protection, which meets the needs of citizens and is sustainable in fiscal terms. The programs and activities planned within it enable the provision of services and the realization of rights for citizens who need social protection. It also contributes to the improvement and reform of the social protection system, the pension system and the social assistance program.

The increase in social welfare and the development of social policies is included within the Government's program, where social welfare, in addition to cash transfers offered to families and individuals, also includes other support for citizens and vulnerable groups in social need, such as support for families with children with disabilities, child allowances and maternity leave.

Through the reform in the pension system of Kosovo, it is intended to achieve an increase in social well-being and a reduction in poverty through the support of vulnerable groups and the restructuring of social and pension schemes, the design of new social and pension schemes, the increase in the coverage of families living in poverty from the social assistance scheme, the inclusiveness of persons with disabilities in benefits and services, the increase in the quality of social and family services, the elimination of duplication of payments and benefits and the advancement of the control of beneficiaries in relation to other legal acts that are in opposition to each other.

The main objectives for the next three-year period are:

- Increasing social well-being through restructuring, expansion in raising the quality of protection and social and family services, with a special focus on groups in need and gender equality;
- The development of a stable pension system in the establishment of institutional capacities for the revision, harmonization and full implementation of the legal framework for the right to pensions and better services;
- Development and advancement of the Integrated Information System for all social schemes, pensions and benefits;
- Better access to social services;
- Access to decent, affordable and quality housing.

The Social Care Sector consists of the sub-programs of social and pension schemes which are within the Ministry of Finance, Labor and Transfers.

**Trends of financing 2023 -2024 and estimations 2025 -2027**

<b>Social care</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>679,837,128</b>	<b>713,215,024</b>	<b>770,746,064</b>	<b>764,266,548</b>	<b>807,431,427</b>
Number of employees	173	190	190	190	190
Wages and Allowances	1,337,379	1,391,331	1,548,973	1,634,167	1,724,046
Goods and Services	375,617	1,622,139	3,491,281	971,281	471,281
Utilities	42,031	66,100	66,100	66,100	66,100
Subsidies and Transfers	678,065,346	707,180,454	763,004,710	759,440,000	803,015,000
Capital investments	16,755	2,955,000	2,635,000	2,155,000	2,155,000
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	679,794,756	697,215,024	755,246,064	763,766,548	807,431,427
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	42,372	16,000,000	15,500,000	500,000	-
Financing from borrowing - 04	42,372	15,200,000	15,020,000	500,000	-
Financing from Investment Clause - 06	-	800,000	480,000	-	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.15. HEALTH**

In the framework of this sector, the aim is to preserve health, promote healthy lifestyles and provide safe quality services, with easy, equal access, without financial risk and cost-effective.

The Ministry has continued coordination in the management of the COVID-19 pandemic, even in spite of a calm epidemiological situation. In order to increase the quality and safety of health services, the Minister of Health has approved the strategic plan for the implementation of the feasibility study "Improving the physical infrastructure of secondary and tertiary health care institutions 2023-2026" which foresees investments in equipment and infrastructure in secondary and tertiary level institutions in the Republic of Kosovo. This strategic plan envisages the provision of equipment for general hospitals and NCUK clinics in the amount of 44 million euros. In December 2023, the second phase of the feasibility study has begun, where the assessment will be carried out for warm corridors, access for people with disabilities and palliative health care institutions at the tertiary level where health care is provided for patients in the terminal phase of life.

Regarding the drafting of strategic plans and action plans, the Ministry has continued with the planned activities in implementation of the 2023-2025 National Development Plan and the National European Integration Plan. During the year 2023, twenty (20) strategic plans and action plans were approved. As for the draft of the 2023-2030 Health Sectoral Strategy, it is currently in the stage of addressing recommendations from the Office for Strategic Planning to the Prime Minister's Office. While the Strategic Plan for the development of the health information system 2024-2030 has been finalized and is in the stage of inter-ministerial consultations.

In the development of the health information system (HIS), the feasibility study for the health information system has been approved, which has created the possibility to draw up a strategic plan for HIS 2024-2030 based on evidence. The Strategic Plan for the Health Information System has been drafted and is currently in the stage of inter-ministerial opinions. One of the important steps is the development of the family doctor selection module in the module of the basic health information system that is functional in primary health care, which is already connected to the e-Kosova platform, in order to enable you citizens to make online applications for the selection of a family doctor in their area of residence for the four (4) municipalities that are a pilot project (Prishtina, Prizren, Istogu, Lipjani). The Ministry has developed the necessary training for the use of the regular vaccination module with indications for different municipalities. Work has been done on the extension of the government network and the configuration of network equipment in the QMFs and AMFs in the municipalities which are pilot projects for zoning: Prizren, Lipjan, Istog and Pristina (CMF5 and CMF6).

The Ministry has included three new vaccines in the protection of citizens' health that have expanded the range of vaccines for diseases that can be prevented such as the vaccine against rotavirus infection, the pneumococcal vaccine (13-valent PCV), the papillomavirus (HPV) vaccine and the vaccines for seasonal flu. For the year 2024, the Ministry has managed to ensure the budget increase of 5.8. million euros for vaccines, which was 2 million euros.

Within the CSKUK, during the period January-December 2023, a total of 8,046,049 services were provided. From these services we have: 776,185 days of recovery with 149,148 patients lying in 3,686 beds. From the number of inpatients, 41,158 patients were operated on in the units of CSKUK, while 1,442,984 outpatient visits and 738,527 other diagnostic visits were performed.

Pashtu, 4,221,986 laboratory services for 825,339 patients were performed in the units of CSKUK. The number of births during this period was 17,710 births, of which 6,671 were births by operation or 38%, while 18,001 children were born. Also, a total of 120,704 dialysis services were performed and other or special services, depending on the specifics of the services, were performed 1,045,366 services.

The National Center of Telemedicine of Kosovo - NCTK, has provided professional training and teleconferences, scientific publications, etc., for 10,471 medical staff (specialist doctors, nurses, specialists and others), of which 5,356 medical staff and 5,114 students.

Pursuant to the legislative program, the draft law on the regulation of drug prices has been approved in the Assembly, which affects the reduction of the price of drugs and reduces the cost of expenses in the budgets of families. The draft law on the prevention and control of communicable diseases was also approved, while in the first reading the draft law on reproductive health and medically assisted fertilization. In order to implement the legislation in force, the administrative instruction for medical treatment outside public health institutions, the administrative instruction on the conditions and procedures for the exercise of health activity in private institutions, the administrative instruction for practice and the professional examination for health professionals and the administrative instruction for the remarks of combined in tobacco packaging, administrative guidance for specialist training, administrative guidance for guidelines and clinical protocols. By-laws that have been approved by the Government are the CSKUK Statute and the administrative instruction for the licensing of foreign health professionals and the regulation for the addition of the health system employee. The Ministry has also finalized the draft law on health and the draft law on health insurance, which were also handled by the expertise received from the European Commission.

The strategic objectives in this sector are:

- Improving the quality and access to health services;
- Protecting health and improving the quality of health services provided;
- Reorganization of the health sector and
- Ensuring sustainable health financing.

To achieve these objectives, actions will be taken such as Development of the legal framework for the reorganization of the health sector, Functionalization of mechanisms for the prevention, supervision and control of non-communicable diseases, Functionalization of mechanisms for the prevention, supervision and control of diseases stickers; Reorganization of health services, Development of the Health Information System; Promotion of physical activity and healthy lifestyle; Improvement of vaccination services for the population with an emphasis on vulnerable groups of society, Full coverage of immunization for the age of 24-35 months, Identification and completion/change of the legal framework (legal and by-laws) as well as internal administrative procedures for implementation of the health insurance scheme, Prioritization of diseases - pathologies for the reduction of waiting lists, reduction of hospital waste.

The Health Sector consists of: the Ministry of Health, the University Clinical Hospital Service of Kosovo and the Health Insurance Fund.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Health</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>222,278,911</b>	<b>263,660,768</b>	<b>275,012,352</b>	<b>288,890,685</b>	<b>283,022,706</b>
Number of employees	8,530	9,072	9,072	9,072	9,072
Wages and Allowances	97,754,307	101,853,093	110,785,713	115,803,516	122,170,637
Goods and Services	78,140,754	94,469,506	97,814,470	103,850,000	102,850,000
Utilities	4,410,570	3,945,864	4,445,864	3,945,864	3,945,864
Subsidies and Transfers	27,053,332	11,613,805	13,613,805	11,613,805	11,613,805
Capital investments	14,919,947	51,778,500	48,352,500	53,677,500	42,442,400
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	210,917,038	258,640,768	265,312,352	266,690,685	266,660,306
Own source revenues	-	-	-	-	-
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	11,361,873	5,020,000	9,700,000	22,200,000	16,362,400
Financing from borrowing - 04	6,579,375	1,020,000	3,200,000	8,675,000	16,362,400
Financing from Investment Clause - 06	4,782,498	4,000,000	6,500,000	13,525,000	-
Donors* grants	-	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

### **3.16. EDUCATION AND SCIENCE**

The education sector has the mission of creating a society based on knowledge and competitive skills, integrated in European trends, with equal opportunities for the advancement of each individual to prepare and contribute to sustainable social, economic and political development in the country. Kosovo as a democratic society offers equal opportunities for the personal development of all citizens, where access to the benefit of knowledge, scientific research, justice and the benefit of skills are in function of the accelerated development of our society and competitive abilities inside and outside Kosovo. compliance with international standards.

The education sector has state and civic responsibility in proper education to prepare them as worthy and useful citizens for the country.

