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**Republika e Kosovës**  
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**Qeveria –Vlada-Government**

*Ministria e Financave / Ministarstvo za Finansije / Ministry of Finance*

*Zyra e Ministrit / Kancelarija Ministra / Cabinet of the Minister*

DATË/A/E:	15.05.2019
PËR/ZA/TO:	Ministers, Mayors, heads of budgetary organizations, Directors of Municipal Departments, Chief Financial Officers, Officers for budgetary organizations
NGA/OD/FROM:	Bedri Hamza, Minister of Finance
TEMA/SUBJEKAT/SUBJECT:	Budget Circular 2020/01



Dear,

Allow me to thank you for your contribution in drafting the Mid-Term Expenditure Framework (MTEF) 2020-2022, which is the basis for drafting the budget for 2020.

Below you can find the Budget Circular 2020/01, which provides the initial budget ceilings for each Central Budget Organization for 2020. The Ministry of Finance remains at your disposal to provide the necessary support during the process of drafting the draft budget law for 2020.

With respect!

Bedri Hamza  
Minister of Finance



## Budget Circular 2020/01

### **1. Purpose**

The Minister of Finance is authorized and responsible in accordance with Article 20 of the Law on Public Financial Management and Accountability No. 03/L-048, to issue budget circulars for any or all budget organizations that provide instructions for preparing the Kosovo Budget.

Pursuant to this provision, the Minister issues the initial Budget Circular 2020/01, providing initial instructions to the draft budget Circular for 2020 and estimates for the years 2021 to 2022, indicative timetable and initial budget ceilings for 2019 and estimates for 2021 to 2022 for each Budget Organization. If necessary, subsequent to this circular will follow additional circulars to finalize the budget for 2020 and estimates for the years 2021 to 2022.

### **2. Context for preparing the budget for 2020-2022**

The 2020 Budget Framework is based on MTEF 2020-2022, which was approved by the Government of Kosovo based on the medium-term priorities of the Government and the macro-fiscal framework for 2020-2022. The Government is committed to maintaining fiscal stability to support the demands of budget organizations within the sectorial budget orientation established by MTEF 2020-2022, according to the priorities set out in the Government's Medium Term Priority Declaration.

Fiscal projections of MTEF 2020-2022 have determined the funding sources that the government may have available for spending in 2020, and the estimates of the following years. Any excess of spending limits - beyond the limits of this circular makes it mandatory to change the increase of funding sources, namely the change of tax policies to receive additional revenues.

When developing the budget process, we should also take into account our commitments in relation to international financial institutions. In this context, Budget Circular 2020/01 has been drafted in accordance with the obligations of existing and under the negotiation financial agreements and reflects the commitment to conduct the set out fiscal policies in accordance with the International Monetary Fund (IMF).

### **3. Forecasts for budget implementation 2019**

Prior to the submission of budget requests for 2020, budget organizations shall present to the Ministry of Finance a forecast of their implementation by the end of the 2019 budget at the programs and sub-programs levels and individual projects. Budget Organizations shall identify and notify the Ministry of Finance of the eventual under or over spending incurred in the existing budget before submitting a 2020 budget request and estimates for 2021-2022.

### **4. General criteria for preparing the budget for 2020-2022**

The budget process for 2020-2022 aims at correlating Government budget plans and policies to the country's economic and social needs. At the sectorial level, this correlation is performed in prioritizing the budget sector in the MTEF 2020-2022. Through this circular,

budget organizations are required to specify the requirements provided for MTEF, thus detailing budgeting at the level of programs, sub-programs and individual projects.

Requests for new expenditures should be presented only if they are included in MTEF 2020-2022. During the budget process, the Ministry of Finance shall ensure that the total expenditure for all organizations within a sector follows the amount foreseen by MTEF 2020-2022 for this sector.

Budget organizations should consider that during the preparation of their requests, to give priority to:

- Projects that assist in the realization of Government priorities set out in the National Development Strategy 2016-2021 and the Economic Reform Programme 2019-2021.
- Projects that are on-going from previous years and have contractual obligations,
- Government commitments for the Stabilization and Association Agreement Action Plan and the program - Instrument for Pre-Accession (IPA),
- New legislation or amendment supplementing the existing one,
- Include within the budget appropriations the external financing obligations of individual projects,
- Ensure that they enter into co-financing obligations only to the level that their budget framework allows.

The budget planning process should include these aspects:

- Budgeting at program and sub-program level, in accordance with the existing structure of the chart of account,
- Improvements to the result-oriented and performance-oriented budgeting approach,
- Implementation of the multi-year concept of capital project planning and,
- Tabular presentation on funding sources and expenditures structure by spending category for 2020 and projections for 2021-2022.

The government may change the expenditure's structure in order to achieve its priorities, both within the program of a budget organization, as well as shifting the budget from one organization to another at the central level.

Budgetary Requests must support Government priority policies related to Sustainable Economic Growth, Employment and Welfare, Rule of Law, Education, Health and European Integration.

**Current Expenditures:** budget organizations shall submit their requests within the budget ceilings. It is essential that all budget organizations adhere to the ceilings given in Annex 1 attached for the years 2020-2022. Operating expenses for 2020 and estimates for the years 2021-2022 will increase slightly compared to 2019. This increase mainly relates to improving the classification of expenditures from previous years

**Employment:** In principle there will be no increase in employment in the public sector unless there is a clear decision on the need for new employment. New employments on the current one will only be made in the necessary cases.

**Wages and Salaries:** The Budget Circular includes all categories of expenditures, with the exception of wages and salaries. This is because, as you were informed before the packages

of Public Administration Reform Laws have been adopted in the Assembly, but the sub-legal acts have not yet been adopted, in this regard the respective Committees are working on determining coefficients for all positions and subsequent circulars you will be notified about the salary limit.

***Goods and Services:*** the category of goods and services is expected to increase by an average of 2.2% in the medium term. The highest increase is expected to be in 2020, as a result of the reclassification of capital expenditure in this category. The reclassification includes, for example: a) maintenance of medical devices; b) maintenance of memorial complexes; c) equipment for Kosovo police, maintenance of roads, parks, etc. This reclassification is estimated to have an effect of about EUR 14 million during 2020. The remaining part of this reclassification will be used in the next year. Despite these changes, the expenditures on goods and services are expected to be on average of 4.5% in relation to GDP, which is similar to previous years.

***Utilities:*** are expected to have the same share as in 2019.

***Subsidies and transfers:*** Following the increase of expenditures during 2019 as a result of covering the cost of raising pensions in some categories and increasing the number of beneficiaries in other schemes, this category of expenditures is expected to increase by an average of 2.2% over the medium term. The highest growth is foreseen in 2020 mainly as a result of the compensation of students in residency training within the Ministry of Health, the law on teachers, the re-classification of transfers to public enterprises from capital expenditures, the loan guarantee fund, the reallocation of some expenditure from the category of capital expenditure to this category. Expenditures in this category are expected to be 8.4% in relation to GDP in 2020, continuing with a downward trend in 2021 and 2022 with a share of 8.0% and 7.6%, respectively.

***Capital expenditures:***

Capital expenditures constitute a significant share of total spending and are expected to represent about 32.4% of total expenditures or an average of about 10.6% of GDP for the period 2020-2022. Over the medium term, it is expected to implement capital projects based on a priority list that includes projects that have an impact on the improvement of the transport network, improvement of electricity network and improvement of the conditions in education, social and health system. This category of expenditures is expected to grow at a rate of 2.4% in the medium term. The greatest share of the capital investment over the medium term is expected to be from regular budget funding, but a large number of projects in different sectors are planned to be financed by external borrowing and the proceeds from the liquidation process of socially-owned enterprises.

Funding priority will be given to ongoing projects as well as those that are in full harmony with Government priorities. All capital projects over one million Euros must be prepared on the basis of cost-benefit analysis. Accordingly, budget limits for capital expenditures in budget organizations are indicative and the Government reserves the right to change them depending on the rationality of projects proposed by budget organizations.

