

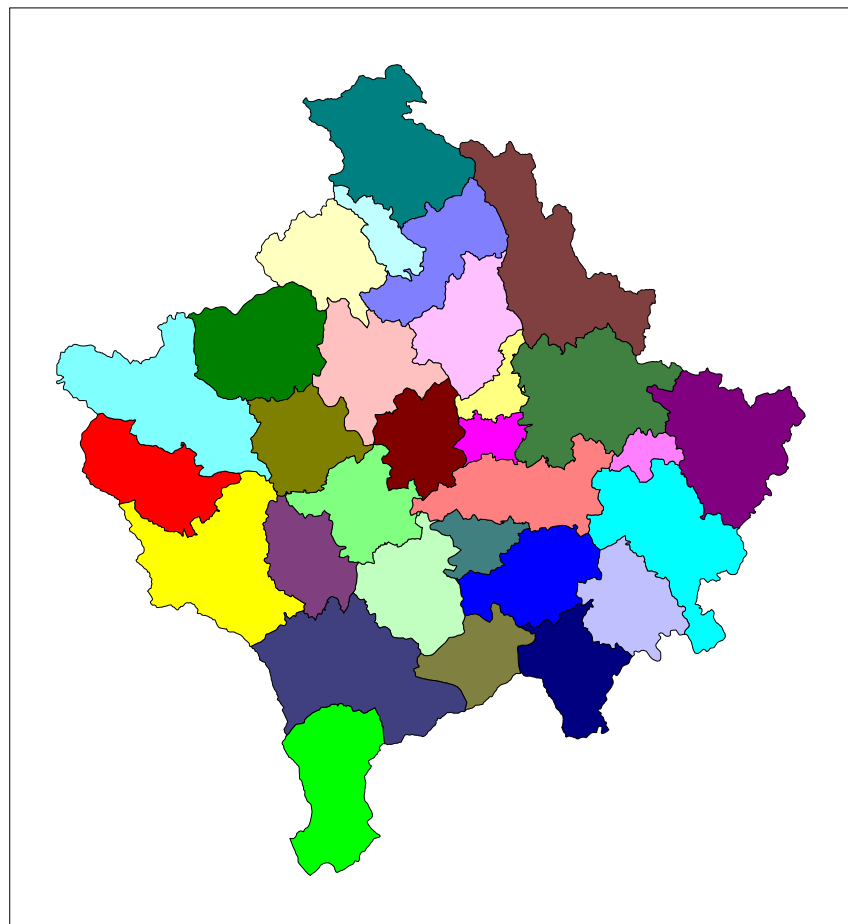


Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria - Vlada - Government

Ministria e Administratës Publike - Ministarstvo Javne Uprave - Ministry of Public Administration

Series 3: Economic Statistics

Kosovo Government Accounts 2004-2008



Enti i Statistikës së Kosovës
Zavod za Statistiku Kosova
Statistical Office of Kosovo