In 2023, the education sector has faced many difficulties, the economic situation, the instability of prices in the market changed the normal course in the realization of activities. However, with the dedication of all parties involved and with the help of development partners and donors, it has been possible to manage the situation and mark achievements in all segments of education. This sector is going through a reform process aimed at increasing participation and improving the quality of education. Work was done on the drafting of legislation and numerous legal and by-laws were approved, technological equipment was provided, textbooks were distributed free of charge to students of grades 1-9, 2 nurseries were built and 19 are in the process of construction, 3 were adapted schools in kindergartens, 7 others are in the process of adaptation, construction of 6 schools and 3 physical education halls, renovation of sanitary facilities in 3 schools, supply of inventory in 8 schools and 17 sports halls with sports equipment, supplying 29 schools with maintenance packages and 15 schools with laboratory equipment, etc. The implementation of dual education has begun in 12 profiles, in 23 IAAP in 14 municipalities. Also, in cooperation with the Ministry of Education of Albania, the XVI Nationwide Seminar was organized with teachers of the diaspora, as well as the textbook "Albanian language and Albanian culture" was drawn up, 500 scholarships were awarded to the students of the communities and 3604 benefited from the elite STEM scholarships. students. The external performance evaluation was carried out in 14 schools, as well as the evaluation of the performance of 74 principals and vice-principals. Prizes were awarded to students with exceptional talents and gifts for 88 students who won the competitions. 250 professionals have been trained for inclusive education. Work has been done on improving the curricula and designing and providing new textbooks, which must be supported by new teaching and learning practices. It is also intended to support scientific research and participate in all education activities at the national, regional and international level, in order to reach European standards.

There have also been significant achievements in the field of academia, where a significant number of specific projects have been worked on, while cooperation with international, academic and scientific institutions has continued.

#### **Challenges**

- Continuous coordination with donors to eliminate overlap,
- Provision of locations/plots and building permits with relevant documentation from municipalities for increasing the number of new nurseries;

- Employment of young educators in early childhood education (municipalities are faced with a lack of educational staff in preschool institutions);
- Identification of profiles needed in the labor market and cooperation with municipalities according to their plans.
- Limited quotas for the recruitment of academic staff necessary for accreditation of programs according to market needs, etc.

This sector is characterized by continuous developments in all sub-sectors that have addressed numerous challenges in terms of improving the quality of education. Reviewing early childhood education standards and improving access to educational services, especially for children from low-income families, national minorities and from rural areas to increase investment in research and scientific development; greater quality, integrity and competitiveness in higher education; digitization of educational services for better quality and access.

The main objectives of the education sector for the next period are:

- Increasing inclusion and equal access to early childhood education by providing safe, supportive and encouraging environments as well as integrated and quality services;
- Raising the quality of pre-university education through the consolidation of quality assurance mechanisms and the provision of quality teaching;
- Harmonization of education and professional training with the dynamic developments of technology and the labor market, in function of lifelong learning;
- Improving the quality, integrity and competitiveness of higher education through the implementation of high quality standards, excellence in teaching and scientific research, innovation, connection with the labor market;
- The use of digital technology for the improvement of services and quality in education, in accordance with the trends of digital transformation.

The Education and Science Sector consists of: the Ministry of Education, Science, Technology and Innovation, the University of Pristina, the Academy of Science and Arts of Kosovo and the Academy of Law.

<b>Trends of financing 2023 -2024 and estimations 2025 -2027</b>					
<b>Education and Science</b>	<b>Year 2023 Expenditures</b>	<b>Year 2024 Budgeted</b>	<b>Year 2025 Estimated</b>	<b>Year 2026 Estimated</b>	<b>Year 2027 Estimated</b>
<b>Total</b>	<b>99,021,619</b>	<b>134,366,313</b>	<b>139,322,602</b>	<b>146,154,819</b>	<b>151,781,908</b>
Number of employees	4,408	4,415	4,415	4,415	4,415
Wages and Allowances	40,213,283	43,490,423	46,554,127	49,206,287	51,783,376
Goods and Services	14,760,648	28,352,358	28,759,943	29,865,000	30,915,000
Utilities	1,869,742	2,831,959	2,981,959	2,981,959	2,981,959
Subsidies and Transfers	20,993,197	11,229,519	10,764,519	10,839,519	10,839,519
Capital investments	21,184,749	48,462,054	50,262,054	53,262,054	55,262,054
Reserve	-	-	-	-	-
<b>Source of financing</b>					
Government grants	96,150,248	130,291,588	133,690,287	135,922,504	139,149,593
Own source revenues	2,871,371	4,074,725	3,632,315	3,632,315	3,632,315
Financing from PAK	-	-	-	-	-
Dedicated revenues	-	-	-	-	-
Total financing from borrowing	-	-	2,000,000	6,600,000	9,000,000
Financing from borrowing - 04	-	-	1,000,000	2,600,000	9,000,000
Financing from Investment Clause - 06	-	-	1,000,000	4,000,000	-
Donors* grants	498,780	-	-	-	-
*Donor grants are not part of total expenditures according to sources of financing					

Below are presented the budget limits for the years 2025-2027 at the level of budget organizations in central level.

**Apendinx 1 . Estimadet for 2025 -2027**

Org. code	Ministries/Institutions	Estimations for year 2025								Estimations for 2026			Estimations for 2027		
		No. of approved employees	Wages and salaries	Goods and services	Utilities	Subventions and Transfers	Capital Investments	Reserves	Total 2025	Operation expenditure	Capital expenditure	Total 2026	Operation expenditure	Capital expenditure	Total 2027
101	Assembly of Kosovo	528	9,101,186	1,858,000	200,000	70,000	200,000	-	11,429,186	10,674,752	200,000	10,874,752	11,144,823	200,000	.
102	Office of the President	83	1,121,048	2,496,421	6,700	419,305	215,000	-	4,258,474	3,855,132	15,000	3,870,132	3,920,181	15,000	3,935,181
104	Office of the Prime Minister	609	5,024,734	5,177,147	88,226	5,505,687	2,050,000	-	17,845,794	18,392,508	1,000,000	19,392,508	15,751,715	1,500,000	17,251,715
201	Ministry of Finance, Labor and Transfers	2,693	25,580,207	16,367,000	1,197,576	900,664,710	28,500,000	-	972,309,493	1,059,180,223	29,000,000	1,088,180,223	1,110,939,268	29,000,000	1,139,939,268
203	Ministry of Agriculture, Forestry and Rural Development	937	6,890,005	5,487,013	314,783	74,077,022	3,544,000	-	90,312,823	91,713,739	3,544,000	95,257,739	92,113,531	3,544,000	95,657,531
204	Ministry of Industry, Entrepreneurship and Trade	331	2,656,792	9,759,761	158,280	7,246,000	13,220,000	-	33,040,833	20,707,195	13,320,000	34,027,195	20,861,355	13,320,000	34,181,355
205	Ministry of Environment, Spatial Planning and Infrastructure	636	5,303,831	34,988,786	481,490	1,643,814	278,341,831	-	320,759,752	47,413,259	288,240,865	335,654,124	51,721,014	259,245,105	310,966,119
206	Ministry of Health	1,482	16,220,793	32,808,124	281,848	3,613,805	28,903,000	-	81,827,570	59,258,590	34,228,000	93,486,590	56,199,801	22,992,900	79,192,701
220	Hospital and University Clinical Service of Kosova	7,538	94,142,287	64,506,346	4,139,016		19,449,500	-	182,237,149	168,059,129	19,449,500	187,508,629	176,521,735	19,449,500	195,971,235
207	Ministry of Culture, Youth and Sports	831	7,266,742	5,040,871	483,908	17,116,550	66,440,000	-	96,348,071	30,716,871	66,440,000	97,156,871	31,138,523	66,440,000	97,578,523
208	Ministry of Education, Science, Technology and Innovation	2,282	24,416,892	23,750,000	1,590,459	8,305,360	44,862,054	-	102,924,765	60,205,640	47,862,054	108,067,694	62,543,631	49,862,054	112,405,685
211	Ministry of Communities and Return	121	1,007,042	326,652	17,000	2,100,000	3,000,000	-	6,450,694	3,554,429	1,200,000	4,754,429	3,612,862	1,200,000	4,812,862
212	Ministry of Local Government Administration	129	1,090,300	321,445	7,000		4,250,000	-	5,668,745	1,592,267	4,050,000	5,642,267	1,655,531	4,050,000	5,705,531
213	Ministry of Economy	204	1,890,119	8,075,000	23,130	24,352,870	24,400,000	-	58,741,119	36,370,076	48,773,081	85,143,157	37,079,750	50,092,410	87,172,160
214	Ministry of Internal Affairs	11,901	124,853,583	41,327,875	4,950,400	2,141,367	57,376,773	-	230,649,998	179,721,547	62,254,523	241,976,070	186,966,176	58,546,773	245,512,949
215	Ministry of Justice	2,169	18,274,141	10,866,444	1,088,769	10,598,000	15,005,000	-	55,832,354	42,465,988	2,000,000	44,465,988	43,526,345	2,000,000	45,526,345
216	Ministry of Foreign Affairs and Diaspora	389	8,261,226	21,000,000	1,010,551	1,430,000	16,395,000	-	48,096,777	34,356,144	16,395,000	50,751,144	34,835,502	16,395,000	51,230,502
217	Ministry of Defense	5,479	47,425,382	51,140,600	1,198,000		58,941,260	-	158,705,242	102,872,378	60,641,260	163,513,638	105,624,236	62,441,260	168,065,496
221	Ministry of Regional Development	60	629,166	300,000	1,360	2,000,000	3,000,000	-	5,930,526	2,500,130	2,000,000	4,500,130	2,543,318	2,000,000	4,543,318
230	Public Procurement Regulatory Commission	42	412,121	299,253	5,000		100,000	-	816,374	749,787	100,000	849,787	773,701	100,000	873,701
231	Kosovo Academy of Sciences and Arts	20	209,957	774,943	5,000	715,159		-	1,705,059	1,946,663	-	1,946,663	1,958,846	-	1,958,846
235	Regulatory Authority of Electronic and Postal Communications	42	512,951	480,000	18,200		600,000	-	1,611,151	1,344,364	600,000	1,944,364	1,374,128	600,000	1,974,128
236	Anti Corruption Agency	58	776,678	134,056	8,500			-	919,234	962,895	-	962,895	1,007,962	-	1,007,962
238	Energy Regulatory Office	38	505,023	278,332	22,000		80,800	-	886,155	794,799	80,800	875,599	824,103	80,800	904,903
240	Procurement Review Body	35	358,723	156,355	5,100			-	520,178	543,553	-	543,553	564,368	-	564,368
242	University of Pristina	2,081	21,636,641	3,700,000	1,370,000	1,744,000	5,400,000	-	33,850,641	29,790,656	5,400,000	35,190,656	31,046,122	5,400,000	36,446,122
243	Constitutional Court of Kosovo	72	1,343,594	636,702	9,000	140,080	110,000	-	2,239,376	2,207,071	110,000	2,317,071	2,285,033	110,000	2,395,033
244	Kosovo Competition Authority	30	355,290	77,000	2,000			-	434,290	453,831	-	453,831	477,447	-	477,447
245	Kosovo Intelligence Agency	190	7,786,730	3,301,882	45,000	700,000	3,170,000	-	15,003,612	12,360,000	3,170,000	15,530,000	12,811,825	3,170,000	15,981,825
246	Kosovo Council for Cultural Heritage	18	212,842	105,993	2,550			-	321,385	334,098	-	334,098	346,448	-	346,448
247	Election Complaints and Appeals Panel	21	201,601	53,000	7,820			-	262,421	278,509	-	278,509	292,207	-	292,207
249	Independent Oversight Board for the Civil Service of Kosovo	30	335,545	100,000	3,825			-	439,370	477,825	-	477,825	497,295	-	497,295
250	Kosovo Prosecutorial Council	964	12,796,702	3,250,000	199,630		2,134,500	-	18,380,832	17,050,151	2,134,500	19,184,651	17,792,680	2,134,500	19,927,180
302	National Audit Office	180	2,506,933	768,100	40,000			-	3,315,033	3,494,914	-	3,494,914	3,640,379	-	3,640,379
313	Water Services Regulatory Authority	21	254,923	143,000	6,503			-	404,426	418,447	-	418,447	433,239	-	433,239
314	Railway Regulatory Authority	29	283,199	127,000	6,400			-	416,599	412,175	-	412,175	428,608	-	428,608
317	Civil Aviation Authority	30	665,807	150,000	3,738			-	819,545	856,164	-	856,164	891,286	-	891,286
318	Minerals and Mines Independent Commission	77	865,001	389,281	20,600		200,000	-	1,474,882	1,342,457	200,000	1,542,457	1,392,649	200,000	1,592,649
319	Media Independent Commission	44	548,254	409,883	28,000		400,000	-	1,386,137	1,016,291	-	1,016,291	1,048,103	-	1,048,103
320	Central Election Committee	93	1,155,585	15,748,998	28,100	4,800,000		-	21,732,683	6,747,242	-	6,747,242	6,814,295	-	6,814,295
321	Ombudsperson	78	1,031,647	310,000	7,000		-	-	1,348,647	1,430,388	28,000	1,458,388	1,490,249	28,000	1,518,249
322	Justice Academy	32	290,637	535,000	16,500			-	842,137	858,122	-	858,122	874,986	-	874,986
328	Kosovo Judicial Council	2,321	25,975,131	5,193,000	650,000	500,000	3,920,000	-	36,238,131	33,996,764	3,920,000	37,916,764	35,503,971	3,920,000	39,423,971
329	Kosovo Property Comparison and Verification Agency	200	1,564,759	751,090	48,523		431,500	-	2,795,872	2,490,434	431,500	2,921,934	2,581,229	431,500	3,012,729
251	Privacy and Information Agency	34	348,184	140,000	6,450			-	494,634	513,784	-	513,784	533,987	-	533,987
232	Unpredicted Expenditure						1,930,000	4,800,000	6,730,000	4,800,000	1,930,000	6,730,000	4,800,000	1,930,000	6,730,000
248	Radio Television of Kosovo Kosoves					8,960,000		-	8,960,000	8,960,000	-	8,960,000	8,960,000	-	8,960,000
224	Health Insurance Fund	52	422,633	500,000	25,000	10,000,000		-	10,947,633	8,970,877	-	8,970,877	8,995,401	-	8,995,401
255	Agency for the Protection of Classified Information	25	386,388	250,000	15,000		125,000	-	776,388	703,639	200,000	903,639	727,060	150,000	877,060
	<b>Total</b>	45,259	484,898,955	374,360,353	19,843,935	1,088,843,729	686,695,218	4,800,000	2,659,442,190	2,119,915,895	718,918,083	2,838,833,978	2,199,866,903	680,548,802	2,869,070,882
239	Privatization Agency of Kosovo	242	3,535,558	1,025,000	110,000	5,000	30,000	-	4,705,558	4,910,013	20,000	4,930,013	5,115,164	20,000	5,135,164
254	Air Navigation Service Agency	192	3,710,737	2,000,000	112,370		3,732,550	-	9,555,657	6,027,198	3,732,550	9,759,748	6,242,514	3,732,550	9,975,064
	<b>Grand Total with PAK and ANSA</b>	45,693	492,145,250	377,385,353	20,066,305	1,088,848,729	690,457,768	4,800,000	2,673,703,405	2,130,853,107	722,670,633	2,853,523,740	2,211,224,581	684,301,352	2,884,181,110