The part for the Ministry of Infrastructure (MI), MI Funds will increase depending on the progress of the negotiations on the implementation of projects with the Investment Clause Mechanism, and in particular the project Pristina Circular.

## **5. Public Investment Program (PIP)**

Budget planning for capital investments is done through the PIP system. It is important that the Government's strategic priorities, as set out in the "Medium Term Priority Declaration 2020-2022" within the MTEF 2020-2022, be the basis for preparing budget requests and identifying capital projects. All budget organizations must justify budget requests for their projects in full compliance with the PIP requirements.

## **6. Budget Development and Management System (BDMS)**

As already known, the Budget Development and Management System is a financial system that deals with budget formulation and expenditure planning for all spending categories. The BDMS system is now available for use by budget organizations. Budget organizations are obliged to respect ceilings issued with the first Budget Circular. The BDMS system and the PIP system will not allow in any case the exceeding of the limits issued by the first budget circular. The BDMS has been adjusted to new coefficients based on the approved salary law.

## **7. Performance indicators**

Central level budget organizations should present summarized performance indicators according to their respective objectives and activities at the level of the budget organization, based on Article 21 of Law No. 03/L-48 on Public Financial Management and Accountability. Budget organizations must present 1 to 5 objectives, which are related to the strategies and cover the most important programs. Also, requests for additional funds from the budget should be justified in the way they contribute to achieving the objectives.

The form of this information is provided in Annex 2. Specifically, for each budget organization, the following information should be provided:

- **Output objectives** describe the expected results from the provision of services, which are under the control of the budget organization;
- **Output indicators** measure the activity of the institution, such as quantity or quality of service or product.
  - a) Baseline indicator;
  - b) Target indicator;
- Activities describe actions for achieving stated objectives.

## **8. Gender Responsive Budgeting (GRB)**

Acting under the Law on Gender Equality No. 05 / L-020 (2015), Kosovo institutions are responsible for "inclusion of gender budgeting in all areas, as a necessary tool to ensure that the principle of gender equality is respected in the collection, distribution and allocation of resources "(Article 5.1.5). Therefore, budget organizations should make visible the effects of public spending on gender equality in the 2020 annual budget. This will also contribute to increasing the effectiveness and transparency of public finance management. Municipalities should consider these guidelines in issuing the municipal internal circular as a basic document for municipal budget planning for the period 2020-2022. If there is uncertainty in

this regard, budget organizations may consult relevant analysts within the Budget Department at the Ministry of Finance (MF). The form of providing this information is provided in Annex 1.

#### **9. Budget ceilings for central level budget organizations for 2020-2022**

Central-level Budget Organizations should take into account the budgetary ceilings given in the table below when preparing their budget for 2020 also for the next two years. Bear in mind that these budget ceilings may vary depending on fiscal fluctuations or government decisions that will be reflected through subsequent budget circulars as well as the quality of budget requests. Capital projects initiated from previous years, which have created contractual obligations on the budgeted funds for the respective budget organizations, should be included within the budget for the years 2020-2022.

Below in Table 1 are budget ceilings for central budget organizations for 2020-2022