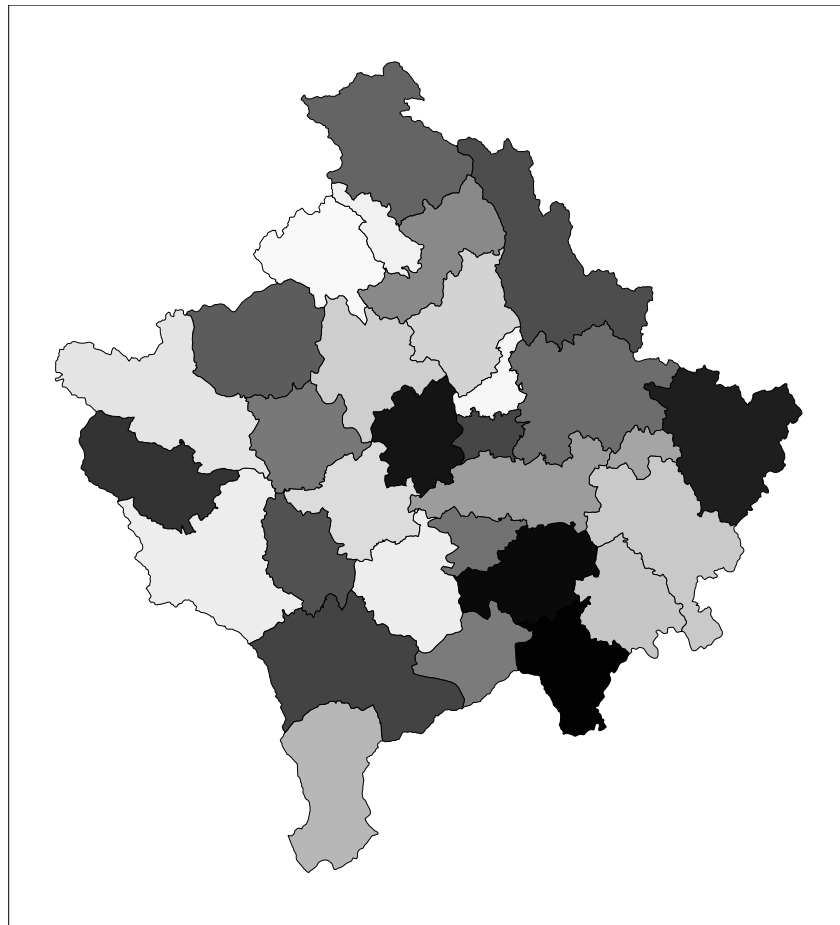


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Preface

The publication Kosovo Government Accounts 2004 – 2008 follows the regular activity of the Statistical Office of Kosovo (SOK) in this field. This edition presents the picture of governmental revenues and expenditures within the given period of time.

This publication was prepared by Mr. Ilir T. Berisha, Director of Economic Statistics and National Accounts, Mrs. Xhevrie Fetahu, Mrs. Shqiponjë Bekteshi, in collaboration with Mrs. Clementina Ivan–Ungureanu, key expert in National Accounts (European Union project “Further Support to the SOK”).

SOK is grateful to the Ministry of Economy and Finance (MEF), Kosovo Pension Savings Trust (KPST) and also to the Banking and Payment Authority of Kosovo (BPK) on data provision concerning this publication.

Comments, proposals and suggestions are welcome and they can be forwarded to e-mail economic@sok-kosovo.org with the aim of improving the quality of this publication.

Pristina, December 2009

Chief Executive Officer, SOK
Mr Avni Kastrati

Abbreviations

BPK	Banking and Payment Authority of Kosovo
ESA	European System of Accounts
IMF	International Monetary Fund
KPST	Kosovo Pension Savings Trust
MEF	Ministry of Economy and Finance
SOK	Statistical Office of Kosovo
:	Figure not available
-	Not applicable

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1 Introduction

The publication presents an overview of revenue and expenditure for the period 2004 - 2008, based on administrative data collection and calculations of SOK. As a general rule is intended maximum compliance of the published figures with ESA 95 standards and IMF manual for Government Finance statistics.

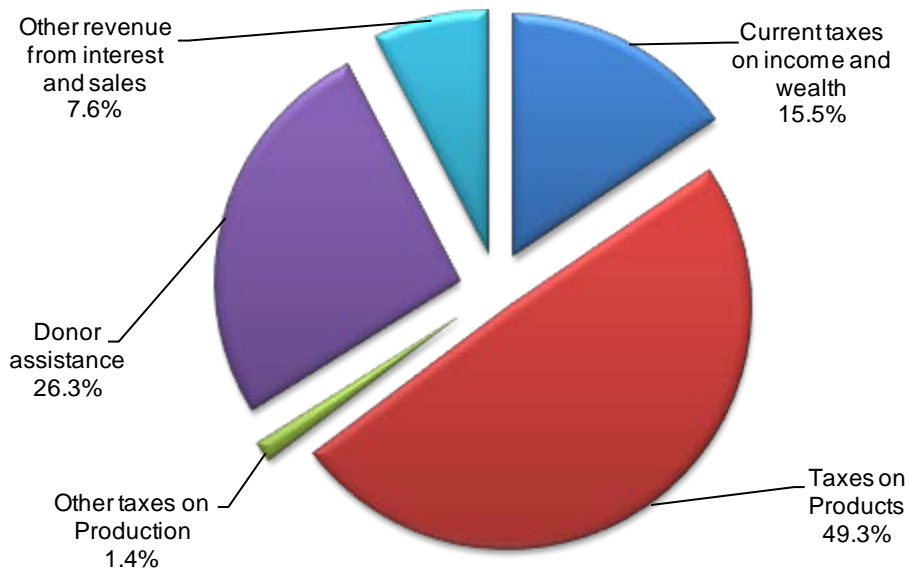
The data sources are the Treasury Department of the Ministry of Economy and Finance, Kosovo Pension Saving Trust and Donor Coordination Unit of the Prime Minister Office.

2 Revenue, expenditure and net financial capacity of General Government

2.1 Revenue - General Government

Total revenues of the General Government in 2008 were 1.303,3 million Euros, which means that there is an increase in revenue compared with last year. Donor assistance or aid were 343,2 million Euros (306.3 donor grants from the foreign countries and 36.8 million Euros as investment grants), which represent 26,3% of total revenue. Participation of donor assistance in General Government revenues in 2008 was small in comparison with previous years (in 2008 was 26,3% in 2007 was 27,3%, in 2006 was 35,2% in 2005 was 37,5% and in 2004 was 44,9%). Structure of General Government revenue is presented in Graph 1:

Graph 1: Revenue - General Government 2008



Source: Treasury, Ministry of Economy and Finance, Donor Coordination Unit in the Prime Minister's Office

Most of the revenues of the General Government are the result of the import activity of economic entities or units in Kosovo, who constitute the taxes collected at the border. Structure of General Government revenue is presented in Table 1, of which:

- Border Revenues represent: value added tax at the border, the border excise, domestic excise, customs import duties, various customs taxes and unspecified costumes taxes,
- The Internal Revenue present: value added tax, personal income tax, corporation tax, profit tax, presumptive tax and other unspecified revenues from tax administration.
- Government funds represent donations received from donors.
- Revenues from sale and interest include admission to the Central and Local levels, which are not collected by Tax Administration, but other budget organizations administered by central and local level.