# **Municipal level**

## **Introduction**

This document defines government grants for the financing of municipalities for the year 2025 and provides guidelines for the years 2026-2027, based on the Government's strategic priorities in the field of intergovernmental fiscal relations. Additionally, this document determines the level of municipalities' own revenues for fiscal year 2025 as well as the midterm projections for 2026-2027.

The principles, criteria, and formulas applied for the allocation of government grants for the financing of municipalities for the year 2025 are based on the Law on Local Government Finances (LLGF) and Table 1 of macro-fiscal projections, prepared by the Ministry of Finance, Labor, and Transfers as specified in the Law on Public Finance Management and Responsibilities (LPFMR).

The municipal budgeting process takes into account these aspects:

- Budgeting at the level of programs and sub-programs, in accordance with the existing chart of accounts structure,
- Improvements in outcome-oriented budgeting approach and performance,
- Implementation of multi-year concept on capital project planning, as well as
- Determination of expenditure structure according to expenditure categories.

Multi-year capital projects must be reported in the Public Investment Projects (PIP) system based on performance. Therefore, municipalities are required to develop a framework strategy based on outcome-oriented goals and objectives.

## **1. Municipal Financing Sources for the Years 2025-2027**

### **1.1. General Grant**

Based on Table 1 presented below, prepared by the Department of Economic, Public Policy, and International Financial Cooperation Policies of the Ministry of Finance, Labor, and Transfers in accordance with LLGF, the General Grant for municipalities for the year 2025 is in the amount of 307.5 million euros.

This allocation is based on the formula defined in Article 24 of the LLGF. According to this article, 10% of the total budgeted revenues of the central government are allocated to municipalities, excluding: budgetary support and grants, donor-specified grants, revenues from property taxation, interest income, as well as taxes, charges, and other local government revenues.

As shown in the table below, based on assessments from the Department of Economic, Public Policy, and International Financial Cooperation, general government revenues for the year 2025 are expected to be 3,227.19 million euros. From this amount, deductions are made as specified in Article 24 of the LLGF, leading to the basis for the allocation of the general grant for municipalities, which is 307.5 million euros for the year 2025.



Table 1: Determination of the value of the General Grant for municipalities 2025-2027 (million Euro)

Description	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
A. General revenues of the Government	<b>2,037.10</b>	<b>2,676.30</b>	<b>2,985.32</b>	<b>3,227.19</b>	<b>3,413.61</b>	<b>3,603.46</b>
Deducted:						
Budget support and grants	(10.5)	(10.5)	(18.0)	(22.5)	(22.5)	(22.5)
Property Tax	(41.0)	(44.6)	(49.3)	(45.0)	(50.0)	(55.0)
Donor Designated Grants		(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
Charges and other taxes from the Local Government	(46.9)	(54.0)	(56.2)	(70.0)	(73.5)	(77.2)
Interest income	(3.4)	(3.1)	(3.0)	(2.8)	(2.5)	(2.2)
B. Basis for calculating the general grant for municipalities	<b>1,935.30</b>	<b>2,552.11</b>	<b>2,846.80</b>	<b>3,074.89</b>	<b>3,253.11</b>	<b>3,434.58</b>
C. General grant for municipalities (10%)	<b>193.53</b>	<b>255.21</b>	<b>284.68</b>	<b>307.49</b>	<b>325.31</b>	<b>343.46</b>

With the aim of leveling the low capacity of municipalities' own revenues, based on LLGF, each municipality will receive a fixed general amount of 140,000 euros annually, deducted by 1 euro per inhabitant or 0 euros for municipalities with populations equal to or greater than 140,000 inhabitants. After this, the distribution made among municipalities is based on the formula for allocating the general grant to municipalities according to LLGF: (i) the population number is calculated with eighty-nine percent (89%); (ii) the geographical size of the municipality by six percent (6%); (iii) the number of minority populations in the municipality by three percent (3%); (iv) municipalities where the majority of the population consists of minorities by two percent (2%).

Table 2: Structure of General Grant for 2025-2027 according to LFPL (million Euro)

Factors	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Viti 2027
General Grant	193.53	255.21	284.68	307.49	325.31	343.46
Fixed Amount	3.6	3.6	3.6	3.6	3.6	3.6
Population (residents)	1,780,021	1,780,021	1,780,021	1,780,021	1,780,021	1,780,021
Budget: 89% of the aggregate amount	169.0	223.9	250.1	270.4	286.3	302.4
Municipal area (km <sup>2</sup> )	10,901	10,901	10,901	10,901	10,901	10,901
Budget: 6% of the aggregate amount	11.4	15.1	16.9	18.2	19.3	20.4
Minority communities in the municipality	107,926	107,926	107,926	107,926	107,926	107,926
Budget: 3% of the aggregate amount	5.7	7.5	8.4	9.1	9.7	10.2
Population of minority municipalities	62,031	62,031	62,031	62,031	62,031	62,031
Savings: 2% of the aggregate amount	3.8	5.0	5.6	6.1	6.4	6.8

Table 3 below presents the distribution of the General Grant across municipalities according to the formula provided in the LFPL.