Org. cod	Ministries / Institutions	Nr. of Employers	Budget Ceiling for to 2020							Estimated for 2021			Estimated for 2022		
			wages and Salaries	Goods and Services	Utility	Subsidies and Transfers	Capital Expenditures	Reserve	Total 2020	Operative Expenditures	Capital Expenditures	Total 2021	Operative Expenditures	Capital Expenditures	Total 2022
101	Assembly	401		2,212,000	241,000	140,000	1,190,000		3,783,000	2,593,000	1,190,000	3,783,000	2,593,000	1,190,000	3,783,000
102	Office of the President	87		3,296,421	6,700	270,000	515,000		4,088,121	3,573,121	15,000	3,588,121	3,573,121	15,000	3,588,121
104	Office of the Prime Minister	615		11,893,771	143,248	3,405,000	694,000		16,136,019	20,247,727	424,000	20,671,727	13,666,773	424,000	14,090,773
201	Ministry of Finance	1,848		23,855,866	638,592	13,767,000	43,694,452		81,955,910	19,495,883	13,744,452	33,240,335	20,450,910	12,744,452	33,175,362
202	Ministry of Public Administration	292		8,062,352	2,949,600		17,448,000		28,459,952	11,011,952	21,093,000	32,104,952	11,011,952	21,093,000	32,104,952
203	Ministry of Agriculture, Forestry and Rural Development	402		3,363,681	135,660	49,477,022	5,900,000		58,876,363	52,976,363	6,400,000	59,376,363	52,976,363	6,400,000	59,376,363
204	Ministry of Trade and Industry	258		2,487,254	109,280	2,050,000	5,633,238		10,279,772	4,646,534	6,200,000	10,846,534	4,646,534	3,200,000	7,846,534
205	Ministry of Infrastructures	308		8,103,323	375,190	1,443,814	230,629,638		240,551,965	9,922,327	274,370,000	284,292,327	9,922,327	306,740,000	316,662,327
206	Ministry of Health	1,160		16,799,536	227,348	3,313,805	33,548,000		53,888,689	19,518,442	26,003,000	45,521,442	19,518,442	28,003,000	47,521,442
220	Hospital, Clinical and University Service	7,438		43,214,409	3,603,416		15,119,000		61,936,825	47,852,762	13,706,500	61,559,262	47,852,762	13,706,500	61,559,262
207	Ministry of Culture, Youth and Sports	787		1,630,986	404,908	9,316,550	27,162,428		38,514,872	11,352,444	26,610,000	37,962,444	11,052,444	26,610,000	37,662,444
208	Ministry of Education, Science and Technology	2,238		17,056,888	1,616,459	6,041,929	27,705,678		52,420,954	24,715,276	27,475,405	52,190,761	24,715,276	27,475,405	52,190,761
209	Ministry of Labor and Social Welfare	875		1,844,251	377,085	464,914,647	2,220,000		469,355,983	475,135,983	2,120,000	477,255,983	478,135,983	2,120,000	480,255,983
210	Ministry of Environment and Spatial Planning	355		1,518,081	83,220	200,000	64,325,868		66,127,169	1,801,301	89,640,188	91,441,489	1,908,891	90,580,188	92,489,079
211	Ministry of Communities and Returns	120		376,652	17,000	300,000	5,500,000		6,193,652	693,652	7,000,000	7,693,652	693,652	7,000,000	7,693,652
212	Ministry of Local Government	154		314,431	15,500		26,273,347		26,603,278	329,931	28,350,000	28,679,931	329,931	4,350,000	4,679,931
213	Ministry of Economic Development	181		5,513,669	46,210	13,968,870	32,510,000		52,038,749	18,878,749	30,290,000	49,168,749	31,878,749	27,260,000	59,138,749
214	Ministry of Internal Affairs	10,870		27,945,041	2,006,800	2,141,367	15,183,003		47,276,211	32,093,208	16,483,003	48,576,211	32,093,208	16,483,003	48,576,211
215	Ministry of Justice	2,084		5,274,647	1,063,169	11,928,000	1,705,000		19,970,816	18,265,816	1,205,000	19,470,816	18,265,816	1,205,000	19,470,816
216	Ministry of Foreign Affairs	329		19,224,647	870,051	100,000	5,555,000		25,749,698	20,594,698	6,900,000	27,494,698	20,594,698	6,900,000	27,494,698
217	Kosovo Security Force Ministry	3,636		12,571,245	938,000		28,890,704		42,399,949	14,180,345	31,890,704	46,071,049	14,400,000	36,220,000	50,620,000
218	Ministry European Integration Agency	106		1,355,962	20,000	515,000			1,890,962	1,880,962	-	1,880,962	1,880,962	-	1,880,962
219	Ministry of Diaspora and Strategic Investment	97		1,439,712	14,500	130,000			1,584,212	1,584,212	-	1,584,212	1,584,212	-	1,584,212
222	Ministry of Regional Development	54		350,000	11,360	2,500,000	2,500,000		5,361,360	2,861,360	2,500,000	5,361,360	2,861,360	2,500,000	5,361,360
220	Ministry of Innovation and Entrepreneurship	52		425,000	29,000	9,150,000	3,000,000		12,604,000	7,598,000	4,000,000	11,598,000	7,598,000	7,000,000	14,598,000
230	Independent Procurement Commission	42		269,253	5,000		150,000		424,253	274,253	150,000	424,253	274,253	150,000	424,253
231	Academy of Science and Arts	58		404,943	5,000		62,000		471,943	409,943	62,000	471,943	409,943	62,000	471,943
235	Telecommunication Regulatory Authority	42		415,232	14,700		800,000		1,229,932	429,932	800,000	1,229,932	429,932	800,000	1,229,932
236	Anticorruption Agency	47		138,908	8,500				147,408	147,408	-	147,408	147,408	-	147,408
238	Energy Regulatory Office	36		219,332	22,000		72,000		313,332	241,332	70,800	312,132	241,332	70,800	312,132
240	Procurement Review Body	30		114,355	5,100				119,455	119,455	-	119,455	119,455	-	119,455
241	Legal Aid Commission	28		203,109	10,000				213,109	213,109	-	213,109	213,109	-	213,109
242	University of Pristina	2,081		3,402,645	1,175,000	1,444,000	7,900,000		13,921,645	6,021,645	7,900,000	13,921,645	6,021,645	7,900,000	13,921,645
243	Kosovo Constitutional Court	70		491,702	4,000		188,000		683,702	495,702	185,000	680,702	495,702	185,000	680,702
244	Kosovo Competition Commission	26		66,861	14,000				80,861	80,861	-	80,861	80,861	-	80,861
245	Kosovo Intelligence Agency	140		1,820,282	40,000	500,000	2,000,000		4,360,282	2,360,282	2,000,000	4,360,282	2,360,282	2,000,000	4,360,282
246	Kosovo Cultural Heritage Council	16		87,993	2,550				90,543	90,543	-	90,543	90,543	-	90,543
247	Electoral Commission for Complaints and Submissions	20		73,613	7,820				81,433	81,433	-	81,433	81,433	-	81,433
249	Supervisory Independent Council for Civil Servations	31		117,358	3,825				121,183	121,183	-	121,183	121,183	-	121,183
250	Kosovo Prosecutor Council	846		2,770,552	199,630		1,834,500		4,804,682	2,970,182	1,884,500	4,854,682	2,970,182	3,384,500	6,354,682
302	Auditor General	172		723,100	50,000		50,000		823,100	773,100	50,000	823,100	773,100	50,000	823,100
313	Water and Waste Regulatory Office	21		134,495	6,503				140,998	140,998	-	140,998	140,998	-	140,998
314	Railways Regulatory Office	29		167,179	6,400				173,579	173,579	-	173,579	173,579	-	173,579
317	Civil Aviation Regulatory Office	30		223,052	13,738				236,790	236,790	-	236,790	236,790	-	236,790
318	Independent Commission for Mines and Minerals	82		396,281	30,600		200,000		626,881	426,881	200,000	626,881	426,881	200,000	626,881
319	Independent Media Commission	39		365,383	28,000		130,000		523,383	393,383	50,000	443,383	393,383	50,000	443,383
320	Central Electoral Commission	88		584,998	63,700	4,200,000	48,900		4,897,598	14,848,698	-	14,848,698	10,848,698	-	10,848,698
321	Ombudsman	81		309,353	15,000		58,500		382,853	324,353	-	324,353	324,353	-	324,353
322	Academy of Justice	34		690,400	16,500		1,013,000		1,719,900	706,900	1,013,000	1,719,900	706,900	1,013,000	1,719,900
328	Kosovo Judicial Council	2,289		4,560,425	450,000	500,000	1,120,000		6,630,425	5,510,425	1,120,000	6,630,425	5,660,425	2,520,000	8,180,425
329	The Kosovo Agency for Property Compar.V	242		1,196,090	88,523		431,500		1,716,113	884,613	431,500	1,316,113	784,613	431,500	1,216,113
251	State Agency for the protection of personal data	34		162,448	6,450				168,898	168,898	-	168,898	168,898	-	168,898
253	Agency for the Management of Memorial Complexes	24		429,871	63,000		5,155,000		5,647,871	482,871	5,155,000	5,637,871	482,871	5,155,000	5,637,871
232	Contingent Expenditures						2,000,000	4,800,000	6,800,000	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
224	Health Insurance Fund	98		1,060,137	66,160	6,000,000			7,126,297	6,913,337	-	6,913,337	6,913,337	-	6,913,337
	Total	41,573	-	241,729,174	18,364,995	618,917,004	620,115,756	4,800,000	1,503,926,929	885,846,136	660,682,132	1,546,528,268	892,277,454	675,191,428	1,567,468,882
239	Privatisation Agency of Kosovo	258		2,714,000	98,000	40,000	80,000	-	2,932,000	2,932,000	70,000	2,932,000	2,865,570	70,000	2,935,570
254	Air Navigation Services Agency	180		1,418,857	102,370		2,732,550	-	4,253,777	1,521,227	2,732,550	4,253,777	1,521,227	2,732,550	4,253,777
	Overall Total with KPA and ANSA	42,011	-	245,862,031	18,565,365	618,957,004	622,928,306	4,800,000	1,511,112,706	890,219,363	663,484,682	1,553,704,045	896,664,251	677,993,978	1,574,658,229

## **10. Stages of budget process for 2019 at the central level**

The following section presents the budget timeline, steps and actions during the budget process for 2019.

- 26 April – Approval of the Mid-Term Expenditure Framework 2020-2022 by the Government and submission of the MTEF to the Assembly of the Republic of Kosovo.
- 15 May - Issuance of First Budget Circular 2020/01. This circular contains guidelines for budget process, budget ceilings, and budget calendar.
- 25 June - Budget Organizations shall submit to MF budget requests according to the relevant documentation, according to programs and economic categories. Budgetary requests shall be fully justified through the use of the BDMS and PIP systems.
- 25 June – The Macroeconomic Department presents the new macro-fiscal framework.
- 10 Juli - Budget Circular 2020/02 will be issued as needed and will address only specific new issues derived upon the issuance of the first Budget Circular.
- 25 July - If additional information is required under the second Budget Circular then information shall be submitted by Budget Organizations to the Ministry of Finance - Budget Department up to this date.
- 26 August – 30 August - Budget Hearings (upon receipt of materials by Budget Organizations). Participants in the hearings will be officials of budget organizations, MF staff, Office of the Prime Minister of the Republic of Kosovo, representatives of the Parliamentary Committee on Budget and Finance. The budget hearing schedule will be attached to the Budget Circular 2020/02. If possible in these hearings, will be considered the possibility of reaching an agreement on the total amount of your organization's budget for 2020.
- 10 September, the Macroeconomic Department presents recent estimates of macroeconomic indicators, especially indicators related to the 2020-2022 budget process.
- 16 September – 20 September, consultation with the Government on setting the final budget ceilings.
- 25 September, the issuance of the Third Budget Circular with final budget ceilings.
- 1 October – 4 October - Complaints from Budget Organizations.
- 7 October – 8 October, Government Meetings to review complaints from budget organizations.
- 15 October, the first draft budget of the MF and submission of this draft to the Government.
- 16 October – 25 October - final approval of the draft budget in Government.
- 29 October - Submission of Draft Budget 2020 to the Assembly of the Republic of Kosovo for Approval by the date specified in the Law on Public Financial Management and Accountability.

