



**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>DATE/A:</b>	<b>17 OCTOBER 2018</b>
<b>PËR/ZA/TO:</b>	<b>Ministers Heads of Budgetary Organizations Budget Officials of Budgetary Organizations</b>
<b>NGA/OD/FROM:</b>	<b>Bedri Hamza, Minister of Finance</b>
<b>TEMA/SUBJEKAT/SUBJECT:</b>	<b>Budget Circular 2019/02. Announcement of final budget ceilings for 2019 – Central Government</b>

Honorable Ministers,  
Honorable Heads and Officials of budgetary organizations,

**Purpose**

Issuance of second budgetary circular is providing of conclusion of budget proposal for 2019 by Ministry of finance. Through the second budgetary circular, you shall receive the final budget ceilings, which you shall allocate into programs and sub-programs of your budgetary organizations. These budget ceilings may be changed in the future only by the Government and Assembly respecting external borders of the budget.

I remind you that on 15 May 2018 Ministry of Finance issued budgetary circular 2019/01, providing preliminarily instructions, indicative calendar as well as initial ceilings on preparation of budget for 2019 and assessments for 2020-2021. This budgetary documents you're informed about contest of preparation of budget for 2019, which derives from MTEF 2019-2021 approved by Government of Kosovo in April 2018.

In this regard, preliminary budgetary handovers are supplemented with additional information which indicates the complete rationale of budgetary requirements and also were considered possible

amendments which could result during execution of budget for 2018 which can also impact on the 2019 budget and the budgets of the following years.

The overall expenditure ceilings presented by second circular, are consistent with our commitments in relation to international institutions. In this regard, budget of 2019 and following years 2020-2021 is continuation of MTEF 2019-2021 and will be in compliance with budgetary-fiscal policies, on which Government agreed with International Monetary Fund (IMF).

The Government of Republic of Kosovo is primarily committed to maintain fiscal and budgetary stability and supports within framework the requirements of BO and their priorities supported by document-program of Government 2018-2021.

Macro-economic and fiscal stability is a precondition on functioning of government operations and establishment of favorable environment for development of private sector. Ministry of Finance will be committed on strengthening and progress of macro-fiscal stability, being focused on:

- Ensuring of necessary balance between collection of revenues and budgetary expenditure;
- Implementation of annual budgets with qualitative structure, supporting implementation of strategic priorities of Government;
- Effective usage of loan, ensuring long-term stability of public debt, and
- Holding of sufficient ceiling of budgetary reserves, to confront internal and external fiscal risks.

Knowing that sustainable economic growth and fiscal stability are closely related and subordinated, on each other, Ministry of Finance, commencing with budget of 2019 and afterwards with budgets of following years, will assure the improvement of current fiscal position of country and afterwards preserving fiscal stability, which directly will contribute and support a sustainable economic growth of country. Annual budgets will be focused on financing and implementation of Government strategic priorities, including even adequate financing of programs for social support and employment, as a precondition for inclusive and balanced economic development. While the increase of budget is important, just as important is its quality, respectively structural composition of budget. In this regard, we pledge for a Budget that finances Government strategic priorities, with substantial investments as: Education, Health, Rule of law, Infrastructure, Agriculture, and Security field. Apart financing of public investments with high norms of economic and social recovery, we pledge that we'll take care on all social levels, ensuring adequate financing, and at same time reforming of current social policies, in order to ensure that these schemes supports those on needs. In relation to this, allow me to emphasize that that Government pledges for balanced and inclusive economic growth, from which will benefit all citizens of country. We're aware that direct foreign investments are indispensable to realize our projected dynamics for economic development. In order to attract them ("investors") we'll ensure rule of law, economic infrastructure and full security for investors.

Government of Kosovo will have its clear and credible offer for all possible investors.

Budget hearings with all budget organizations, where you have been able to present your budget and comment on the level of resources proposed. During these hearings, all budget organizations were briefed on the reflection of the 2019 Government Agreement with the IMF and the estimates for the years 2020-2021. Budget organizations were asked for approximation with the issued budget ceilings. Also, budget organizations were briefed that increasing the number of employees or any advancement in the coefficient or working position cannot be issued beyond the budget circular ceiling.

Budget hearings, however, were helpful and your comments were taken into account within budget opportunities in this circular.

With the 2019 budget, the Government of the Republic of Kosovo is committed to maintaining fiscal and budgetary stability in the first place and supporting the demands of budget organizations within budget frameworks and its priorities, as well as the implementation of the fiscal rule that sets the ceiling of the budget deficit level to 2% of GDP.

Regarding the investment clause and the amount planned for investment projects, a part is now planned for specific projects.