Table 3: Distribution of the General Grant in municipalities 2025-2027

Criteria		Year 2025	Year 2026	Year 2027
<b>Budgetary Incomes (mil. €)</b>		<b>3,074.89</b>	<b>3,253.11</b>	<b>3,434.58</b>
<b>Total Grant (10%)</b>		<b>10%</b>	<b>307,489,000</b>	<b>325,311,000</b>
Fixed Amount		140,000	3,636,657	3,636,657
Total		303,852,343	321,674,343	339,821,343
Population		89%	270,428,585	286,290,165
Geographical size		6%	18,231,141	19,300,461
Minority Population		3%	9,115,570	9,650,230
Municipalities with minority		2%	6,077,047	6,433,487

Municipalities	Criteria for the allocation of the General Grant (according to LFPL)											Total grant for the year 2025	Total grant for the year 2026	Total grant for the year 2027		
	Population		Geographical size		Minority Population		Municipalities with minority population		Fixed amount (140,000-1€)	Amount per Population (89%)	Amount per geographic size (6%)				Amount for minority population in municipalities (3%)	Amount for municipalities with minority population (2%)
	Population	89%	Geographical size	6%	Minority Population in the Municipality	3%	Municipalities with minority population	2%								
1 Deçan	40,019	2.25%	297	2.72%	551	0.51%	0.00%	99,981	6,079,862	496,752	46,538	-	6,723,133	7,111,604	7,507,159	
2 Dragash	33,997	1.91%	430	3.94%	13,559	12.56%	0.00%	106,003	5,164,973	719,193	1,145,211	-	7,135,380	7,547,677	7,967,493	
3 Ferizaj	108,610	6.10%	345	3.17%	4,193	3.89%	0.00%	31,390	16,500,507	577,031	354,146	-	17,463,074	18,485,503	19,526,577	
4 Fushë Kosova	34,827	1.96%	83	0.76%	4,511	4.18%	0.00%	105,173	5,291,070	139,034	381,005	-	5,916,282	6,257,124	6,604,182	
5 Gjakova	94,556	5.31%	587	5.39%	6,679	6.19%	0.00%	45,444	14,365,362	981,970	564,117	-	15,956,892	16,890,154	17,840,435	
6 Gjiilan	90,178	5.07%	392	3.60%	2,264	2.10%	0.00%	49,822	13,700,237	655,834	191,220	-	14,597,113	15,450,362	16,319,172	
7 Glogoc	58,531	3.29%	276	2.53%	45	0.04%	0.00%	81,469	8,892,286	461,825	3,801	-	9,439,381	9,988,255	10,547,138	
8 Hani i Elezit	9,403	0.53%	83	0.76%	44	0.04%	0.00%	130,597	1,428,545	139,034	3,716	-	1,701,892	1,794,054	1,887,897	
9 Istog	39,289	2.21%	454	4.17%	3,085	2.86%	0.00%	100,711	5,968,957	759,528	260,563	-	7,089,760	7,499,692	7,917,099	
10 Junik	6,084	0.34%	74	0.68%	4	0.00%	0.00%	133,916	924,308	123,982	338	-	1,182,544	1,244,049	1,306,676	
11 Kaçanik	33,409	1.88%	211	1.94%	36	0.03%	0.00%	106,591	5,075,642	353,113	3,041	-	5,538,386	5,856,980	6,181,384	
12 Kamënicë	36,085	2.03%	424	3.89%	1,864	1.73%	0.00%	103,915	5,482,191	709,354	157,436	-	6,452,896	6,825,286	7,204,466	
13 Klinë	38,496	2.16%	309	2.84%	1,241	1.15%	0.00%	101,504	5,848,481	517,017	104,816	-	6,571,819	6,951,325	7,337,752	
14 Leposaviq	13,773	0.77%	539	4.95%	323	0.30%	13,773	22.20%	126,227	2,092,454	901,690	27,281	1,349,312	4,496,965	4,753,324	
15 Lipjan	57,605	3.24%	338	3.10%	3,107	2.88%	0.00%	82,395	8,751,604	565,519	262,421	-	9,661,940	10,223,813	10,795,933	
16 Malisheva	54,613	3.07%	306	2.81%	54	0.05%	0.00%	85,387	8,297,046	512,000	4,561	-	8,898,994	9,415,943	9,942,318	
17 Mamusha	5,507	0.31%	32	0.29%	379	0.35%	5,507	8.88%	134,493	836,648	53,737	32,011	539,509	1,596,398	1,682,144	
18 Mitrovica	71,909	4.04%	331	3.04%	2,199	2.04%	0.00%	68,091	10,924,730	553,812	185,730	-	11,732,364	12,416,514	13,113,140	
19 Novo Bërda	6,729	0.38%	204	1.87%	3,202	2.97%	0.00%	133,271	1,022,299	341,406	270,445	-	1,767,421	1,863,269	1,960,866	
20 Obiliq	21,549	1.21%	105	0.96%	1,655	1.53%	0.00%	118,451	3,273,818	175,829	139,783	-	3,707,882	3,918,415	4,132,786	
21 Pejë	96,450	5.42%	603	5.53%	8,334	7.72%	0.00%	43,550	14,653,106	1,008,730	703,900	-	16,409,287	17,369,194	18,346,606	
22 Podujeva	88,499	4.97%	633	5.81%	849	0.79%	0.00%	51,501	13,445,156	1,058,904	71,708	-	14,627,269	15,482,188	16,352,698	
23 Pristina	198,897	11.17%	514	4.72%	4,146	3.84%	0.00%	103,915	30,217,303	859,878	350,177	-	31,427,358	33,270,682	35,147,621	
24 Prizren	177,781	9.99%	603	5.53%	31,682	29.36%	0.00%	27,009,268	1,008,730	2,675,903	-	-	30,693,901	32,494,205	34,327,340	
25 Rahovec	56,208	3.16%	278	2.55%	944	0.87%	0.00%	83,792	8,539,366	465,170	79,731	-	9,168,059	9,700,883	10,243,423	
26 Shtërpca	6,949	0.39%	248	2.28%	3,182	2.95%	0.00%	133,051	1,055,723	414,995	268,756	-	1,872,525	1,974,551	2,078,438	
27 Shtime	27,324	1.54%	134	1.23%	858	0.79%	0.00%	112,676	4,151,182	224,331	72,468	-	4,560,657	4,821,546	5,087,194	
28 Skenderaj	50,858	2.86%	374	3.43%	109	0.10%	0.00%	89,142	7,726,570	625,729	9,206	-	8,450,648	8,941,079	9,440,454	
29 Suhareka	59,722	3.36%	361	3.31%	575	0.53%	0.00%	80,278	9,073,228	603,987	48,565	-	9,806,058	10,376,509	10,957,362	
30 Vitia	46,987	2.64%	270	2.48%	258	0.24%	0.00%	93,013	7,138,471	451,790	21,791	-	7,705,065	8,151,538	8,606,154	
31 Vushtrria	69,870	3.93%	345	3.17%	960	0.89%	0.00%	70,130	10,614,956	577,227	81,083	-	11,343,396	12,004,613	12,677,887	
32 Zubin Potok	6,616	0.37%	333	3.06%	995	0.92%	6,616	10.67%	133,384	1,005,132	557,157	84,039	648,156	2,427,867	2,562,447	
33 Zveçan	7,481	0.42%	123	1.13%	386	0.36%	7,481	12.06%	132,519	1,136,546	205,934	32,602	732,898	2,240,499	2,364,139	
34 Graçanica	10,675	0.60%	131	1.20%	3,423	3.17%	10,675	17.21%	129,325	1,621,793	219,314	289,111	1,045,807	3,305,350	3,491,635	
35 Klokot	2,556	0.14%	23	0.21%	1,193	1.11%	0.00%	137,444	388,319	38,685	100,762	-	665,210	696,165	727,685	
36 North Mitrovica	12,326	0.69%	5	0.05%	867	0.80%	12,326	19.87%	127,674	1,872,620	8,580	73,228	1,207,552	3,289,654	3,475,115	
37 Partesh	1,787	0.10%	29	0.27%	2	0.00%	1,787	2.88%	138,213	271,489	48,720	169	175,069	633,659	662,719	
38 Ranillug	3,866	0.22%	69	0.63%	168	0.16%	3,866	6.23%	136,134	587,340	115,619	14,189	378,744	1,232,026	1,296,304	
<b>Total</b>	<b>1,780,021</b>	<b>100%</b>	<b>10,901</b>	<b>100%</b>	<b>107,926</b>	<b>100%</b>	<b>62,031</b>	<b>100%</b>	<b>3,636,657</b>	<b>270,428,585</b>	<b>18,231,141</b>	<b>9,115,570</b>	<b>6,077,047</b>	<b>307,489,000</b>	<b>325,311,000</b>	<b>343,458,000</b>

Financing for social services as a transferred competence from MPMS to municipalities is included within the framework of the general municipality grant.

Employees in the administration of Municipal Directorates for pre-university Education and Primary Healthcare are financed from the general municipality grant. Additionally, specific grants for education and healthcare will be supplemented from the general grant when necessary.

## 1.2. Additional Grant for the Funding of the Capital

Based on Law No. 06/L-012 for the Capital of the Republic of Kosovo, Pristina, Article 19, the Capital of the Republic of Kosovo, Pristina, receives an additional grant from the central level, not less than 6% of the general grant.

For the year 2025, the Capital, Pristina, receives an additional grant of 18,449,340 euros, while for the year 2026, it receives 19,518,660 euros, and for the year 2027, it receives 20,607,480 euros.

Table 4: Distribution of Additional Grant for the Funding of the Capital 2025-2027

Description	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
General grant for municipalities	193.53	255.21	284.68	307.49	325.31	343.46
Additional grant for the financing of the Capital (6%)	11.61	15.31	17.08	18.45	19.52	20.61

## 1.3. Specific Grant for Pre-University Education

The Specific Grant for Pre-University Education according to LFPL is based on an open financing system, taking into account the criteria in the pre-university education formula of the Ministry of Education, Science, and Technology (MEST) for the years 2025-2027.

The specific grant for pre-university education for the year 2025 is proposed at the amount of 249.1 million euros as follows:

- Salaries and supplements amount to 233.8 million euros,
- Goods and services amount to 13.1 million euros,
- Capital expenditures amount to 2.2 million euros.