The budget request from the central budget organization shall include:

- A table with projections by the end year of 2019 budget implementation at program and sub-program level, as well as accompanying comments on under-execution or need for over-execution of 2019 budget allocations
- Tables 3.1, 3.1 A, 3.1 B and PCF Forms printed by the BDMS system,
- Tables 3.2, 3.2 B and Forms printed by the PIP System
- Tables of Gender Responsive Budgeting
- Tables of Budgeting by performance



- Letter of Request (follow-up letter) signed by the Secretary-General or the Chief Executive of the agency with all budget materials.
- Description of the request in narrative form, where these data will be presented:
  - So far achievements with a particular focus on achievement of the objectives set out in the NSDI, PRE, PKZMSA
  - What is targeted to be achieved with budget appropriations for 2020 and estimates for 2021-2022.
  - Budget Organizations shall notify the Ministry of Finance if the budget request covers the continuation of existing policies or foresees the completion of the ongoing activities and the beginning of new activities.
  - Concerning new activities, budget organizations shall note the legal basis (concept paper, administrative instruction, draft law, etc.), and to notify if for this legal basis the Budget Impact Assessment is performed, in accordance with the Administrative Instruction (GRK) No. 03/2015 on Budget Impact Assessment for New Government Initiatives.

## **II. Municipal budget 2020-2022**

This Circular determines government grants for municipal funding for 2020 and orientations for the years 2021-2022, based on the Government's strategic priorities in the area of intergovernmental fiscal relations. Also, this Circular determines the level of municipal own source revenues for the fiscal year 2020 and the mid-term projections 2021-2022.

The principles, criteria and formulas applied for allocation of government grants for financing municipalities for 2020 are based on the Law on Local Government Finance (LLGF) and Table 1 of macro-fiscal projections prepared by the Ministry of Finance as specified in the Law on Public Financial Management and Accountability (LPFMA). The Grants Commission at the meeting held on 23.04.2019 approved the municipal funding for 2020 and the projections for 2021-2022.

The budget planning process shall include these aspects:

- Budgeting at program and sub-program level, in accordance with the existing structure of the accounting plan,
- Improvements to the result and performance-oriented budgeting approach,
- Implementation of the multi-year concept of capital project planning and,
- Determination of the structure of expenditures by expenditure categories.

Municipalities are obliged to prepare the Municipal Medium Term Budget Framework 2020-2022 and to approve it in the Municipal Assembly by 30.06.2019 as a municipal strategic document, which reflects the overall targets of budget revenues and expenditures and the structure of expenditures by expenditure categories.

### **1. Municipal Financing Resources for 2020 and estimates for 2021-2022**

#### ***1.1. General Grant***

Based on Table 1, presented below, prepared by the Department of Economic, Public Policies and International Finance Cooperation of the Ministry of Finance in accordance with the LLGF, the General Grant for Municipalities for 2020 was approved by the Grants Commission in the amount of EUR 196.3 million.

This allocation is based on the formula set out in Article 24 of the LLGF. According to this Article, 10% of total budget revenues of the Central Government are allocated to Municipalities, excluding the budget support and grants, property tax revenues, interest income as well as taxes, charges and others from the local government.

As shown in the following table, based on estimates of the Department of Economic Policies, Public Policy and International Financial Cooperation, the total government revenues for 2020 are expected to be EUR 2,060.5 million. Of this amount, the revenues are deducted as specified in Article 24 of the LLGF and we come to the general grant allocation base for Municipalities, which for 2020 is in the amount of EUR 196.3 million.

Table 1: Determining the value of the General Grant for Municipalities 2020-2022 (mil. Euro)

Description	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
A. General Government Revenues	1,896.00	1,920.3	2,060.5	2,171.9	2,298.3
Subtracted:					
Dedicated Revenue	-50	-9.2			
Budget support and grants	-5	-5	-11	-11	-11
Property tax	-30	-30	-33	-37	-41
Dividend revenues	-5				
Designated Donor Grants	-12				
Taxes and other charges by the Local Government	-52	-57	-50	-50	-50
One-off income from debts	-6	-8			
Revenues from interest		-4.2	-4	-4	-3
B. Basis for calculating the general grant for municipalities	1,736	1,806.9	1,962.8	2,070.9	2,193.9
C. General Grant for Municipalities (10%)	173.60	180.69	196.28	207.09	219.39

In order to level up the low capacity of the own source revenues of smaller municipalities, based on the LLGF, each Municipality will receive a fixed general amount of EUR 140,000 annually, by deducting 1 Euro per capita or 0 Euro for municipalities with a population equal to or greater than 140,000 inhabitants. Thereafter, the distribution made in municipalities is based on the general grant allocation formula in Municipalities according to LLGF: (i) the number of population shall be weighted at eighty-nine per cent (89%); (ii) the size of their physical area at six percent (6%); (iii) the size of their minority population at three percent (3%); (iv) municipalities with a majority of their population composed of national minorities at two percent (2%).

Table 2: General Grant Structure for 2020-2022 according to LLGF (mil. Euro)

Factors	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
General Grant	173.6	180.69	196.28	207.09	219.39
Contingence for Correction of Formula (2.7%)	4.7	4.9			
Fixed amount	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
Budget: 89% of aggregate amount	147.1	153.3	171.5	181.1	192.0
Municipal zone (km2)	10,901	10,901	10,901	10,901	10,901
Buxheti: 6% e shumës agregate	9.92	10.33	11.56	12.21	12.95
Minority communities in the municipality	107,926	107,926	107,926	107,926	107,926
Budget: 3% of aggregate amount	5.0	5.2	5.8	6.1	6.5
Population of minority municipalities	62,031	62,031	62,031	62,031	62,031
Budget: 2% of aggregate amount	3.3	3.4	3.9	4.1	4.3

The following Table 3 shows the allocation of the General Grant to Municipalities, according to the formula foreseen in the LLGF.

Distribution of General Grant in Municipalities 2020-2022

Criteria		2020	2021	2022
Budget revenue (mil. €)		1,962.8	2,070.9	2,193.9
General grant (10%)		196,284.934	207,088.267	219,388.008
Fixed amount		140,000	3,636.657	3,636.657
Total				
Population		192,648,277	203,451,610	215,751,351
Geographic size		171,456,967	181,071,933	192,018,702
Minorities		6%	11,558,897	12,945,081
Municipalities with minorities		3%	5,779,448	6,472,541
		2%	3,852,966	4,069,032