Funds allocated for capital expenditure should be used to cover contractual obligations to existing projects and to not include new projects without covering the obligations for existing projects.

#### Expenditure Limits

Expenditure limits for 2019 through the second Budget Circular represent the final budget limits for the budget organization in total and by economic categories. Any entry into obligations beyond budgetary limits is a violation of the Budget Law. Given these documents and recommendations derived from held hearings, budget organizations are obliged to adapt their budget requirements under the new situation and to re-examine their policies and prioritize within the allocated budget boundaries that are channeled into programs, sub-programs and economic categories.

In total of the budget limit and for the budgetary organization, in addition to grants and allowed costs from its own revenues, should be included, however, the sources of funding from borrowing.

I would like to emphasize that there is no room for growth in any economic category of a subprogram without deducting the equivalent amount in another sub-program either within a budget organization or between different budget organizations.

Budget Organizations must necessarily include in the budget ceilings all the obligations they may have as continuous policies, including also the obligations deriving from international agreements and new policies, including outstanding commitments from 2018 and those for upcoming years 2019-2021.

Budgetary Organizations are required to enter the data in accordance with the budget limits into the Budget Development and Management System (BDMS) and the Public Investment Program (PIP) system.

Budget organizations should submit their requests no later than **22 October 2018 until 12:00**, to the Ministry of Finance in three languages: Albanian, Serbian and English. The materials are submitted in physical copy to the Archive and in Electronic form to the Budget Analyst at the Ministry of Finance.

The application should include:

1. PCF Forms from the BDMS system,

2. Forms printed by the PIP System and
3. Letter of Request (accompanying letter) signed / stamped by the Secretary General or the Chief Executive of the agency with all budget materials.

For any ambiguity regarding this Circular, please contact your budget analyst at the Ministry of Finance. Attached is the Appendix 1 which defines the final spending limits for Budgetary Organizations.