The formula addresses the level of primary, lower secondary, and upper secondary education, based on the following criteria:

- a) The number of registered students for the year 2023/2024;
- b) The student-teacher ratio for lower and upper secondary education for majority students 1:21.3 (based on Administrative Instruction No. 22/2013 of MEST);
- c) The student-teacher ratio for lower and upper secondary education for minority students 1:14.2;
- d) The student-teacher ratio for pre-school education 1:12;
- e) The student-teacher ratio for vocational upper secondary education for majority students 1:17.2, and for minority students 1:11.5;
- f) The student-teacher ratio for mountainous areas 1:14.2;
- g) Calculation for English language teaching staff for grades I and II;
- h) Calculation for administrative technical staff for 630 students 1 staff in pre-primary and primary education;
- i) Calculation for administrative technical staff for 470 students 1 staff in secondary education;
- j) Calculation for assistant staff for 170 students 1 staff (cleaner) as well as 1 staff per school (guard);



- k) The calculation of salaries and supplements is based on the Law on Public Sector Wages;
- l) Pedagogical/Psychological professional service;
- m) Quality coordinators;
- n) Goods and services are calculated based on the criterion per student (23 euros per majority student and 25 euros per minority student) and per school (1,500 euros per pre-primary and primary school and 3,250 euros per secondary school);
- o) Capital expenditures are calculated based on the criterion of 7 euros per student;
- p) Assistant for children with special needs;
- q) Professional internships;
- r) Cost of validation and accreditation procedures payment for higher vocational high schools (8 Schools);
- s) In-school career counselors for grades 6 to 9;
- t) IT specialists.
- u) Payment of daily expenses for students from grades 0-5.

According to MEST, there has been a reported decrease of 4,180 students in pre-university education compared to the previous year.

The Municipal Budget Circular 2025/02 will harmonize the staff in the pre-university education sector.

Table 5: Statistical data and distribution of the specific grant for pre-university education for the year 2025-2027

No.	Municipalities	TOTAL NUMBER OF STUDENTS	PERSONELLI																										TOTAL NUMBER OF TEACHERS, ADMIN STAFF, AND ASSISTANTS	TOTAL SALARY AND ALLOWANCES	TOTAL GOODS AND SERVICES	CAPITAL EXPENSES	TOTAL BASIC EDUCATION GRANT FOR 2025	TOTAL BASIC EDUCATION GRANT FOR 2026	TOTAL BASIC EDUCATION GRANT FOR 2027
			Number of teachers in special education	The number of teachers in special education on medical and maternity leave	Number of pre-primary teachers	The number of teachers in sh. pre-primary on medical and maternity leave	Number of primary teachers	The number of teachers in sh. primary on medical and maternity leave	The number of teachers of secondary school	No. of teachers at the Correctional Center in Lipjan (SHMLP "Radina" Durrës) leaving	The teachers of secondary school on sick leave and to give birth	Additional teachers for mountain areas	Number of English language teachers	Number of second language teachers according to KKK	Number of quality coordinators	Number of quality coordinators	Assistant per family socio-psychological events	Student Assistant in Pre-University Education	Number of school-based career counselors from 6 to 12	The number of deputy directors for cooperation with the enterprise for	Number of educators (4-5)	TOTAL NUMBER OF HIGH SCHOOL SCHOOLERS	The number of administrative persons of for ends and primary school	The number of administrative personnel for secondary school	Professional Pedagogical/Psychological Service	Number of support staff per student	Number of IT specialists	Number of school-based career counselors in grades 6 to 9							
<b>TOTAL</b>		<b>322,687</b>	<b>411</b>	<b>16</b>	<b>2,400</b>	<b>162</b>	<b>8,691</b>	<b>581</b>	<b>3,614</b>	<b>6</b>	<b>243</b>	<b>2,544</b>	<b>305</b>	<b>394</b>	<b>674</b>	<b>862</b>	<b>500</b>	<b>337</b>	<b>314</b>	<b>64</b>	<b>490</b>	<b>20,823</b>	<b>1,191</b>	<b>289</b>	<b>520</b>	<b>3,067</b>	<b>30</b>	<b>59</b>	<b>25,980</b>	<b>233,808,844</b>	<b>13,098,006</b>	<b>2,224,901</b>	<b>249,131,751</b>	<b>256,605,703</b>	<b>264,303,874</b>
1	Deçan	4,888	3	0.1	42	3	162	11	48	0	3	0	6	7	13	20	11	10	5	1	10	318	25	4	8	51.8	1.0	0.8	409	4,593,983	196,950	34,216	4,825,149	4,969,903	5,119,000
2	Dragash	3,001	0	0.1	2	0	-	0	23	0	2	182	7	4	8	12	5	6	3	1	6	238	15	2	6	48.7	1.0	0.6	311	3,534,973	149,035	21,007	3,705,015	3,816,165	3,930,650
3	Ferizaj	22,489	37	1.3	141	9	524	35	280	0	19	267	18	30	33	48	29	15	24	4	31	1,439	71	19	35	186.7	1.0	3.3	1,755	14,552,781	896,298	155,575	15,604,654	16,072,794	16,554,977
4	Fushë Kosovë	12,321	35	0.2	109	7	411	27	69	0	5	0	5	12	16	12	24	10	9	1	13	686	27	6	14	84.9	1.0	1.5	821	5,094,531	356,704	79,555	5,530,790	5,696,714	5,867,615
5	Gjakovë	15,415	7	0.3	152	10	456	30	170	0	11	28	15	20	38	46	31	15	16	4	26	981	63	13	25	148.6	1.0	2.4	1,234	12,413,169	646,125	105,476	13,164,769	13,559,712	13,966,504
6	Gjilan	16,162	26	0.9	131	9	408	27	212	0	14	132	16	21	36	39	29	15	17	4	21	1,065	54	18	26	148.5	1.0	2.3	1,315	13,614,858	687,872	112,448	14,415,178	14,847,633	15,293,062
7	Gilgoc	11,010	8	0.3	82	6	241	16	123	0	8	178	10	14	28	31	12	10	11	1	18	732	47	7	18	100.6	1.0	1.8	907	7,706,102	449,021	76,881	8,232,004	8,478,964	8,733,333
8	Hani i Elezit	1,672	5	0.2	13	1	50	3	12	0	1	10	1	2	7	4	8	8	2	0	3	110	6	2	3	15.7	1.0	1.0	139	1,107,156	48,934	11,543	1,167,634	1,202,663	1,238,743
9	Istog	6,420	7	0.3	46	3	110	7	64	5	4	154	6	8	13	13	11	10	7	1	11	443	25	5	11	65.6	1.0	1.1	551	5,061,880	249,393	44,737	5,356,010	5,516,690	5,682,191
10	Junik	741	1	0.1	6	0	20	1	12	0	1	0	1	1	5	2	3	6	1	0	1	48	2	1	1	6.4	1.0	1.0	61	544,945	28,888	5,187	579,020	596,390	614,282
11	Kaçanik	5,588	10	0.4	44	3	173	12	50	0	3	22	6	7	18	13	13	9	6	1	9	356	19	4	9	54.6	1.0	0.9	445	4,384,684	202,699	38,843	4,626,225	4,765,012	4,907,962
12	Kamenicë	3,450	9	0.3	38	3	95	6	41	0	3	19	7	5	23	21	17	9	4	2	5	263	23	7	6	48.3	1.0	0.6	349	5,248,065	161,761	24,143	5,433,969	5,596,988	5,846,898
13	Klinë	6,645	15	0.6	41	3	187	13	66	0	5	49	7	9	23	20	11	10	7	1	13	430	27	5	11	66.6	1.0	1.1	543	5,651,175	256,212	45,962	5,953,349	6,131,950	6,315,908
14	Leposaviq	2,233	1	0.1	35	2	63	4	25	0	2	1	2	0	5	22	0	5	0	1	0	158	22	6	3	37.1	1.0	1.0	227	889,200	130,107	15,624	1,034,931	1,065,979	1,097,958
15	Lipjan	11,661	12	0.4	75	5	250	17	113	1	8	217	11	15	18	28	13	10	12	2	16	764	42	8	19	121.9	1.0	1.8	957	8,319,938	436,745	80,850	8,837,533	9,102,659	9,375,739
16	Malishevë	10,154	5	0.2	46	3	240	16	102	0	7	168	12	14	18	40	12	10	11	1	19	669	51	7	18	103.3	1.0	1.8	851	8,462,450	382,769	70,525	8,915,744	9,183,216	9,458,713
17	Mamusha	857	1	0.1	7	1	46	3	9	0	1	0	1	1	6	2	2	5	1	1	1	73	3	1	1	8.0	1.0	1.0	88	612,283	37,135	5,999	655,418	675,080	695,333
18	Mitrovicë	14,490	25	0.9	118	8	421	28	178	0	12	35	12	20	28	33	28	15	16	3	25	923	48	12	24	125.5	1.0	2.2	1,136	10,158,500	605,288	100,597	10,864,386	11,190,317	11,526,027
19	Novo Bërdë	1,334	3	0.2	12	1	33	2	14	0	1	23	3	1	8	10	5	6	1	2	1	107	11	3	2	31.8	1.0	1.0	157	1,357,958	93,414	9,226	1,460,598	1,504,416	1,549,548
20	Obiliq	4,451	9	0.3	32	2	125	8	44	0	3	50	4	5	13	13	12	10	4	1	6	308	18	5	7	47.8	1.0	0.7	387	3,124,636	185,411	30,667	3,340,714	3,440,935	3,544,163
21	Pejë	16,457	13	0.5	117	8	509	34	192	0	13	31	14	22	28	35	32	15	18	3	31	1,030	50	13	27	142.0	1.0	2.6	1,266	12,044,750	652,397	113,022	12,810,169	13,194,474	13,590,308
22	Podujevë	15,014	26	0.9	95	6	394	26	174	0	12	130	15	21	28	40	19	12	16	2	23	960	57	10	26	147.3	1.0	2.6	1,204	12,468,081	619,027	103,880	13,190,988	13,586,718	13,994,319
23	Prishtinë	43,262	72	2.4	370	25	1,297	87	458	0	31	57	29	55	43	56	67	21	44	6	63	2,612	104	33	66	320.7	1.0	6.5	3,143	25,300,439	1,498,401	294,784	27,093,624	27,906,433	28,743,626
24	Prizren	27,820	39	1.3	183	12	791	53	325	0	22	240	28	36	43	63	29	15	29	4	49	1,834	93	19	44	250.6	1.0	4.3	2,247	18,906,838	1,149,179	191,072	20,247,089	20,854,502	21,480,137
25	Rahovec	7,888	9	0.4	64	4	245	16	60	0	4	44	10	10	28	34	9	9	8	1	15	516	41	8	14	89.1	1.0	1.4	669	6,978,570	296,748	54,838	7,330,156	7,550,061	7,776,563
26	Shtërpcë	2,163	1	0.1	10	1	49	3	32	0	2	24	4	1	8	8	0	5	0	1	2	136	8	3	3	25.7	1.0	1.0	179	1,615,502	74,193	15,064	1,704,759	1,755,901	1,808,578
27	Shtëme	4,965	4	0.2	41	3	111	8	49	0	3	78	5	6	8	10	6	6	5	1	8	325	17	4	8	48.0	1.0	0.8	405	3,733,101	187,206	34,552	3,954,859	4,073,505	4,195,710
28	Skenderaj	8,101	4	0.2	44	3	179	12	105	0	7	127	9	12	25	26	15	10	9	1	16	546	34	7	15	85.5	1.0	1.4	690	6,849,528	380,924	56,518	7,286,969	7,505,578	7,730,746
29	Suharekë	8,987	16	0.6	45	3	186	12	103	0	7	164	10	12	23	32	17	10	10	2	17	612	41	7	16	98.1	1.0	1.5	777	8,137,522	397,263	62,048	8,596,834	8,854,739	9,120,381
30	Viti	7,026	17	0.6	53	4	213	14	70	0	5	22	9	9	18	21	14	9	7	2	10	452	28	6	12	78.2	1.0	1.2	578	6,566,609	271,960	49,077	6,887,645	7,094,275	7,307,103
31	Vushtrri	12,764	14	0.5	94	6	366	24	128	0	9	93	12	16	23	39	15	10	13	2	19	820	53	9	21	121.2	1.0	2.1	1,028	9,255,186	517,786	88,319	9,861,291	10,157,130	10,461,843
32	Zubin Potok	1,245	-	0.0	1	0	47	3	16	0	1	0	1	0	5	7	0	5	0	1	0	76	7	4	2	15.3	1.0	1.0	105	471,600	70,836	8,659	551,095	567,627	584,656
33	Zveçan	1,164	-	0.0	1	0	44	3	15	0	1	0	1	0	5	6	0	5	0	1	0	71	7	2	2	15.8	1.0	1.0	98	378,000	65,490	8,099	451,589	465,137	479,091
34	Kllokot	586	1	0.1	3	0	20	1	9	0	1																								