Criteria for distributing the General Grant															
Municipalities	Population 89%	Geographic size 6%	Minorities 3%	Municipalities with minorities 2%	Fixed amount (€40,000-1€)	Amount per population (89%)	Amount per geographic size (6%)	Amount per minorities in municipalities (3%)	Amount per municipalities with minorities (2%)	General grant					
										in 2020					
1 Decan	40,019	2.25%	297	2.72%	551	0.51%	99,981	3,834,750	314,950	29,506	-	4,299,188	4,534,671	4,802,771	
2 Dragash	33,997	1.91%	430	3.94%	13,559	12.56%	106,003	3,274,693	455,982	726,086	-	4,562,764	4,812,691	5,097,235	
3 Petriti	108,610	6.10%	3,45	3.77%	4,193	3.89%	31,390	10,461,641	3,65,849	224,536	-	11,083,416	11,703,192	12,408,814	
4 Fushë Keshorë	34,827	1.96%	83	0.76%	4,511	4.18%	105,173	3,354,641	88,150	241,565	-	3,789,529	3,996,140	4,231,370	
5 Gjakovë	94,556	5.31%	587	5.59%	6,679	6.19%	45,444	9,017,918	622,588	357,661	-	10,133,611	10,699,335	11,343,420	
6 Gëlin	90,178	5.07%	392	3.69%	2,264	0.00%	49,822	8,686,216	415,811	121,237	-	9,273,087	9,790,309	10,379,174	
7 Glogocë	58,531	3.29%	276	2.53%	45	0.04%	81,469	5,637,882	292,806	2,240	-	6,014,566	6,347,283	6,726,085	
8 Hani i Elezit	9,403	0.53%	83	0.69%	44	0.04%	130,597	905,725	88,150	2,356	-	1,126,829	1,182,695	1,246,300	
9 Iskor	39,289	2.21%	454	4.77%	3,085	2.86%	100,711	3,784,434	481,556	165,202	-	4,531,903	4,780,396	5,063,308	
10 Junik	6,084	0.34%	74	0.68%	4	0.00%	133,916	586,029	78,607	214	-	798,766	836,050	878,497	
11 Kacanik	33,409	1.88%	211	1.94%	36	0.03%	106,591	3,218,055	223,881	1,928	-	3,550,455	3,743,580	3,963,455	
12 Kamenec	36,085	2.03%	424	3.99%	1,864	1.73%	105,915	3,475,816	449,744	99,817	-	4,129,292	4,355,027	4,612,030	
13 Kine	38,496	2.16%	309	2.49%	1,241	1.15%	101,504	3,708,050	327,799	66,456	-	4,203,809	4,433,858	4,695,772	
14 Leposaviq	13,773	0.77%	539	4.95%	323	0.30%	126,227	1,326,657	571,689	17,297	-	2,897,359	3,052,759	3,229,684	
15 Libran	57,605	3.24%	338	3.10%	3,107	2.88%	82,395	5,548,687	358,550	166,380	-	6,156,012	6,496,608	6,884,382	
16 Malishevë	54,613	3.07%	306	2.81%	54	0.05%	85,387	5,260,488	324,618	2,892	-	5,673,585	5,986,748	6,343,517	
17 Mamushë	5,507	0.29%	32	0.35%	379	0.35%	134,493	550,451	34,070	20,295	-	1,061,369	1,113,346	1,172,523	
18 Mitrovicë	71,909	4.04%	331	3.04%	2,199	2.04%	68,091	6,926,491	351,128	117,757	-	7,463,466	7,878,184	8,350,346	
19 Novo Bredë	6,729	0.38%	204	2.97%	3,202	2.97%	133,271	668,157	216,458	171,467	-	1,169,554	1,227,455	1,293,604	
20 Ohrid	21,549	1.21%	105	0.96%	1,655	1.53%	118,451	2,075,664	111,479	88,625	-	2,394,220	2,521,840	2,667,138	
21 Pejë	96,450	5.42%	603	5.53%	8,334	7.72%	43,550	9,290,354	639,554	446,287	-	10,419,744	11,001,621	11,664,095	
22 Podujevë	88,499	4.97%	633	5.81%	849	0.79%	51,501	8,524,489	545,179	45,464	-	9,292,820	9,811,055	10,401,073	
23 Prishtinë	198,897	11.17%	514	4.72%	4,146	3.84%	19,158,535	545,179	222,019	-	-	19,925,554	21,042,940	22,315,098	
24 Prizren	177,781	9.99%	603	5.53%	31,682	29.36%	17,124,400	639,554	1,696,574	-	-	19,460,528	20,551,836	21,794,305	
25 Rahovec	56,208	3.16%	278	2.55%	944	0.87%	83,792	5,414,123	294,927	50,551	-	5,843,993	6,166,380	6,534,106	
26 Shkup	6,499	0.39%	248	2.38%	3,182	2.95%	133,051	669,349	263,115	170,396	-	1,235,911	1,297,757	1,368,170	
27 Shitritë	27,324	1.54%	134	1.23%	858	0.79%	112,676	2,631,930	426,230	46,946	-	2,932,782	3,090,978	3,276,979	
28 Skenderaj	50,858	2.88%	374	3.43%	109	0.10%	80,278	4,898,795	396,724	5,837	-	5,390,499	5,687,788	6,026,256	
29 Suharekë	59,722	3.36%	361	3.31%	575	0.53%	80,278	4,525,992	382,939	30,791	-	6,246,611	6,592,407	6,986,100	
30 Viti	46,987	2.64%	270	2.48%	258	0.24%	70,130	6,730,088	365,973	51,408	-	4,919,202	5,189,845	5,497,975	
31 Vushtrri	69,870	3.99%	345	3.77%	960	0.89%	10,510	7,217,599	365,973	51,408	-	7,217,599	7,618,415	8,074,580	
32 Zubin Potok	6,616	0.43%	333	3.66%	995	0.92%	133,384	637,273	335,248	20,670	-	1,588,131	1,669,710	1,762,550	
33 Zvečan	7,481	0.42%	123	1.13%	386	0.36%	132,519	720,592	130,566	26,670	-	1,469,019	1,543,968	1,629,297	
34 Graçanice	10,675	0.60%	131	1.20%	3,423	3.17%	129,325	1,028,248	139,049	183,302	-	2,142,986	2,255,909	2,384,472	
35 Kibinot	2,556	0.09%	23	0.21%	1,193	1.19%	157,444	246,202	24,527	63,885	-	472,058	490,822	512,186	
36 Mitrovica veriore	12,526	0.69%	5	0.80%	867	0.80%	127,674	1,187,277	5,440	765,612	-	2,132,431	2,244,853	2,372,848	
37 Petritsh	1,787	0.10%	29	0.27%	2	0.00%	138,213	172,129	30,805	107	-	452,335	469,951	490,006	
38 Rrenthim	3,866	0.22%	69	0.63%	168	0.16%	156,134	372,128	73,305	8,996	-	830,951	869,915	914,276	
TOTAL	1,780,021	100%	10,901	100%	107,926	100%	62,031	3,636,657	171,456,967	11,558,897	5,779,448	3,852,966	196,284,934	207,088,267	219,388,008

Social services as a competence transferred to municipalities from the MLSW should be funded from the general grant of the Municipality.

Employees in the administration of the Municipal Directorates for Pre-University Education and Primary Healthcare are funded from the general grant in the Municipalities.

Similarly, the general grant will be supplemented by specific grants for pre-university education and primary healthcare if necessary.

## 1.2. Additional grant for financing the Capital City

Based on the Article 19 of the Law No. 06/L-012 on the Capital City of the Republic of Kosovo, Prishtina, the Capital City of the Republic of Kosovo receives an additional grant from the central budget in the amount not less than 6% of the general grant.

For 2020, the Capital City, Prishtina shall benefit a grant in the amount of EUR 11,777,096, while it shall benefit EUR 12,425,296 for 2021 and EUR 13,163,280 for 2022.

Table 4: Allocation of the additional grant for financing the Capital City 2020-2022

Description	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
General Grant for Municipalities	173.6	180.69	196.28	207.09	219.39
Additional Grant for financing the Capital City (6%)		10.84	11.78	12.43	13.16

## 1.3. Specific Grant for Pre-University Education

The specific grant for pre-university education for 2020 was approved in the amount of EUR 205.5 million, of which EUR 192.1 million are wages and salaries, EUR 10.8 million are goods and services and EUR 2.5 million are capital expenditures. According to the LLGF, the Specific Grant for Education is based on an open-ended funding system, taking into account the criteria in the MEST pre-university education formula for 2020.

The formula addresses the pre-primary, primary and secondary education based on the following criteria:

- Number of students registered in 2018/2019;
- Student-teacher ratio for primary and secondary education for the majority of students 1:21.3 (based on the Administrative Instruction no.22/2013 of the MEST);
- Student-teacher ratio for primary and secondary education for minority students 1:14.2;
- Student-teacher ratio for preschool education 1:12;
- Student-teacher ratio for vocational secondary education for the majority students 1:17.2, and for minority students 1:11.5;
- Student-teacher ratio for mountain areas 1:14.2;
- Calculation for English language teaching staff for grades I and II;
- Calculation for administrative-technical staff for 630 students 1 staff in pre-primary and primary education;
- Calculation for administrative-technical staff for 470 students 1 staff in secondary education
- Calculation for teaching staff in maternity leave is foreseen 3% (base teaching staff);
- Calculation for support staff for 170 students 1 staff (janitor), as well as 1 staff for the school (guard);
- Professional service;
- Quality Coordinators;

- n) Calculation of salaries is made based on the Law on Wages;
- o) Goods and services are calculated according to the student criteria (23 Euros for the majority students and 25 Euros for the minority students) and for the school (EUR 1,500 for pre-primary and primary school and EUR 3,250 for secondary school);
- p) Capitals are calculated according to the criteria 7 Euros for student;
- q) Calculation of three wages after retirement cost of EUR 1.4 million;
- r) Assistant for children with special needs at a cost of EUR 0.78 million;

According to MEST, the number of students in pre-university education is reported to be 11,938 students less compared to the previous year. Based on the continuous decrease of the number of students each year and based on the current teacher/student ratios, MEST recommends to the Municipalities not to announce job vacancies for the admission of new staff upon the retirement of the teaching staff, but to settle the teachers who do not have a norm or full norm.