Table 1: Structure of General Government Revenue

Years	Border Revenue	Internal Revenue	Donors	Revenue from Interest and Sales	Total
2004	42.8%	9.5%	44.9%	2.9%	100%
2005	45.9%	13.5%	37.5%	3.1%	100%
2006	42.7%	16.8%	35.2%	5.2%	100%
2007	42.8%	22.6%	27.3%	7.2%	100%
2008	47.4%	18.9%	26.3%	7.4%	100%

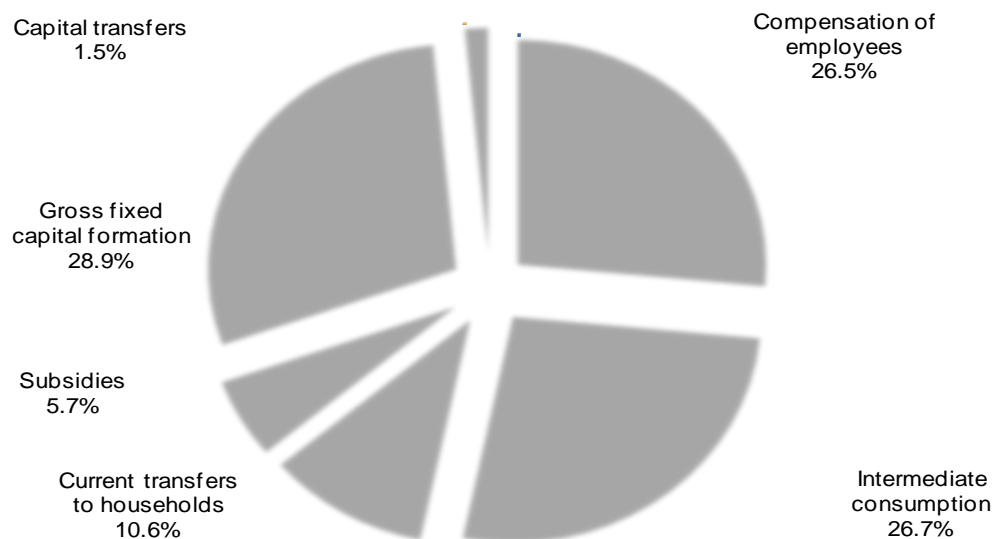
Source: Treasury, Donor Coordination Centre in the Prime Minister's Office

2.2 Expenditure – General Government

In 2008, total General Government expenditure was 1.300,9 million Euros of which current expenses represented 69,6%. Intermediate consumption (e.g. purchase of goods and services) represents the most important category of current expenditures. The current transfers to households had increased in 2008 compared with 2007.

In 2008, General Government recorded 2,3 million Euros as financial power. Structure of General Government expenditure is presented in Graph 2:

Graph 2: Expenditure - General Government 2008

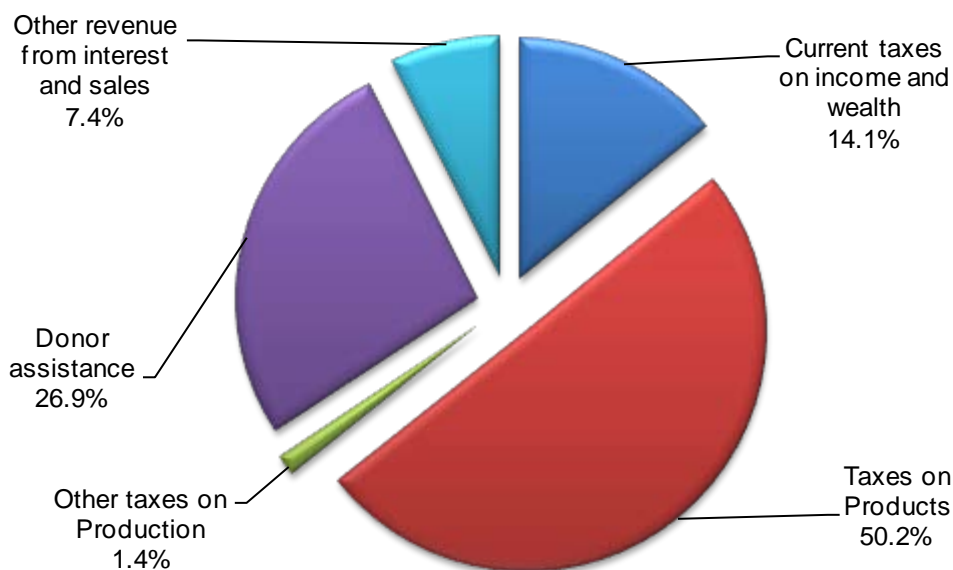


3 Revenue, expenditure and net financial capacity of Central Government

3.1 Revenue – Central Government

Total amount of Central Government revenue in 2008 was 1.270,8 million Euros, which represents 97,2% of total revenue of General Government. The structure of the revenue is presented in Graph 3: Total revenues of Central Government are lower in 2008 in comparison with the previous year with almost 100 million Euros. This is due to the fact that in this year IPKO became the second operator of mobile telephone and for this activity it paid 75 million Euros.

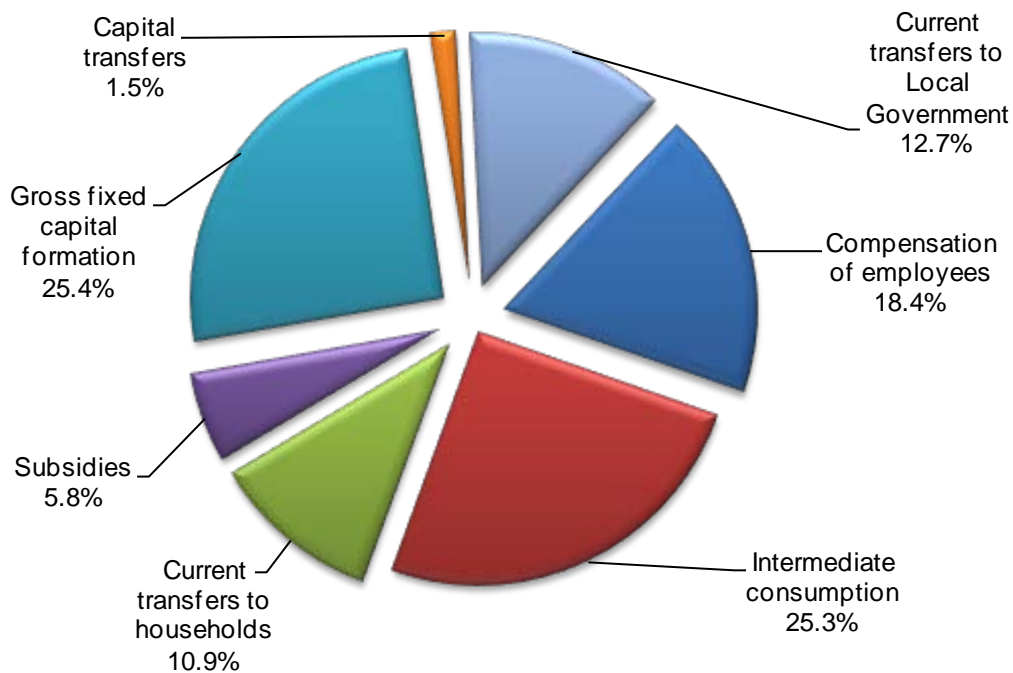
Graph 3: Revenue - Central Government 2008



3.2 Expenditure – Central Government

The expenditure of Central Government in 2008 was 1.256,2 million Euro which represents 84,3 % of the General Government total expenditure. The main part of the expenditure was for intermediate consumption (25,3% from the total expenditure of the Central Government), current transfers to Local Government (12,7%) gross fixed capital formation (25,4%) and for the payment of compensation of employees (18,4 %). The structure of the expenditure is presented in Graph 4:

Graph 4: Expenditure - Central Government 2007



Of the total amount of expenditure, the value of 752,7 million Euros was spent by ministries and public agencies. Amount of expenditure for the period 2004 - 2008 for each ministry and public agency are presented in Table 2:

Table 2: Expenditures of Kosovo agencies

	(Million of Euro)				
Agency	2004	2005	2006	2007	2008
Assembly	7.4	7.6	5.6	6.0	7.7
Office of President	3.2	3.7	1.4	1.1	1.2
Office of the Prime Minister	2.2	3.3	3.8	3.3	4.1
Ministry of Finance and Economy	23.1	13.6	11.1	10.6	83.3
Ministry of Public Services	21.8	11.5	7.7	7.5	17.5
Ministry of Agriculture, Forestry and Rural Development	2.7	4.8	5.9	6.5	9.8
Ministry of Trade and Industry	1.7	2.2	2.9	2.8	4.2
Ministry of Transport Communications	43.4	27.1	26.5	22.6	127.6
Ministry of Health	66.6	52.7	50.7	49.4	62.6
Ministry of Culture, Youth and Sports	7.9	6.2	6.6	6.8	10.8
Ministry of Education, Science and Technology	27.6	30.7	27.5	35.4	62.9
Ministry of Labor and Social Welfare	108.1	123.9	127.2	121.6	146.4
Ministry of Environment and Special Planning	3.8	11.2	10.0	5.8	4.7
Ministry of Return and Commun	0.0	11.6	9.2	6.1	6.3
Ministry of Local Governance	0.0	0.8	2.0	1.4	5.4
Ministry of Energy and Mines	0.0	1.8	2.3	1.5	3.7
Ministry of Internal Affairs	0.0	0.0	3.2	5.6	11.1
Ministry of Justice	0.0	0.0	0.5	14.4	15.3
Ministry of Foreign Affairs					1.2
Ministry of Kosovo Security Force					0.4
Independent Procurement Commission	0.0	0.4	0.3	0.3	0.3
Academy of Science and Arts	0.0	0.3	0.4	0.4	0.4
Reconstruction Fund	0.0	0.0	1.8	1.6	1.3
Telecom Regulatory Office	0.0	0.0	0.5	0.6	1.4
Anti Corruption Agency	0.0	0.0	0.0	0.3	0.3
Public Procurement Agency	0.0	0.0	0.0	0.1	0.1
Costums	7.0	7.0	8.3	7.7	8.8
Office of Auditor General	1.1	1.0	2.2	0.9	0.9
Directorate of Admin Affairs	5.0	3.6	6.2	2.1	0.1
Office of the KPC Coordinator	17.8	15.2	18.3	17.7	18.1
Kosovo Police Service	49.4	54.9	50.9	52.8	59.1
Financial Information Center	0.0	0.0	0.2	0.3	0.4
Department of Justice	13.9	14.6	14.1	1.1	1.2
Prison Services	10.5	9.6	10.0	0.0	0.0
Directorate of Rural Affairs	1.6	0.3	0.0	0.0	0.0
Kosovo Police Service School	1.6	1.8	2.1	2.1	2.2
Kosovo Trust Agency	94.6	78.2	57.2	78.2	49.4
Water and Waste Regulatory Office	4.1	1.3	0.1	0.2	0.2
Energy Regulatory Office	0.0	0.0	0.2	0.4	0.4
Privatization Agency of Kosovo					3.8
Procurement review body					0.1
Frequency Management Office	0.0	0.0	0.0	0.0	0.0
Civil Aviation Office	0.0	0.0	0.6	0.9	0.9
Independent Mineral and Mines Commission	0.0	1.9	1.7	1.8	0.8
Independent Media Commission	0.4	0.4	0.4	0.3	0.5
Central Election Commission	3.0	0.5	0.4	4.8	1.1
Ombudsperson	0.4	0.4	0.5	0.4	0.4
Kosovo Radio and Television	1.0	0.6	0.0	0.0	0.0
Kosovo Judicial Institute	0.2	0.2	0.3	0.3	0.3
Office for Community Affairs	13.0	4.7	5.8	0.0	0.0
Office Gender Affairs	0.0	0.0	0.0	0.0	0.0
Secret. Kos. Judicial Council	0.0	0.0	0.1	9.0	10.0
Kosovo Property Agency				1.6	3.8
Total	544.4	509.6	487.1	494.1	752.7

Source: Treasury, Ministry of Economy and Finance

Note: Designated Donor Grants are not included

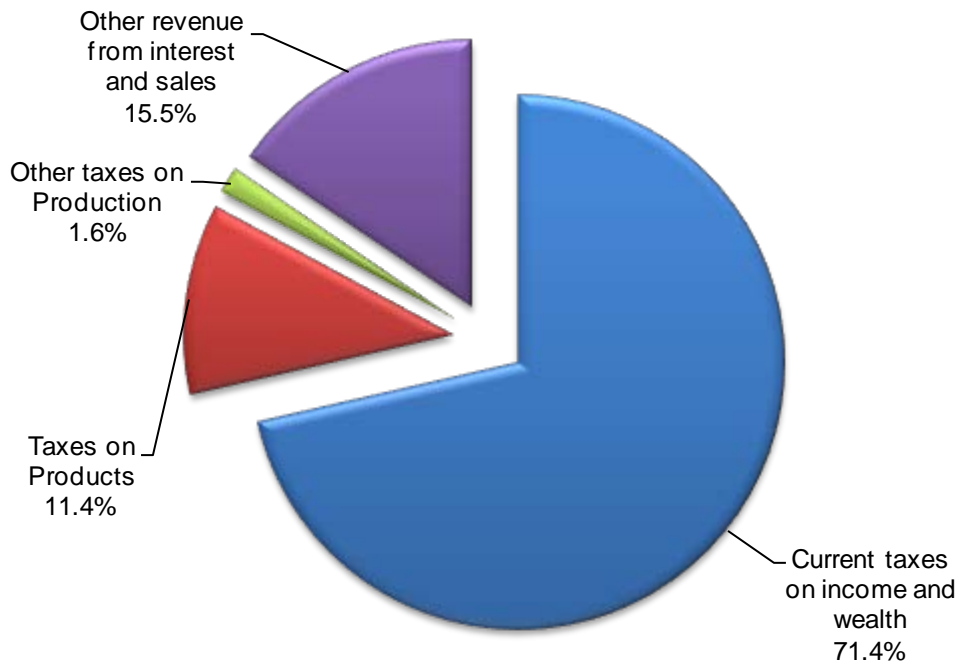
4 Revenue, expenditure and net financial capacity of Local Government