#### **1.4. Specific Grant for Primary Healthcare**

The specific grant for primary health for 2025 has been approved in the amount of 83 million euros, as follows:

- Category of salaries and supplements in the healthcare sector in the amount of 60.3 million euros,
- Cost for visits and services in the amount of 14.23 million euros,
- Home visits for pregnant women and children in the amount of 2.13 million euros (continuous policy),
- Palliative care visits in the amount of 2.1 million euros (continuous policy),
- Other operational expenses in goods and services in the amount of 2.1 million euros,
- Municipal expenses in the amount of 2.1 million euros.

The Municipal Budget Circular 2025/02 will harmonize the staff in the primary health sector.

Table 6: Specific grant for Primary Health for the year 2025-2027

No	Municipality	Residents	Gender M	Gender F	Female 15-49	Age <14	Age >65	Special needs	Main Center of Family Medicine (QKMF)	Family Medicine Center (QMF) 10,000 residents	Family Medicine Ambulances (AMF)	Professional Staff	Administrative Staff	Total Staff	Total Salary	Goods and Services	Municipal Expenses	Maintenance of objects	Total Basic Grant 2025	Total Basic Grant 2026	Total Basic Grants 2027
1	Deçan	40,019	20,123	19,896	10,941	10,471	2,968	50	1	3	6	114	32	147	1,258,279	439,994	48,000	6,810	1,753,083	1,836,530	1,923,948
2	Dragash	33,997	17,035	16,962	8,748	8,658	3,139	202	1	5	8	94	35	128	1,027,790	387,203	57,600	8,172	1,480,765	1,551,249	1,625,088
3	Ferizaj	108,637	54,841	53,796	23,716	31,566	6,557	1,241	1	9	5	278	48	327	3,248,412	1,184,741	72,000	10,215	4,515,368	4,730,299	4,955,462
4	Fushë Kosovë	34,827	17,621	17,206	9,299	9,996	2,143	293	1	5	6	97	32	129	1,382,689	403,592	48,000	6,810	1,841,091	1,928,727	2,020,534
5	Gjakovë	94,556	47,226	47,330	26,654	26,423	12,123	1,130	1	9	15	243	51	293	3,618,672	1,113,668	120,000	17,025	4,869,365	5,101,147	5,343,962
6	Gjilan	90,178	45,354	44,824	19,771	29,288	9,358	1,160	1	7	10	236	44	280	3,171,274	1,037,621	86,400	12,258	4,307,553	4,512,592	4,727,392
7	Glllogovc	58,531	29,733	28,798	18,260	14,317	5,213	211	1	5	7	156	37	193	1,779,183	675,262	62,400	8,853	2,525,698	2,645,921	2,771,867
8	Hani i Elezit	9,403	4,836	4,567	1,824	2,778	560	73	1	0	1	36	22	58	283,393	111,857	9,600	1,362	406,212	425,548	445,804
9	Istog	39,285	19,677	19,608	10,607	10,235	3,093	464	1	4	8	108	35	142	1,277,617	451,591	57,600	8,172	1,794,979	1,880,420	1,969,928
10	Junik	6,064	2,995	3,069	1,595	1,681	420	35	1	0	0	33	22	55	293,976	74,180	4,800	681	373,637	391,422	410,054
11	Kaçanik	33,409	16,970	16,439	9,054	9,683	1,940	200	1	4	8	94	35	128	1,044,994	366,462	57,600	8,172	1,477,227	1,547,543	1,621,206
12	Kamenicë	36,085	18,559	17,526	16,505	8,900	2,143	360	1	3	17	103	45	148	1,540,433	386,153	100,800	14,301	2,041,687	2,138,871	2,240,681
13	Klinë	38,496	19,193	19,303	10,272	11,398	2,606	200	1	3	9	108	36	143	1,386,970	439,759	62,400	8,853	1,897,981	1,988,325	2,082,970
14	Leposavic	13,773	6,969	6,804	3,443	2,754	965	-	1	0	1	47	23	70	291,600	147,014	9,600	1,362	449,576	470,976	493,394
15	Lipjan	57,825	29,430	28,395	15,355	17,461	7,042	706	1	4	7	154	36	189	2,261,083	696,663	57,600	8,172	3,023,518	3,167,438	3,318,208
16	Malishevë	54,613	26,661	27,952	36,430	20,758	3,622	640	1	6	7	149	37	186	1,400,628	629,401	62,400	8,853	2,101,281	2,201,302	2,306,084
17	Manushë	5,508	2,672	2,836	2,543	2,670	737	15	1	0	0	29	22	51	286,235	76,094	4,800	681	367,810	385,318	403,659
18	Mitrovicë	71,909	36,275	35,634	18,624	20,351	5,074	1,200	1	11	10	189	43	231	2,745,622	795,874	86,400	12,258	3,640,154	3,813,425	3,994,944
19	Novobërdë	6,730	3,466	3,264	1,726	1,643	732	41	1	1	0	33	22	55	330,470	88,149	4,800	681	424,100	444,287	465,436
20	Obiliq	21,549	10,885	10,664	5,636	6,419	1,239	337	1	1	4	67	26	94	1,093,560	249,504	28,800	4,086	1,375,949	1,441,444	1,510,057
21	Pejë	96,451	50,466	45,985	21,930	33,320	10,783	1,047	1	9	14	250	49	299	3,441,448	1,099,397	115,200	16,344	4,672,389	4,894,794	5,127,786
22	Podujevë	88,499	44,955	43,544	23,385	27,061	5,122	879	1	3	18	229	47	276	2,260,559	966,033	105,600	14,982	3,347,173	3,506,499	3,673,408
23	Prishtinë	198,897	99,361	99,536	54,800	51,403	25,008	2,143	1	15	15	493	70	563	9,226,610	2,342,266	148,800	21,111	11,738,786	12,297,552	12,882,916
24	Prizren	176,781	88,176	88,605	48,677	49,199	12,502	1,602	1	15	27	442	74	516	4,799,350	1,946,246	206,400	29,283	6,981,279	7,313,588	7,661,714
25	Rahovec	56,208	28,512	27,696	15,393	16,081	3,352	377	1	7	7	154	37	190	1,746,591	634,356	62,400	8,853	2,452,200	2,568,925	2,691,206
26	Shtërpçë	6,949	3,554	3,395	1,707	1,777	688	23	1	0	2	33	23	56	167,943	89,982	14,400	2,043	274,368	287,428	301,109
27	Shtime	27,324	13,850	13,474	5,874	7,877	2,200	38	1	4	0	80	26	106	864,510	322,454	14,400	2,043	1,203,406	1,260,688	1,320,697
28	Skenderaj	50,858	25,646	25,212	16,515	14,925	4,150	3,758	1	5	8	140	38	178	1,580,236	577,418	67,200	9,534	2,234,388	2,340,745	2,452,164
29	Suharekë	59,722	29,478	30,244	16,413	17,409	4,104	610	1	6	11	157	41	198	1,710,822	676,607	81,600	11,577	2,480,606	2,598,683	2,722,381
30	Viti	46,989	23,705	23,284	12,310	14,167	3,028	439	1	4	7	127	35	162	1,339,536	522,477	57,600	8,172	1,927,784	2,019,547	2,115,677
31	Vushtrri	69,870	36,004	33,866	18,146	19,634	4,508	800	1	10	9	180	40	220	1,873,786	771,126	76,800	10,896	2,732,608	2,862,680	2,998,944
32	Zubin Potok	6,616	3,408	3,208	1,456	1,588	476	38	1	0	0	33	22	55	241,200	78,688	4,800	681	325,369	340,857	357,081
33	Zveçan	7,481	3,661	3,820	95	117	45	1	1	1	0	33	22	55	259,200	78,798	4,800	681	343,479	359,829	376,956
34	Kllokot	2,556	1,416	1,140	688	670	214	18	1	0	1	24	22	45	77,679	38,868	9,600	1,362	127,509	133,578	139,936
35	Mitrovica Veriore	12,326	6,272	6,054	2,686	2,931	879	82	1	0	0	47	23	70	327,600	142,008	4,800	681	475,089	497,703	521,394
36	Partesh	1,787	922	865	477	340	202	-	1	0	2	20	23	43	80,555	31,096	14,400	2,043	128,094	134,191	140,579
37	Ranillug	3,866	1,969	1,897	1,012	393	259	-	1	0	0	24	21	44	276,530	50,478	4,800	681	332,489	348,315	364,895
38	Graçanicë	10,675	5,428	5,247	2,463	2,661	993	81	1	3	11	43	35	78	329,492	128,940	62,400	8,853	529,685	554,898	581,312
<b>Total</b>		<b>1,779,249</b>	<b>897,304</b>	<b>881,945</b>	<b>495,030</b>	<b>509,003</b>	<b>150,187</b>	<b>20,494</b>	<b>38</b>	<b>162</b>	<b>261</b>	<b>4,873</b>	<b>1,327</b>	<b>6,200</b>	<b>60,326,525</b>	<b>20,252,014</b>	<b>2,097,600</b>	<b>297,597</b>	<b>82,973,736</b>	<b>86,923,286</b>	<b>91,060,834</b>

## 1.5. Financing for Secondary Healthcare

The financing for secondary healthcare for the year 2025 is in the amount of 2,603,077 euros according to the proposal from the Ministry of Health (MSH) and the projections of the Kosovo Agency for Statistics and Health (KASH) for three minority municipalities, as follows:

- Municipality of Shtërpçë, in the amount of 522,371 euros,
- Municipality of North Mitrovica, in the amount of 989,935 euros, and
- Municipality of Gračanica, in the amount of 1,090,771 euros.