Table 5: Specific Grant for Primary Health Care for 2020-2022

Nr	Municipalities	Total number of students	Staff			Wages and salaries						Goods and services	Capital expenditure	Grant for Pre-University Education in 2020	Grant for Pre-University Education in 2021	Grant for Pre-University Education in 2022
			Teaching staff	Administrative, technical and support staff	Total	Salaries for teachers, minority leave, maintain area, english language, etc.	Salaries for administrative, technical and support staff	Assistant for children with special needs	Three salaries after retirement	Total wages and salaries						
TOTAL		370,149	21,901	5,104	27,005	162,265,011	27,673,894	787,662	1,375,106	192,091,672	10,875,192	2,591,043	205,557,907	206,585,697	207,618,625	
1	Degjan	5,778	322	92	413	2,356,948	519,297	23,630	29,368	2,929,242	170,908	40,446	3,140,596	3,156,299	3,172,081	
2	Darçagah	4,116	303	81	384	2,263,467	425,042	7,877	19,003	2,715,389	158,490	28,812	2,902,691	2,917,204	2,931,790	
3	Ferizaj	24,424	1,442	305	1,747	10,726,487	1,635,118	47,260	98,469	12,507,334	679,034	170,968	13,357,336	13,424,123	13,491,243	
4	Fushë Kosovë	9,437	528	108	636	3,872,863	566,386	31,506	22,458	4,491,213	251,001	66,059	4,810,273	4,834,324	4,858,496	
5	Gjakovë	18,010	1,029	254	1,283	7,623,289	1,388,141	47,260	77,738	9,136,428	528,596	126,070	9,791,094	9,840,050	9,889,250	
6	Gjilan	18,651	1,144	254	1,397	8,521,326	1,369,850	39,383	72,556	10,003,114	565,963	130,557	10,699,634	10,753,133	10,806,898	
7	Glllogocë	12,602	766	169	936	5,704,421	927,672	23,630	36,278	6,692,000	350,502	88,214	7,130,716	7,166,370	7,202,202	
8	Hani i Elezit	1,854	104	24	128	768,016	129,946	15,753	5,183	918,897	53,682	12,978	985,557	990,485	995,437	
9	Isogj	7,583	445	112	557	3,293,714	597,040	23,630	36,278	3,950,661	231,925	53,081	4,235,667	4,256,846	4,278,130	
10	Junik	853	49	10	59	358,958	55,669	-	1,728	416,355	24,369	5,971	446,695	448,929	451,173	
11	Kacanik	6,568	380	96	476	2,811,860	513,883	23,630	22,458	3,371,831	197,612	45,976	3,615,419	3,634,496	3,651,664	
12	Kamenitcë	4,799	301	101	402	2,243,098	567,879	31,506	32,823	2,875,306	181,007	33,593	3,089,906	3,105,356	3,120,883	
13	Klinë	8,268	486	117	603	3,601,986	632,983	23,630	38,005	4,296,604	240,614	57,876	4,595,094	4,618,070	4,641,160	
14	Lipsovaq	2,238	134	46	181	977,616	249,426	-	6,910	1,233,952	96,268	15,666	1,345,886	1,352,615	1,359,378	
15	Lipjan	13,224	790	195	985	5,870,018	1,038,243	23,630	63,918	6,993,809	405,851	92,568	7,494,228	7,531,699	7,569,357	
16	Mališevo	13,052	763	187	950	5,663,335	1,034,584	23,630	43,188	6,764,737	373,822	91,364	7,229,923	7,266,072	7,302,403	
17	Mamushë	946	73	13	86	539,096	72,134	7,877	3,455	622,562	29,778	6,622	638,962	662,257	665,568	
18	Mitrovicë	17,707	1,038	221	1,259	7,635,288	1,186,818	31,506	82,921	8,935,534	485,355	123,949	9,545,838	9,595,567	9,641,535	
19	Novo Brdë	1,394	119	46	165	891,127	251,086	7,877	6,910	1,156,999	79,092	9,758	1,245,849	1,252,079	1,258,339	
20	Obiliq	5,020	320	76	397	2,374,987	415,941	23,630	15,548	2,830,105	161,952	35,140	3,027,197	3,042,333	3,057,545	
21	Pejë	19,169	1,101	239	1,340	8,142,093	1,275,762	47,260	74,283	9,539,398	534,075	134,183	10,207,656	10,258,694	10,309,987	
22	Podujevë	18,917	1,101	254	1,356	8,179,074	1,363,712	31,506	63,918	9,638,211	537,737	132,419	10,308,367	10,359,909	10,411,709	
23	Prishtinë	45,258	2,531	510	3,041	18,652,250	2,694,721	94,519	139,929	21,581,419	1,192,308	316,806	23,090,533	23,205,986	23,322,016	
24	Prizren	31,540	1,915	393	2,308	14,204,728	2,106,993	39,383	101,924	16,453,027	899,992	220,780	17,573,799	17,661,668	17,749,977	
25	Rahovec	10,312	608	160	767	4,488,477	892,285	7,877	46,643	5,435,282	313,512	72,184	5,820,978	5,856,083	5,879,333	
26	Shegër	2,411	185	45	230	1,376,044	255,880	-	5,183	1,637,106	86,275	16,877	1,740,258	1,748,959	1,757,704	
27	Shitire	5,973	353	80	433	2,622,238	421,844	7,877	41,460	3,093,419	176,585	41,811	3,311,815	3,328,374	3,345,016	
28	Skenderaj	10,402	645	154	798	4,810,951	844,033	23,630	44,916	5,723,530	317,058	72,814	6,113,402	6,143,969	6,174,688	
29	Shkurtaj	11,705	715	171	886	5,325,387	931,115	39,383	44,916	6,340,801	346,845	81,935	6,769,881	6,803,429	6,837,446	
30	Viti	8,976	507	134	641	3,751,941	715,085	15,753	36,278	4,519,067	274,098	62,832	4,855,987	4,880,266	4,904,668	
31	Vushtri	14,833	862	214	1,077	6,382,563	1,176,390	23,630	53,553	7,636,136	431,465	103,831	8,171,432	8,212,289	8,253,351	
32	Zabun Potok	1,263	71	22	93	526,776	132,062	-	1,728	660,566	46,517	8,841	715,924	719,503	723,101	
33	Zveçan	1,152	64	24	87	475,862	132,292	-	-	608,154	41,886	8,064	638,104	661,395	664,702	
34	Kilokot	600	39	16	55	287,950	97,025	-	-	384,975	24,842	4,200	414,017	416,088	418,168	
35	Mitrovicë veriore	4,874	293	72	365	2,181,366	415,525	-	-	2,596,890	154,172	34,118	2,785,180	2,799,106	2,813,102	
36	Partesh	1,001	58	22	80	432,966	143,296	-	3,455	579,717	48,647	7,007	635,371	638,548	641,741	
37	Ranilug	1,203	76	22	97	552,780	122,044	-	-	674,824	45,163	8,421	728,408	732,050	735,710	
38	Granajcë	4,036	241	64	305	1,763,665	376,692	-	1,728	2,142,084	138,194	28,252	2,308,530	2,320,073	2,331,673	

## 1.4. Specific Primary Health Care Grant

The specific primary health grant for 2020 was approved in the amount EUR 61.7 million, of which EUR 53.4 million are grant base according to the per capita criterion and EUR 8.3 million additional costs for wages and salaries. The distribution of the specific health grant is based on an open system in accordance with the LGGL. The specific primary health grant for 2020 is prepared according to the per capita criterion and in accordance with the recommendations of the Grants Commission as outlined in the Annual Report on Assessing the Adequacy of the Municipal Financing System.