4.1 Revenue– Local Government

Local Government Revenues in 2008 were about 30,9 million Euros (excluding current transfers from Central Government), which reflect 2,4% of total revenues to the General Government. The bulk of income taxes constitute current income and assets (71,4% of total revenues of Local Government) and other income from interest and sales (15,5%). Income received from Local Government in 2008 were larger compared with previous years. Local government acknowledged in 2008 the value of 160,1 million Euros from Central Government current transfer as education, health, general services, public order and safety, etc.

Graph 5 reflects the structure of Local Government revenue, excluding current transfers from the Central Government.

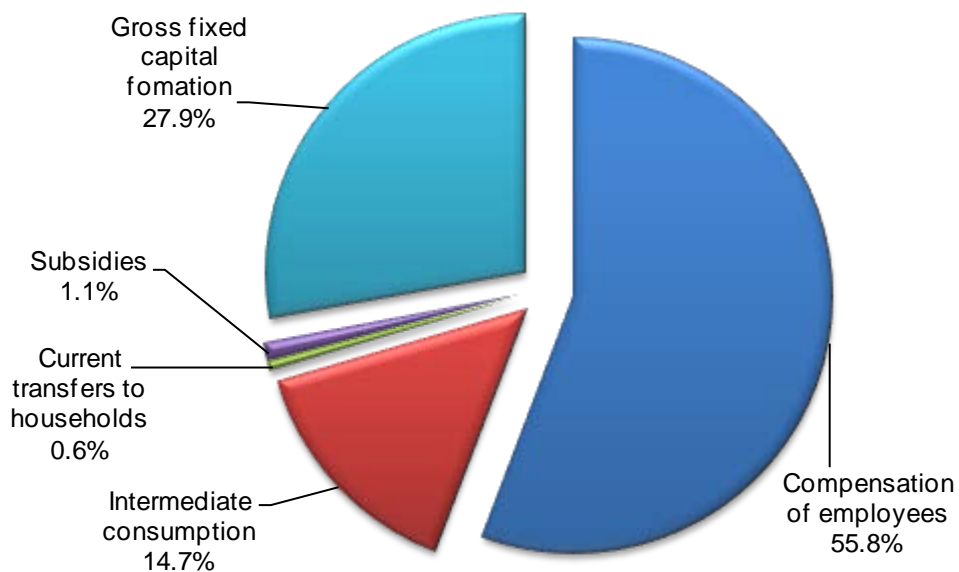
Graph 5: Revenue - Local Government 2008



4.2 Expenditure – Local Government

The expenditure of Local Government in 2008 was 204,8 million Euros which represents 15,7% of the total expenditure of General Government. The main part of the expenditure was for compensation of employees (55,8% from the total expenditure of the Local Government) and for the payment of goods and services – intermediate consumption (14,7%). The structure of the expenditure is presented in Graph 6:

Graph 6: Expenditure - Local Government 2008



5 Pension fund system

Social insurance system is somehow complicated. The pension system consist of 3 pillars, each of them are different in the way of how they are funded and the population which they cover:

The first Pillar - is a means-tested basic social assistance scheme which also, but not only, applicable to elderly. This pillar is integrated into Central Government, meaning that it is part of Government component. Pension outlays under this scheme are considered as social benefits included in the "current transfers to households" expenditure item. This system is financed by General Government receipts.

The second Pillar - is a mandatory pension funded scheme. This scheme was implemented from August 2002. When big employer and national agencies were mandatory for contribution. Since 2003 mandatory saving scheme is expanded in order to cover all the employers of Kosovo and self-employed. Mandatory pension Savings are administrated and managed by Kosovo Pension saving Trust. KPST receives pension contributions with an amount 10 % of gross wages separated between the employers and employee (5% + 5%), and for self-employed 10 % of the income earned. KPST invest these assets through specialized management of assets.

The third Pillar - Articles of regulation on Pension on voluntary scheme ensure those schemes to be reliable, funded in adequate and transparent way. Vulnerary pension scheme presents an option for business and other financial institutions and can be funded from employers' contributions and employees. Department of pension in CBAK license and monitor vulnerary scheme.