## 1.6. Financing for Residential Services

The financing of residential services for community homes for the elderly and community homes for the disabled and child protection homes for the year 2025 has been approved in the amount of 8 million euros, of which 3.56 million euros will be funding additional as in table no. 7, while the amount of 4.46 million euros will be financed from the general grant as in table no. 8.

Table 7: Financing for residential services for the year 2025-2027

No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
<b>Financing of the community houses for older persons (HCOP)</b>								
1	Skenderaj	100,000	75,000	10,000	15,000	200,000	200,000	200,000
2	Istog	100,000	75,000	10,000	15,000	200,000	200,000	200,000
3	Novobërdë	100,000	75,000	10,000	15,000	200,000	200,000	200,000
4	Klinë	50,000	45,000	5,000	150,000	250,000	200,000	200,000
5	Podujevë	50,000	45,000	5,000	50,000	150,000	200,000	200,000
6	Gjakovë	50,000	45,000	5,000	50,000	150,000	200,000	200,000
<b>Total</b>		<b>450,000</b>	<b>360,000</b>	<b>45,000</b>	<b>295,000</b>	<b>1,150,000</b>	<b>1,200,000</b>	<b>1,200,000</b>
<b>Financing for community houses for disabled persons (HCDP)</b>								
No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
1	Malishevë	50,000	50,000	5,000	50,000	155,000	200,000	200,000
2	Viti	50,000	50,000	5,000	50,000	155,000	200,000	200,000
3	Shtime	100,000	75,000	10,000	15,000	200,000	200,000	230,000
4	Kamenicë	100,000	75,000	10,000	35,000	220,000	200,000	200,000
5	Deqan	100,000	75,000	10,000	15,000	200,000	200,000	200,000
6	Vushtrri	100,000	75,000	10,000	15,000	200,000	200,000	200,000
7	Graçanicë	100,000	75,000	10,000	15,000	200,000	200,000	220,000
8	Lipjan	100,000	75,000	10,000	15,000	200,000	200,000	230,000
9	Ferizaj	100,000	75,000	10,000	15,000	200,000	200,000	220,000
<b>Gjithsej</b>		<b>800,000</b>	<b>625,000</b>	<b>80,000</b>	<b>225,000</b>	<b>1,730,000</b>	<b>1,800,000</b>	<b>1,900,000</b>
<b>Financing of houses for childrens protection (HCHP)</b>								
No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
1	Gjilan	52,500	45,000	5,000	50,000	152,500	215,000	215,000
2	Pejë	52,500	45,000	5,000	50,000	152,500	215,000	215,000
3	Mitrovicë	52,500	45,000	5,000	50,000	152,500	215,000	215,000
4	Gjakovë				230,000	230,000	210,000	210,000
<b>Total HCDP</b>		<b>157,500</b>	<b>135,000</b>	<b>15,000</b>	<b>380,000</b>	<b>687,500</b>	<b>855,000</b>	<b>855,000</b>
<b>Total HCDP, HCOP, HCHP</b>		<b>1,407,500</b>	<b>1,120,000</b>	<b>140,000</b>	<b>900,000</b>	<b>3,567,500</b>	<b>3,855,000</b>	<b>3,955,000</b>



The following table shows the funding for residential services that will be financed by the general Grant in the amount of 4.46 million euros.

Table 8: General Grant funding for residential services

No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
<b>Financing of the community houses for older persons (HCOP)</b>								
1	Ferizaj	50,000	45,000	5,000	50,000	150,000	200,000	200,000
2	Prizren	100,000	75,000	10,000	15,000	200,000	200,000	200,000
3	Prishtinë	525,000	225,000	50,000	-	800,000	1,000,000	1,000,000
4	Graçanicë	100,000	75,000	10,000	15,000	200,000	200,000	200,000
5	Gjilan				230,000	230,000	200,000	200,000
6	Pejë				230,000	230,000	200,000	200,000
7	Mitrovicë				230,000	230,000	200,000	200,000
8	Kaçanik				230,000	230,000	200,000	200,000
9	Vushtrri				230,000	230,000	200,000	200,000
10	Rahovec						200,000	200,000
11	Leposaviq							250,000
12	Fushë Kosovë							250,000
	<b>Gjithsej SHKPM</b>	<b>775,000</b>	<b>420,000</b>	<b>75,000</b>	<b>1,230,000</b>	<b>2,500,000</b>	<b>2,800,000</b>	<b>3,300,000</b>
<b>Financing for community houses for disabled persons (HCDP)</b>								
No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
1	Prizren	100,000	75,000	10,000	15,000	200,000	200,000	200,000
2	Prishtinë				230,000	230,000	200,000	200,000
3	Glogovc				230,000	230,000	200,000	200,000
4	Gjakovë				230,000	230,000	200,000	200,000
5	Rahovec				230,000	230,000	200,000	200,000
6	Podujevë				230,000	230,000	200,000	200,000
7	Obiliq						250,000	200,000
8	Pejë						250,000	200,000
9	Mitrovic Veriore							250,000
10	Dragash							250,000
	<b>Gjithsej SHKPAK</b>	<b>100,000</b>	<b>75,000</b>	<b>10,000</b>	<b>1,165,000</b>	<b>1,350,000</b>	<b>1,700,000</b>	<b>2,100,000</b>
<b>Financing of houses for childrens protection (HCHP)</b>								
No.	Municipalities	Salary and Allowances	Goods and Services	Municipality Expenses	Capital Investments	Total 2025	Total 2026	Total 2027
1	Prishtinë	52,500	45,000	5,000	50,000	152,500	215,000	215,000
2	Prizren				230,000	230,000	215,000	215,000
3	Ferizaj				230,000	230,000	215,000	215,000
	<b>Total HCDP</b>	<b>52,500</b>	<b>45,000</b>	<b>5,000</b>	<b>510,000</b>	<b>612,500</b>	<b>645,000</b>	<b>645,000</b>
	<b>Total HCDP, HCOP, HCHP</b>	<b>927,500</b>	<b>540,000</b>	<b>90,000</b>	<b>2,905,000</b>	<b>4,462,500</b>	<b>5,145,000</b>	<b>6,045,000</b>



### 1.7. Financing for the Historical Center of Prizren, the Cultural Center of Zym Village, and the Council of Hoça e Madhe

With the entry into force of Law No. 04/L-066 for the Historical Center of Prizren, Law No. 04/L-196 for the Historical Cultural Center of Zym Village, and Law No. 04/L-62 for Hoça e Madhe Village, budget planning for the year 2025 allocates financial resources in the amount of 85,036 euros for two municipalities as follows:

- Municipality of Prizren, in the amount of 54,366 euros, and
- Municipality of Rahovec, in the amount of 30,670 euros.

### 1.8. Financing for the Environmental Risk Zone of Obiliq

Based on Law No. 05/L-044 for the Environmental Risk Zone of Obiliq and its surroundings, Article 9 states that Obiliq benefits from the collection of mineral royalties by the respective institution, and 20% of the value of these royalties is reallocated from the Central Budget to the Municipal Budget of the Municipality of Obiliq, specifically dedicated to investments in community development in the location where the business unit is located in the field of environmental protection, infrastructure, sports, health, and education. For the year 2025, the Municipality of Obiliq, based on the planning of mineral royalty collection, receives additional funding of 4,800,000 euros. For the year 2026, it receives a sum of 4,800,000 euros, and for the year 2027, it receives a sum of 4,800,000 euros.

### 1.9. Financing for Theaters

The financing for theaters for the year 2025 is in the amount of 1.7 million euros as shown in the attached table below.

Table 9: Financing for Theaters for the Year 2025-2027

No	Municipalities	Wages and Salaries	Subsidies and transfers	Total 2025	Total 2026	Total 2027
1	Ferizaj	217,858	37,746	255,604	269,662	284,493
2	Podujevë	126,592	30,757	157,349	166,003	175,133
3	Prizren	213,280	61,785	275,065	290,194	306,155
4	Gjilan	256,676	31,340	288,016	303,857	320,569
5	Gjakovë	246,242	32,862	279,104	294,454	310,649
6	Mitrovicë	210,624	24,991	235,615	248,574	262,246
7	Pejë	171,008	33,520	204,528	215,777	227,645
	Total	1,442,281	253,000	1,695,281	1,788,521	1,886,890

### 1.10. Projections of Municipal Own Revenues for the Year 2025 and Forecasts for 2026-2027

The projections of municipal own revenues for the year 2025, based on macro-fiscal assessments, amount to 115 million euros. These revenues are added to municipal financing in addition to municipal grants.

In this projection of tax revenues on property and land, the forecasts accepted by the property tax department were taken into account, while for the projections of non-tax revenues, the average realization of non-tax revenues in the last three years was taken as a basis, the forecasts from the municipalities on the growth trend of non-tax revenues and the realization of non-tax revenues.