Table 6: Specific Grant for Primary Health Care for 2020-2022

No.	Municipality	Demography							Specific Grant for Primary Health Care for 2020	Specific Grant for Primary Health Care for 2021	Specific Grant for Primary Health Care for 2022
		Popollation	Gender			Age		Number of persons with disabilities			
			M	F	Women of childbearing age 15-49 years old	Number of children 0-14 years old	Number of elderly people - over 65 years old				
1	Deçan	40,019	20,125	19,894	10,941	10,471	4,084	151	1,351,544	1,405,606	1,461,831
2	Dragash	33,997	17,035	16,962	8,500	10,000	5,000	497	1,117,392	1,162,087	1,208,571
3	Ferizaj	108,610	54,841	53,769	29,300	31,566	6,900	982	3,723,867	3,872,822	4,027,735
4	Fushë Kosovë	34,827	17,621	17,206	14,123	6,585	3,202	233	1,199,054	1,247,017	1,296,897
5	Gjakovë	94,556	47,226	47,330	25,198	25,300	9,329	1,090	3,489,702	3,629,290	3,774,462
6	Gjilan	90,178	45,354	44,824	24,539	23,464	6,554	180	3,036,082	3,157,525	3,283,826
7	Glogovc	58,531	29,733	28,799	15,996	17,507	3,336	177	1,954,270	2,032,441	2,113,738
8	Hani i Elezit	9,403	4,836	4,567	1,824	2,778	560	84	311,844	324,318	337,291
9	Istog	39,289	19,679	19,610	10,607	10,804	2,976	486	1,362,557	1,417,060	1,473,742
10	Junik	6,084	2,995	3,089	2,020	1,681	450	50	245,286	255,097	265,301
11	Kaçanik	33,409	16,970	16,439	9,054	9,683	1,940	200	1,123,930	1,168,887	1,215,643
12	Kamenicë	36,085	18,559	17,526	23,263	5,389	4,140	242	1,150,672	1,196,698	1,244,566
13	Klinë	38,496	18,960	19,537	10,726	10,915	2,830	260	1,340,163	1,393,769	1,449,520
14	Leposavic	13,773	6,969	6,804	3,443	2,754	965		516,494	537,154	558,640
15	Lipjan	57,605	29,325	28,280	15,355	17,461	7,032	706	2,104,564	2,188,746	2,276,296
16	Malishevë	54,613	25,901	28,713	37,276	20,758	3,500	640	1,784,404	1,855,780	1,930,011
17	Mamushë	5,507	2,672	2,836	2,543	2,670	737	40	185,360	192,774	200,485
18	Mitrovicë	71,909	36,275	35,634	18,624	20,351	5,074	1,200	2,436,697	2,534,165	2,635,531
19	Novobërdë	6,729	3,466	3,264	1,726	1,643	732	41	247,951	257,869	268,184
20	Obiliq	21,549	10,885	10,664	5,636	6,419	1,239	340	817,798	850,510	884,530
21	Pejë	96,450	50,466	45,985	24,817	24,993	7,495	1,411	3,439,186	3,576,754	3,719,824
22	Podujevë	88,499	44,955	43,544	24,042	12,975	2,476	872	2,938,671	3,056,217	3,178,466
23	Prishtinë	198,897	99,355	99,543	55,375	51,884	13,231	1,600	7,527,953	7,829,071	8,142,234
24	Prizren	177,781	89,173	88,608	49,156	49,661	11,524	1,578	5,951,383	6,189,439	6,437,016
25	Rahovec	56,208	28,512	27,696	15,393	16,081	3,352	377	1,889,703	1,965,291	2,043,903
26	Shtërpçë	6,949	3,554	3,395	1,744	1,577	500	47	233,353	242,687	252,394
27	Shtime	27,324	13,850	13,474	5,874	7,877	1,800	253	893,463	929,202	966,370
28	Skenderaj	50,858	25,646	25,212	15,665	14,265	4,241	1,523	1,738,586	1,808,129	1,880,455
29	Suharekë	59,722	29,478	30,244	16,413	17,409	4,104	400	1,947,035	2,024,916	2,105,913
30	Viti	46,987	23,686	23,301	12,343	14,168	6,100	731	1,581,704	1,644,972	1,710,771
31	Vushtri	69,870	36,004	33,866	18,146	19,634	4,508	750	2,345,275	2,439,086	2,536,650
32	Zubin Potok	6,616	3,408	3,208	1,456	1,588	476	38	205,279	213,490	222,029
33	Zveçan	7,481	3,661	3,821	1,623	1,770	531	18	273,206	284,134	295,500
34	Graçanicë	10,675	5,428	5,248	2,463	2,661	993	81	451,874	469,949	488,747
35	Kilokot	2,556	1,417	1,140	688	670	214	18	92,578	96,282	100,133
36	Mitrovica Veriore	12,326	6272.5	6053.5	2,686	2,931	879	82	386,186	401,633	417,699
37	Partesh	1,787	922	865	477	340	202	0	62,520	65,021	67,622
38	Ranillug	3,866	1,969	1,897	1,012	393	259	0	230,926	240,163	249,769
Total		1,780,021	897,179	882,843	520,067	479,076	133,466	17,378	61,688,512	64,156,052	66,722,294



### 1.5. Secondary Health Care Financing

Secondary health financing for 2020 is approved in the amount of EUR 2,603,077 according to the proposal of MoH and MTEF projections for the three minority municipalities, as follows:

- Municipality of Shterpcë, in the amount of EUR 522,371,
- Municipality of North Mitrovica, in the amount of EUR 989,935, and
- Municipality of Gracanica, in the amount of EUR 1,090,771.

### 1.6. Financing for Residential Services

Financing of residential services for the communities' homes for elderly people and for the persons with disabilities for 2020 is approved in the amount of EUR 2,040,000.

For 2020, within this proposal is foreseen the increase of staff to 22 persons and additional financing for the operationalization of Residential Services for elderly people in the Municipality of Novobërda and the operationalization of residential services for persons with disabilities in the municipality of Prizren.

Table 7: Financing for residential services for 2020

Municipalities	Additional staff	Wages and Salaries	Goods and Services	Utilities	Capital expenditures	Total
Skenderaj SHKPM	0	85,000	67,000	8,000	20,000	180,000
Graçanice SHKPM/SHKPAK	0	166,000	120,000	14,000	20,000	320,000
Istog SHKPM	0	85,000	67,000	8,000	20,000	180,000
Deqan SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Ferizaj SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Kamenice SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Vushtrri SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Shtime SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Lipjan SHKPAK	0	83,000	60,000	7,000	20,000	170,000
Prizren SHKPAK	11	83,000	60,000	7,000	20,000	170,000
Novobërd SHKPM	11	83,000	60,000	7,000	20,000	170,000
Total	22	1,000,000	734,000	86,000	220,000	2,040,000

### 1.7. Financing for the Historic Centre of Prizren, the Cultural Centre of Zym village and the Council of Hoça e Madhe

With the entry into force of the Law No. 04 / L-066 on the Historic Centre of Prizren, Law No. 04 / L-196 on the Historical Cultural Centre of Zym village and Law No. 04 / L-62 for the village of Hoça e Madhe, with budget planning for 2020, are allocated funds in the amount of EUR 69,048 for the two municipalities as follows:

- Municipality of Prizren, in the amount of EUR 44,144, and
- Municipality of Rahovec, in the amount of EUR 24,904.

