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**Republika e Kosovës**  
**Republika Kosova-Republic of Kosovo**  
**Qeveria - Vlada-Government**  
 Ministria e Financave / Ministarstvo za Finansije / Ministry of Finance  
 Zyra e Ministrit / Kancelarija Ministra / Cabinet of the Minister

<b>DATË/A:</b>	21 <sup>st</sup> of May 2015
<b>REFERENCË:</b>	
<b>PËR/ZA/TO:</b>	Mayors
<b>CC:</b>	Chief Financial Officers
<b>PËRMES/PREKO/THROUGH:</b>	
<b>NGA/OD/FROM:</b>	Avdullah Hoti, Minister of Finance
<b>TEMA/SUBJEKAT/SUBJECT:</b>	Instruction for budget review 2015



Dear Mayors,

Pursuant to the Law no. 03/L-048, on Public Financial Management and Accountability, Article 25, 20.8 and 22 and Article 8 of Law no. 03/L-221 on Amending and Supplementing the Law no. 03/L-048 on Public Financial Management and Accountability, the Government shall prepare and propose to the Assembly amendments for amending/supplementing the Budget of Republic of Kosovo for 2015.

The Government of Republic of Kosovo plans to review the budget for 2015 by maintaining budget neutrality in terms of overall expenditures' ceilings securing budget stability.

In this process, it is required that Budget Organisations firstly identify potential savings to cover new initiatives with line ministries or the decisions taken by the Government.

Budget Organisations will be allowed to make internal adjustments which are reasonable for efficient budget execution for the remaining period of the fiscal year. Mid-year review provides the opportunity to propose transfers between sub-programs, which would not be allowed under normal ceiling transfers. Therefore, you are now required to review your budget execution for 2015 and ascertain if you need transfers or reallocations within your Budget Organisation.

Budget Organisations, municipalities within the budget review process must meet all legal obligations against external financing i.e. co-financing with respective financial institutions.

**We would like to inform you that there will be no possibilities for new budget appropriations during 2015 Budget Review.**

In 2015 budget review process, transfers between economic categories will not be accepted besides in exceptional cases for which proper reasoning is required or when such transfers relate to the implementation of Government policies and decisions.

When preparing such requests, it is required from Budget Organisations, Municipalities to be responsible for the following:

1. **Number of Employees** Bear in mind that the number of employees allowed by the Law on Budget 2015 must be adhered to. This despite the fact that these ceilings will indicatively apply for medium term budget. Also, the allowed number of working positions must be completed only when the Budget Organisation secured a budget for these job vacancies.
2. **Wages and Salaries:** There will be no increase in 2015 for “Wages and salaries” compared with budget appropriation by the Law on Budget no. 05/L-001 for 2015. We request from all Budget Organisations to submit their savings in the category of wages and salaries for all unmanned staff under the law on budget. In no case, Budget Organisations are allowed to use savings from unmanned staff to increase wages and salaries or other remunerations since this will reflect on job cuts for 2016 for those organisations.
3. **Goods and Services and Utilities:** Budget Organisation is allowed to make internal movement of the budget allocated within these two economic categories under a complete reasoning by the Budget Organisation especially for paying utilities.
4. **Capital projects:** the mid-year budget review process provides you with the opportunity to request adjustment of allocations for capital projects in the Public Investment Program (Table 4.2 of the Law on Budget). Given that the budget execution process for 2015 started in time, now it is the right moment for Budget Organisations to revise their plans for implementation of capital projects. We request from Budget organisations-Municipalities to transfer free funds primarily for projects which might have higher real cost of what was originally intended with budget planning.
5. **Subsidies and Transfers:** this category usually should not have a need for many amendments/supplements to the original budget.

Additional requests for projects of education, health, environment, road infrastructure, etc., should be handled for funding from line ministries, because as mentioned above, there is no possibility for additional appropriations of funds under budget review

#### **Reasoning for savings and transfers/reallocations**

Instructions for mid-year review 2015 are based on the following concepts:



Budget Organisations present potential savings under sub-programs and economic categories. They also submit a brief explanation for the reasons which have led to these savings.

Budget Organisations submit their requests for transfers between sub-programs for the same economic category. Such requests should be fully justified by Budget Organisations.

Savings within capital projects, mainly the issue is that some or all appropriations for a capital project remain unspent for 2015.

A transfer can be requested in special cases where there are strong reasons (between sub-programs) or reallocation (in the same sub-program) between capital projects.

Budget Organisations must submit their requests for budget review to the Ministry of Finance or the Department of Municipal Budget no later than **05 June 2015**. If up to this date, we do not receive complete materials from Budget Organisations-Municipalities, it is considered that these Budget Organisations-Municipalities do not need any change in the budget or did not identify possible savings within the appropriations for 2015.

Should you need additional information please contact your budget analyst.

Sincerely,

  
Avdullah Hoti

Minister