It should be stressed that Kosovo's main pension system, which is currently in an embryonic form but, will of course become increasingly important in the following years, was completely recorded outside the government sectors in the period 2004-2006: In these conditions, contributions and pension payments are flows between the households and the financial corporation's sector.

From economic point of view, it does not seem fully satisfactory that the main mandatory pension system is not reflected at all in the government accounts. Hence, SOK publication concerning the government accounts contains a short overview, pro memoria, of the situation of the funded pension pillar in Kosovo.

Table 3: The Main indicators for Kosovo pension pillar II:

(Million of Euro)

Years	Collected Pension Contributions	Investment Return	Fees, Refunds & Other Payouts	Pension Assets Balance
2004	44	1	1	83
2005	52	11	2	144
2006	57	16	28	188
2007	64	6	5	252
2008	73	-91*	6	228

Sources: Kosovo Pension Saving Trust

*In 2008 due to global financial crisis the KPST share fell to euro 0,8601 (from euro 1,2184 on December 2007) thus decreasing by 29,4% in value.

Statistical Annexes: Detailed Accounts for General Government

Table 1: Revenue, expenditure and net financing capacity of General Government

	(Million of Euro)				
	2004	2005	2006	2007	2008
Revenue	1088.8	1000.8	1093.2	1234.3	1303.3
<i>Current revenue</i>	1003.0	963.5	1049.3	1214.6	1266.4
Current taxes on income and wealth	83.9	101.5	133.3	159.7	201.4
<i>paid by households</i>	27.8	45.1	40.6	48.0	65.4
<i>paid by enterprises</i>	56.1	56.5	92.6	111.8	136.1
Taxes on production and imports	473.3	480.9	515.9	664.1	660.0
<i>taxes on products</i>	468.7	474.7	501.2	577.1	641.9
<i>other taxes on production</i>	4.6	6.2	14.6	87.0	18.1
Other current transfers	411.9	347.1	351.9	327.7	328.0
<i>donor grants from the rest of the world</i>	403.9	339.3	342.9	317.3	306.3
<i>other</i>	8.0	7.8	9.0	10.4	21.7
Interest income	3.6	2.7	9.4	11.5	10.6
Sales	30.3	31.3	38.9	43.6	46.6
<i>Capital revenue</i>	85.8	37.3	43.9	27.6	213.7
capital taxes	1.1	1.3	1.6	7.9	19.7
investment grants	84.7	36.0	42.3	19.7	36.8
Expenditure	1203.8	1044.6	1043.4	1003.3	1300.9
<i>Current expenditure</i>	927.7	861.5	850.6	814.2	905.1
<i>compensation of employees</i>	316.8	323.8	303.2	327.6	345.1
<i>intermediate consumption</i>	423.9	343.5	380.5	331.1	347.4
<i>current transfers to households</i>	89.0	69.4	121.3	116.4	137.9
<i>subsidies</i>	97.9	124.9	45.6	39.0	74.7
<i>Capital expenditure</i>	276.1	183.2	192.8	189.0	395.8
<i>gross fixed capital formation</i>	242.3	137.2	167.0	139.6	376.5
<i>capital transfers</i>	33.8	45.9	25.8	49.4	19.4
Net financing capacity	-115.0	-43.9	49.8	231.0	2.3

*Donor grants include DDG, PIP, and UNMIK staff.

*Current expenditure include DDG, PIP and UNMIK staff spending dedicated for compensation of employees and intermediate consumption for consistency purposes with GDP publication

Table 2: Revenue, expenditure and net financing capacity of Central Government

	(Million of Euro)				
	2004	2005	2006	2007	2008
Revenue	1066.0	976.1	1075.5	1213.5	1270.8
<i>Current revenue</i>	981.3	940.2	1033.3	1187.8	1217.3
Current taxes on income and wealth	76.2	92.6	121.6	145.6	179.3
<i>paid by households</i>	20.2	36.2	29.1	34.0	43.5
<i>paid by enterprises</i>	56.0	56.4	92.5	111.6	135.8
Taxes on production and imports	470.7	477.6	512.4	661.7	656.0
<i>taxes on products</i>	468.7	474.6	499.5	575.0	638.4
<i>other taxes on production</i>	2.0	3.0	12.9	86.7	17.6
Other current transfers	411.8	346.9	351.9	327.7	328.0
<i>donor grants from the rest of the world¹</i>	403.9	339.3	342.9	317.3	306.3
<i>other</i>	7.8	7.6	9.0	10.4	21.7
Interest income	3.5	2.7	9.4	11.5	10.6
Sales	19.1	20.3	38.0	41.2	43.3
<i>Capital revenue</i>	84.7	36.0	42.3	25.8	53.6
Capital taxes	0.0	0.0	0	6.1	18.2
Investment grants	84.7	36.0	42.3	19.7	35.3
Expenditure	1144.3	1008.3	1017.6	976.8	1256.2
<i>Current expenditure²</i>	798.0	735.9	718.9	683.7	757.3
<i>compensation of employees</i>	232.0	221.6	201.6	225.3	230.8
<i>intermediate consumption</i>	379.0	321.4	353.0	305.7	317.3
<i>current transfers to households</i>	89.0	69.4	120.4	115.4	136.7
<i>subsidies</i>	97.9	123.5	43.9	37.3	72.5
<i>Capital expenditure</i>	219.7	144.4	156.6	152.5	338.8
<i>gross fixed capital formation</i>	185.9	98.5	130.7	103.1	319.4
<i>capital transfers</i>	33.8	45.9	25.8	49.4	19.4
Current transfers to Local Government	126.6	128.0	142.1	140.6	160.1
Net financing capacity	-78.2	-32.1	58.0	236.8	14.6