With respect,

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Bedri Hamza Minister

Annex 1. Budget celings for year 2019 and estimated for 2020-2021 years

Org cod	Ministries / Institutions	Budget Celings for to 2019								Estimated for 2020			Estimated for 2021		
		Nr. of Employers	wages and Salaries	Goods and Services	Utility	Subsidies and Transfers	Capital Expenditures	Reserve	Total 2019	Operativ Expenditures	Capital Expenditures	Total 2020	Operativ Expenditures	Capital Expenditures	Total 2022
101	Assembly	396	7,072,430	2,212,000	241,000	140,000	1,190,000	-	10,855,430	9,700,792	1,190,000	10,890,792	9,736,331	1,190,000	10,926,331
102	Office of the President	87	1,114,068	2,696,421	12,700	270,000	15,000	-	4,108,189	4,198,759	15,000	4,213,759	4,204,357	15,000	4,219,357
104	Office of the Prime Minister	615	4,901,685	9,944,108	143,248	3,005,000	440,000	-	18,434,041	18,068,549	694,000	18,762,549	18,093,180	424,000	18,517,180
201	Ministry of Finance	1,827	16,874,241	10,275,866	588,592	56,620,000	17,944,452	-	102,303,151	95,218,909	15,544,452	110,763,361	120,139,468	15,544,452	135,683,920
202	Ministry of Public Administration	277	2,172,960	6,862,352	2,949,600	-	12,072,754	-	24,057,666	11,995,777	13,993,000	25,988,777	12,006,696	12,993,000	24,999,696
203	Ministry of Agriculture, Forestry and Rural Development	398	2,575,199	3,363,681	135,660	49,477,022	6,400,000	-	61,951,562	55,564,438	6,400,000	61,964,438	55,577,378	6,400,000	61,977,378
204	Ministry of Trade and Industry	258	1,725,365	2,237,254	109,280	2,050,000	4,355,492	-	10,477,391	6,130,526	5,133,238	11,263,764	6,139,196	6,200,000	12,339,196
205	Ministry of Infrastructures	308	1,925,977	8,103,323	375,190	1,443,814	291,215,500	-	303,063,804	11,857,934	272,700,000	284,557,934	11,867,612	276,500,000	288,367,612
206	Ministry of Health	1,258	8,411,676	42,537,363	230,548	8,313,805	22,050,000	-	81,543,392	59,505,300	22,200,000	81,705,300	59,547,418	22,550,000	82,097,418
220	Hospital, Clinical und University Service	7,228	57,252,238	15,701,409	3,603,416	-	15,557,500	-	92,114,563	76,843,324	15,520,000	92,363,324	77,131,016	15,557,500	92,688,516
207	Ministry of Culture, Youth and Sports	787	5,031,282	1,430,986	404,908	9,016,550	25,500,000	-	41,383,726	15,908,882	25,997,428	41,906,310	15,934,164	26,000,000	41,934,164
208	Ministry of Education, Science and Technology	2,216	19,038,791	17,056,888	1,616,459	6,041,929	25,475,485	-	69,229,551	43,849,220	25,355,678	69,204,898	43,944,890	25,975,485	69,920,375
209	Ministry of Labor and Social Welfare	865	5,253,419	1,844,251	377,085	429,414,647	1,920,000	-	438,809,402	443,915,660	1,920,000	445,835,669	450,942,067	1,920,000	452,862,067
210	Ministry of Environment and Spatial Planning	355	2,323,127	1,418,081	83,220	200,000	66,365,548	-	70,389,976	4,063,194	87,655,868	91,719,062	4,075,003	87,155,868	91,230,871
211	Ministry of Communities and Returns	120	849,501	376,652	17,000	300,000	7,000,000	-	8,543,153	1,547,401	7,000,000	8,547,401	1,551,670	7,000,000	8,551,670
212	Ministry of Local Government	154	1,061,577	314,431	15,500	-	11,250,000	-	12,641,508	1,396,816	26,850,000	28,246,816	1,402,150	28,350,000	29,752,150
213	Ministry of Econimic Development	181	1,260,112	4,463,669	46,210	12,368,870	22,640,000	-	40,778,861	23,245,162	22,640,000	45,885,162	18,151,494	22,640,000	40,791,494
214	Ministry of Internal Affairs	10,568	79,234,796	23,358,194	2,006,800	2,031,367	18,827,037	-	125,458,193	107,027,330	19,469,850	126,497,180	107,425,485	20,769,850	128,195,335
215	Ministry of Justice	2,069	13,786,193	5,168,899	1,063,169	1,928,000	1,587,000	-	23,533,261	22,015,192	1,705,000	23,720,192	22,084,468	1,005,000	23,089,468
216	Ministry of Foreign Affairs	309	6,889,118	18,874,647	600,051	100,000	6,055,000	-	32,518,816	26,498,262	6,555,000	33,053,262	26,532,880	6,555,000	33,087,880
217	Kosovo Security Force Ministry	3,480	23,459,849	12,081,245	938,000	-	20,208,966	-	56,688,060	36,596,393	23,190,704	59,787,097	36,714,279	21,690,704	58,404,983
218	Ministry European Itergration Agency	106	733,120	1,330,962	10,000	515,000	-	-	2,589,082	2,592,748	-	2,592,748	2,596,432	-	2,596,432
219	Ministry of Diaspora and Strategic Investment	97	851,535	1,439,712	14,500	130,000	-	-	2,435,747	2,440,005	-	2,440,005	2,444,284	-	2,444,284
222	Ministry of Regional Development	54	418,169	350,000	11,360	2,500,000	2,700,000	-	5,979,529	3,281,620	2,500,000	5,781,620	3,283,721	2,500,000	5,783,721
223	Ministry of Innovation and Entreprenushup	52	369,520	425,000	23,000	7,150,000	4,000,000	-	11,967,520	7,969,368	4,000,000	11,969,368	7,971,225	4,000,000	11,971,225