Table 10: Projections of own municipal revenues for the year 2025-2027



No.	Municipality	Tax revenues						Non-tax revenues			Projections for 2025	Projections for 2026	Projections for 2027
		Property tax 2025	Land tax 2025	Property tax 2026	Land tax 2026	Property tax 2027	Land tax 2027	Non-tax income 2025	Non-tax income 2026	Non-tax income 2027			
1	Deçan	437,893	99,722	480,541	116,634	515,380	141,127	362,956	381,104	400,159	900,571	978,279	1,056,666
2	Dragash	248,132	56,540	272,299	66,129	292,041	80,016	246,381	258,700	271,635	551,054	597,128	643,692
3	Ferizaj	2,385,267	561,703	2,617,577	656,963	2,807,351	794,925	5,027,336	5,278,702	5,542,637	7,974,306	8,553,242	9,144,914
4	Fushë Kosova	1,042,889	230,192	1,144,460	269,231	1,227,434	325,769	2,186,593	2,295,923	2,410,719	3,459,675	3,709,614	3,963,922
5	Gjakova	2,313,631	551,552	2,538,964	645,090	2,723,039	780,559	3,069,054	3,222,507	3,383,633	5,934,237	6,406,561	6,887,230
6	Gjilan	2,282,571	490,253	2,504,879	573,396	2,686,482	693,809	3,364,396	3,532,616	3,709,246	6,137,220	6,610,890	7,089,538
7	Gllugoc	693,527	162,273	761,072	189,794	816,250	229,650	1,080,666	1,134,700	1,191,435	1,936,467	2,085,565	2,237,335
8	Hani i Elezit	135,908	31,970	149,145	37,392	159,958	45,245	171,840	180,432	189,454	339,719	366,969	394,656
9	Istog	482,294	116,069	529,267	135,753	567,639	164,261	898,146	943,054	990,206	1,496,509	1,608,073	1,722,106
10	Junik	93,610	22,849	102,727	26,724	110,175	32,336	88,483	92,907	97,552	204,942	222,358	240,063
11	Kaçanik	350,446	80,306	384,577	93,925	412,458	113,649	519,649	545,631	572,913	950,400	1,024,133	1,099,021
12	Kamenica	438,943	103,170	481,693	120,667	516,615	146,007	591,960	621,558	652,635	1,134,072	1,223,917	1,315,258
13	Klina	483,016	114,420	530,059	133,825	568,488	161,928	898,068	942,971	990,120	1,495,504	1,606,855	1,720,536
14	Leposaviq	-	-	-	-	-	-	100,720	105,756	111,043	100,720	105,756	111,043
15	Lipjan	1,158,252	286,721	1,271,058	335,347	1,363,210	405,769	1,729,074	1,815,528	1,906,304	3,174,047	3,421,933	3,675,284
16	Malisheva	334,434	75,704	367,005	88,543	393,613	107,137	1,095,388	1,150,158	1,207,665	1,505,526	1,605,706	1,708,416
17	Mamusha	30,044	7,031	32,970	8,223	35,361	9,950	61,707	64,793	68,032	98,782	105,986	113,343
18	North Mitrovica	925,867	187,015	1,016,041	218,731	1,089,704	264,665	2,502,612	2,627,743	2,759,130	3,615,495	3,862,515	4,113,499
19	Novobërda	86,110	20,749	94,497	24,268	101,348	29,364	325,899	342,194	359,304	432,758	460,958	490,015
20	Obiliq	554,366	132,736	608,358	155,247	652,464	187,848	604,487	634,711	666,446	1,291,588	1,398,315	1,506,759
21	Peja	2,401,980	570,197	2,635,918	666,897	2,827,022	806,945	2,621,333	2,752,400	2,890,020	5,593,510	6,055,214	6,523,987
22	Podujeva	631,226	143,316	692,704	167,622	742,925	202,822	1,211,793	1,272,383	1,336,002	1,986,336	2,132,708	2,281,749
23	Pristina	10,989,892	2,619,339	12,060,238	3,063,554	12,934,605	3,706,901	24,781,886	26,020,980	27,322,029	38,391,116	41,144,772	43,963,535
24	Prizren	3,094,023	739,305	3,395,361	864,684	3,641,525	1,046,268	6,767,449	7,105,821	7,461,112	10,600,777	11,365,867	12,148,905
25	Rahovec	567,464	133,979	622,731	156,701	667,879	189,608	1,300,268	1,365,281	1,433,545	2,001,711	2,144,713	2,291,032
26	Shtërpca	219,760	51,942	241,163	60,751	258,648	73,509	132,010	138,611	145,541	403,713	440,525	477,698
27	Shtime	231,829	53,828	254,407	62,957	272,852	76,178	572,601	601,231	631,293	858,258	918,596	980,323
28	Skenderaj	278,956	66,004	306,125	77,197	328,319	93,409	1,364,507	1,432,732	1,504,369	1,709,466	1,816,054	1,926,096
29	Suhareka	975,050	233,306	1,070,014	272,872	1,147,590	330,176	1,193,068	1,252,722	1,315,358	2,401,424	2,595,608	2,793,123
30	Vitia	458,993	107,272	503,696	125,464	540,214	151,812	703,862	739,056	776,008	1,270,127	1,368,216	1,468,034
31	Vushtrria	975,307	243,120	1,070,296	284,351	1,147,892	344,065	2,307,040	2,422,392	2,543,512	3,525,467	3,777,039	4,035,469
32	Zubin Potok	-	-	-	-	-	-	73,373	77,042	80,894	73,373	77,042	80,894
33	Zveçan	-	-	-	-	-	-	66,702	70,037	73,539	66,702	70,037	73,539
34	Gracanica	1,004,323	224,196	1,102,138	262,218	1,182,043	317,283	1,500,687	1,575,721	1,654,507	2,729,206	2,940,077	3,153,834
35	Klllokot	81,352	17,313	89,275	20,249	95,748	24,502	99,449	104,421	109,642	198,114	213,946	229,892
36	North Mitrovica	-	-	-	-	-	-	106,157	111,465	117,038	106,157	111,465	117,038
37	Partesh	31,649	8,601	34,731	10,060	37,249	12,173	204,001	214,201	224,911	244,251	258,992	274,333
38	Ranillug	30,996	7,303	34,015	8,542	36,481	10,336	68,399	71,819	75,409	106,698	114,375	122,226
	Total	36,450,000	8,550,000	40,000,000	10,000,000	42,900,000	12,100,000	70,000,000	73,500,000	77,175,000	115,000,000	123,500,000	132,175,000



### 1.11. Financing from Borrowing

For the year 2025, projects for Energy Efficiency in Public Buildings in the municipality of Prishtina will be financed through borrowing in the amount of 1,000,000 euros, and in the municipality of Prizren in the amount of 1,500,000 euros.

Table 11: Borrowing Financing 2025-2027

Project	Year 2025			Year 2026			Year 2027		
	Fund 04	Fund 06	Total	Fund 04	Fund 06	Total	Operative (04)	Capital (04)	Total
Project for Energy Efficiency in Public Buildings in the municipality of Prishtina		1,000,000	1,000,000		2,500,000	2,500,000		1,500,000	1,500,000
Project for Energy Efficiency in Public Buildings in the municipality of Prizren	250,000	1,250,000	1,500,000	280,000	1,400,000	1,680,000	320,000	500,000	820,000
<b>Total</b>	<b>250,000</b>	<b>2,250,000</b>	<b>2,500,000</b>	<b>280,000</b>	<b>3,900,000</b>	<b>4,180,000</b>	<b>320,000</b>	<b>2,000,000</b>	<b>2,320,000</b>

### 1.12. Summary of Municipal Financing for the Years 2025-2027

For the allocation of government grants to municipalities for the year 2025, the criteria and basic formulas specified in the Law on Local Government Finance and other relevant laws have been applied, as well as based on macro-fiscal projections and data from line ministries:

Table 12: Summary of Municipal Financing for the Years 2025-2027 (million euros)

Description	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Forecast for 2026	Forecast for 2027
<b>1. Government Grants</b>	<b>457.6</b>	<b>526.9</b>	<b>605.2</b>	<b>639.6</b>	<b>668.8</b>	<b>698.8</b>
<b>1.1 Total Grant</b>	<b>193.5</b>	<b>255.2</b>	<b>284.7</b>	<b>307.5</b>	<b>325.3</b>	<b>343.5</b>
Total Grant	193.5	255.2	284.7	307.5	325.3	343.5
<b>1.2 Granti specifik për shëndetësi</b>	<b>62.6</b>	<b>70.5</b>	<b>82.0</b>	<b>83.0</b>	<b>86.9</b>	<b>91.1</b>
Basic Grant and ongoing policies	62.6	62.6	82.0	83.0	86.9	91.1
New policies		7.9				
<b>1.3 Specific Grant for Education</b>	<b>201.5</b>	<b>201.2</b>	<b>238.5</b>	<b>249.1</b>	<b>256.6</b>	<b>264.3</b>
Basic Grant and ongoing policies	195.0	194.4	238.5	249.1	256.6	264.3
New policies	6.5	6.8				
<b>2. Funding for secondary health</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>3. Residential services</b>	<b>2.3</b>	<b>4.2</b>	<b>3.5</b>	<b>3.6</b>	<b>3.9</b>	<b>4.0</b>
<b>4. Funding for QHP, QKHFZ and KHM</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>5. Grant for capital city - Prishtina</b>	<b>11.6</b>	<b>15.3</b>	<b>17.1</b>	<b>18.4</b>	<b>19.5</b>	<b>20.6</b>
<b>6. Funding for Obiliq</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>
<b>7. Municipal Own Source Revenues</b>	<b>87.4</b>	<b>98.5</b>	<b>105.5</b>	<b>115.0</b>	<b>123.5</b>	<b>132.2</b>
<b>8. Funding for Theatres</b>	<b>0.9</b>	<b>0.9</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>
<b>9. Financing from Borrowing</b>	<b>-</b>	<b>6.0</b>	<b>2.0</b>	<b>2.5</b>	<b>4.2</b>	<b>2.3</b>
<b>Total Municipal Funding</b>	<b>567.5</b>	<b>659.5</b>	<b>742.6</b>	<b>788.3</b>	<b>829.1</b>	<b>867.2</b>