Table 3: Revenue, expenditure and net financing capacity of Local Government

	(Million of Euro)				
	2004	2005	2006	2007	2008
Revenue	149.4	151.4	159.7	161.3	191.0
<i>Current revenue</i>	148.3	150.1	158.1	159.5	189.5
Current taxes on income and wealth	7.7	9.0	11.6	14.1	22.1
<i>paid by households</i>	7.6	8.9	11.5	14.0	21.9
<i>paid by enterprises</i>	0.1	0.1	0.1	0.2	0.2
Taxes on production and imports	2.6	3.3	3.5	2.3	4.0
<i>taxes on products</i>	0.0	0.1	1.7	2.1	3.5
<i>other taxes on production</i>	2.6	3.2	1.8	0.2	0.5
Other current transfers	0.1	0.1	0.0	0.0	0.0
<i>donor grants from the rest of the world</i>	0.0	0.0	0.0	0.0	0.0
<i>other</i>	0.1	0.1	0.0	0.0	0.0
Interest income	0.0	0.0	0.0	0.0	0.0
Sales	11.2	11.0	0.9	2.4	3.3
Current transfers from central government	126.6	126.8	142.1	140.6	160.1
<i>Capital revenue</i>	1.1	1.3	1.6	1.8	1.5
Capital taxes	1.1	1.3	1.6	1.8	1.5
Investment grants	0.0	0.0	0.0	0.0	0.0
Expenditure	186.1	164.4	167.9	167.1	204.8
<i>Current expenditure</i>	129.7	125.6	131.7	130.5	147.8
<i>compensation of employees</i>	84.9	102.2	101.6	102.3	114.2
<i>intermediate consumption</i>	44.8	22.0	27.4	25.5	30.2
<i>current transfers to households</i>	0.0	0.0	0.9	1.0	1.2
<i>subsidies</i>	0.0	1.4	1.7	1.8	2.2
<i>Capital expenditure</i>	56.4	38.8	36.3	36.6	57.1
<i>gross fixed capital formation</i>	56.4	38.8	36.3	36.6	57.1
<i>capital transfers</i>	0.0	0.0	0.0	0.0	0.0
Current transfers to Local Government	0.0	0.0	0.0	0.0	0.0
Net financing capacity	-36.8	-12.9	-8.2	-5.8	-13.8

Note: In Local Government revenue are included 160,1 million Euros as current transfers from Central Government.

Statistical Office of Kosovo, a brief description

The Statistical Office of Kosovo (SOK) is a professional office operating since 1948. The SOK passed through some of the historic phases and it has been structured by the state rule of that time. SOK restarted its work on August 2, 1999, as an independent and professional office working in the frames of the Ministry of Public Services (MPS). SOK is financed by the Kosovo Consolidated Budget and by donors for the various projects.

The Statistical Office of Kosovo acts pursuant the UNMIK Regulation 2001/14 that entered into force on July 2, 2001. A medium-term Master Plan is being developed for the statistical system of Kosovo compatible with the European Statistics.

The SOK Organization Structure; composes of four departments for production of statistics (Department of Economic Statistics and National Accounts, Department of Population Statistics, Department of Social Statistics and Department of Agricultural and Environment Statistics), seven Regional Offices (located in Gjakova, Gjilan, Mitrovica, Peja, Prizren, Pristina and Ferizaj), two support departments (Department of Methodology and Information Technology, and Department of Administration), as well as the Office of the Population Census.

Total number employees is 134, of them 96 (71.6%) within the SOK offices whilst 38 (28.4%) in regional offices.

There is also a support and cooperation with the international institutions.

The Statistical Office of Kosovo covers Kosovo entirely. For implementation of the surveys in the field, the SOK uses appropriate sampling and methodology approach. In the collection of the reports from the reporting units, the SOK engages professionals, technicians, administrators and civilians from the local offices and regional field population census.

Recently, a team of national and international experts is working in the project of the population census.

SOK Mission is to fulfill the needs of the users with the reliable statistical data and with regular analyses in order to support and provide government departments with the proper information for decision-making process including other users as well.

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