230	Independent Procurement Commission	42	372,623	269,253	5,000	-	150,000	-	796,876	648,739	150,000	798,739	650,611	150,000	800,611
231	Academy of Science and Arts	58	884,484	404,943	5,000	-	62,000	-	1,356,427	1,298,849	62,000	1,360,849	1,303,294	62,000	1,365,294
235	Telecommunication Regulatory Authority	40	449,476	415,232	14,700	-	700,000	-	1,579,408	881,655	800,000	1,681,655	883,914	800,000	1,683,914
236	Anticorruption Agency	40	378,635	138,908	8,500	-	-	-	526,043	527,936	-	527,936	529,839	-	529,839
238	Energy Regulatory Office	33	494,657	219,332	22,000	-	72,000	-	807,989	738,462	72,000	810,462	740,948	70,800	811,748
240	Procurement Review Body	23	220,864	114,355	5,100	-	-	-	340,319	341,423	-	341,423	342,533	-	342,533
241	Legal Aid Commission	28	213,026	183,109	10,000	-	-	-	406,135	407,200	-	407,200	408,270	-	408,270
242	University of Pristina	2,081	21,263,857	3,402,645	1,175,000	1,444,000	7,900,000	-	35,185,502	27,391,821	7,900,000	35,291,821	27,498,672	7,900,000	35,398,672
243	Kosovo Constitutional Court	70	1,187,745	491,702	4,000	-	185,000	-	1,868,447	1,689,386	185,000	1,874,386	1,695,354	185,000	1,880,354
244	Kosovo Competition Commission	26	260,846	66,861	14,000	-	-	-	341,707	343,011	-	343,011	344,322	-	344,322
245	Kosovo Intelegence Agency	105	4,626,176	1,820,282	40,000	500,000	2,000,000	-	8,986,458	7,009,589	2,000,000	9,009,589	7,032,836	2,000,000	9,032,836
246	Kosovo Cultural Heritage Council	16	130,972	87,993	2,550	-	-	-	221,515	222,170	-	222,170	222,828	-	222,828
247	Electoral Commission for Complaints and Submissions	20	137,155	73,613	7,820	-	-	-	218,588	219,274	-	219,274	219,963	-	219,963
249	Supervisory Independent Council for Civil Servations	30	272,393	117,358	3,825	-	-	-	393,576	394,938	-	394,938	396,307	-	396,307
250	Kosovo Prescutor Council	846	9,715,383	2,470,552	199,630	-	1,784,500	-	14,170,065	12,434,142	1,834,500	14,268,642	12,482,962	1,884,500	14,367,462
302	Auditor General	172	2,097,692	723,100	50,000	-	487,000	-	3,357,792	2,881,280	487,000	3,368,280	2,891,821	487,000	3,378,821
313	Water and Waste Regulatory Office	21	251,373	134,495	6,503	-	-	-	392,371	393,628	-	393,628	394,891	-	394,891
314	Railways Regulatory Office	25	221,545	167,179	6,400	-	-	-	395,124	396,232	-	396,232	397,345	-	397,345
317	Civil Aviation Regulatory Office	30	763,446	223,052	13,738	-	-	-	1,000,236	1,004,053	-	1,004,053	1,007,889	-	1,007,889
318	Independent Commission for Mines and Minerals	80	833,475	386,281	30,600	-	159,000	-	1,409,356	1,254,523	159,000	1,413,523	1,258,711	159,000	1,417,711
319	Independent Media Commission	39	452,591	365,383	28,000	-	291,500	-	1,137,474	848,237	291,500	1,139,737	850,511	291,500	1,142,011
320	Central Electoral Commission	88	994,973	559,998	63,700	4,200,000	30,000	-	5,848,671	5,823,646	48,900	5,872,546	11,828,646	-	11,828,646
321	Ombudsperson	78	962,101	309,353	25,500	-	48,000	-	1,344,954	1,301,765	48,000	1,349,765	1,306,600	48,000	1,354,600
322	Academy of Justice	33	265,409	590,400	14,500	-	563,000	-	1,433,309	871,636	1,013,000	1,884,636	872,970	1,013,000	1,885,970
328	Kosovo Judicial Council	2,271	22,288,779	4,360,425	450,000	500,000	1,120,000	-	28,719,204	27,710,648	1,120,000	28,830,648	27,822,649	1,120,000	28,942,649
329	The Kosovo Agency for Property Compar.V	242	1,274,593	1,196,090	88,523	-	431,500	-	2,990,706	2,565,579	431,500	2,997,079	2,571,984	431,500	3,003,484
251	State Agency for the protection of personal data	24	228,305	130,448	6,450	-	-	-	365,203	366,345	-	366,345	367,492	-	367,492
253	Agency for the Management of Memorial Complexes	14	108,102	74,871	55,000	-	5,500,000	-	5,737,973	238,514	5,500,000	5,738,514	239,057	5,500,000	5,739,057
232	Contigent Expenditures						1,700,000	4,800,000	6,500,000	4,800,000	2,000,000	6,800,000	4,800,000	2,000,000	6,800,000
248	Radio Television of Kosovo		-	-	-	11,200,000	-	-	11,200,000	11,200,000	-	11,200,000	11,200,000	-	11,200,000
	Total	40,640	335,936,622	213,364,606	17,972,535	610,860,004	607,953,234	4,800,000	1,790,887,001	1,207,636,250	632,331,618	1,839,967,868	1,242,060,082	637,038,159	1,879,098,241
239	Privatisation Agency of Kosovo	258	5,394,049	2,714,000	98,000	40,000	30,000	-	8,276,049	8,273,019	80,000	8,353,019	8,300,124	70,000	8,370,124
254	Air Navigation Services Agency	170	2,876,373	1,418,857	102,370	-	2,732,550	-	7,130,150	4,411,982	2,732,550	7,144,532	4,426,436	2,732,550	7,158,986
	Overall Total with KPA and ANSA	41,068	344,207,043	217,497,463	18,172,905	610,900,004	610,715,784	4,800,000	1,806,293,199	1,220,321,250	635,144,168	1,855,465,418	1,254,786,641	639,840,709	1,894,627,350