### 1.8. Financing on the environmentally endangered zone of Obiliq

Based on Article 9 of Law No. 05/L-044 on the Environmentally Endangered Zone of Obiliq and its surroundings, Obiliq benefits from the collection of royalty from the respective institution, twenty percent (20%) of this royalty shall be reallocated from the Central Budget to the Municipal Budget where the business unit is located, dedicated in specific manner for investments in the development of community in the location where the business unit is located, in the field of environmental protection, infrastructure, sport, health and education. For 2020 the Municipality of Obiliq based on the collection of royalty benefits additional financing of EUR 4,175,567.

### 1.9. Financing for theatres

Financing for theatres is approved by the Grants Commission in the amount of EUR 900,000 and additional staff of 124 persons according to the table attached below.

Table 8: Financing for theatres 2020

Municipalities	Staff	Wages and Salaries	Subsides and Trasfers	Total
Professional City Theater of Gjilan	19	100,886		100,886
Professional City Theater of Gjakova	14	73,443	42,500	115,943
Professional City Theater of Prizren	21	111,558	29,750	141,308
Professional City Theater of Peja	16	85,639	43,500	129,139
Professional City Theater of Ferizaj	18	94,788	18,700	113,488
Professional City Theater of Mitrovica	19	100,886	68,500	169,386
Professional City Theater of Prishtina-Dodona	5			-
Professional City Theater of Podujeva	12	79,800	50,050	129,850
<b>Total</b>	<b>124</b>	<b>647,000</b>	<b>253,000</b>	<b>900,000</b>

### 1.10. Municipal Own Source Revenues Projections for 2020 and projections 2021-2022

The Municipal Own Source Revenues Projections for 2020 are approved in the amount of EUR 83.1million.

These revenues are added to municipal financing along with municipal grants.

These projections take into account the municipalities' projections on revenues from immovable properties (land tax, property tax) according to the bill of property tax and the trend of the realization of non-tax revenues over the past three years, excluding from these projections revenues from traffic fines and court revenues.

Compared with the previous year, projections of municipal own-source revenues for 2020 are lower due to the fact that court revenue planning and traffic fines will now be planned at the central level (institutions that achieve these revenues).

Table 9: Municipal Own Source Revenue Projections for 2020-2022

No.	Municipality	Tax Revenues						Non-tax revenues			Projections for 2020	Projections for 2021	Projections for 2022
		Property Tax for 2020	Property Tax for 2021	Property Tax for 2022	Land Tax for 2020	Land Tax for 2021	Land Tax for 2022	Year 2020	Year 2021	Year 2022			
1	Deçan	231,131	238,065	245,207	168,674	253,011	337,347	370,461	372,971	375,297	770,266	864,047	957,851
2	Dragash	189,723	195,415	201,278	68,417	102,626	136,835	204,203	205,587	206,869	462,344	503,628	544,981
3	Ferizaj	2,046,768	2,108,171	2,171,416	605,170	907,755	1,210,339	2,363,589	2,379,602	2,394,441	5,015,526	5,395,528	5,776,196
4	Fushë Kosovë	889,907	916,604	944,103	62,196	93,295	124,393	1,857,406	1,869,991	1,881,651	2,809,510	2,879,890	2,950,147
5	Gjakovë	1,612,782	1,661,166	1,711,001	471,803	707,704	943,605	1,637,782	1,648,878	1,659,160	3,722,367	4,017,748	4,313,766
6	Gjilan	1,609,193	1,657,469	1,707,193	426,368	639,551	852,735	2,363,836	2,379,851	2,394,691	4,399,396	4,676,871	4,954,619
7	Glllogoc	482,710	497,192	512,107	72,237	108,355	144,473	835,843	841,506	846,754	1,390,790	1,447,053	1,503,334
8	Hani i Elezit	94,694	97,535	100,461	54,096	81,144	108,192	169,075	170,220	171,282	317,865	348,899	379,935
9	Istog	348,287	358,735	369,498	146,882	220,323	293,764	656,129	660,574	664,693	1,151,298	1,239,633	1,327,955
10	Junik	59,082	60,854	62,680	12,274	18,412	24,549	65,843	66,289	66,703	137,199	145,555	153,931
11	Kaçanik	264,960	272,909	281,096	97,925	146,887	195,850	347,842	350,199	352,382	710,727	769,995	829,328
12	Kamenicë	277,730	286,062	294,643	101,134	151,701	202,268	483,210	486,484	489,518	862,074	924,247	986,430
13	Klinë	352,114	362,677	373,558	77,621	116,432	155,242	485,339	488,627	491,674	915,074	967,736	1,020,474
14	Leposaviq	-	-	-	-	-	-	40,000	45,000	50,000	40,000	45,000	50,000
15	Lipjan	966,897	995,904	1,025,781	74,490	111,735	148,980	1,039,531	1,046,574	1,053,101	2,080,919	2,154,214	2,227,862
16	Malishevë	287,742	296,374	305,265	157,129	235,694	314,259	451,220	454,277	457,109	896,090	986,344	1,076,633
17	Mamusha	26,913	27,720	28,552	5,777	8,666	11,554	30,508	30,714	30,906	63,197	67,100	71,011
18	Mitrovicë	824,329	849,059	874,531	153,059	229,589	306,118	1,522,587	1,532,902	1,542,461	2,499,975	2,611,550	2,723,110
19	Novobërdë	81,743	84,195	86,721	29,807	44,710	59,614	130,930	131,817	132,639	242,479	260,722	278,973
20	Obiliq	402,110	414,173	426,598	49,289	73,934	98,578	571,266	575,137	578,723	1,022,665	1,063,244	1,103,900
21	Pejë	1,959,535	2,018,321	2,078,870	422,217	633,326	844,435	1,967,843	1,981,176	1,993,530	4,349,595	4,632,823	4,916,835
22	Podujevë	370,959	382,088	393,551	137,654	206,482	275,309	907,948	914,099	919,800	1,416,561	1,502,669	1,588,659
23	Prishtinë	8,260,640	8,508,459	8,763,713	879,031	1,318,547	1,758,063	20,118,696	20,255,003	20,381,309	29,258,367	30,082,009	30,903,085
24	Prizren	2,374,871	2,446,117	2,519,500	474,039	711,058	948,077	4,711,386	4,743,306	4,772,884	7,560,295	7,900,481	8,240,462
25	Rahovec	390,333	402,043	414,105	150,840	226,260	301,680	615,668	619,839	623,704	1,156,841	1,248,142	1,339,489
26	Shtërpçë	273,566	281,773	290,226	63,615	95,422	127,229	152,024	153,054	154,008	489,205	530,249	571,464
27	Shtime	143,994	148,314	152,764	135,579	203,368	271,158	350,077	352,449	354,647	629,651	704,132	778,568
28	Skenderaj	191,178	196,913	202,821	63,390	95,085	126,779	1,273,446	1,282,074	1,290,069	1,528,014	1,574,072	1,619,669
29	Suharekë	743,925	766,243	789,230	179,304	268,957	358,609	1,047,427	1,054,523	1,061,099	1,970,656	2,089,723	2,208,938
30	Viti	388,083	399,725	411,717	102,991	154,486	205,981	457,526	460,626	463,498	948,599	1,014,837	1,081,196
31	Vushtri	688,234	708,881	730,147	119,034	178,551	238,068	1,228,392	1,236,714	1,244,426	2,035,660	2,124,146	2,212,641
32	Zubin Potok	-	-	-	-	-	-	30,000	35,000	40,000	30,000	35,000	40,000
33	Zveçan	-	-	-	-	-	-	35,000	40,000	45,000	35,000	40,000	45,000
34	Gracanicë	566,361	583,352	600,853	77,583	116,375	155,166	1,143,222	1,150,967	1,158,144	1,787,166	1,850,694	1,914,163
35	Klllokot	69,794	71,888	74,044	15,371	23,057	30,742	73,677	74,176	74,638	158,842	169,120	179,425
36	Mitrovica veriore	-	-	-	-	-	-	60,000	65,000	70,000	60,000	65,000	70,000
37	Partesh	13,417	13,820	14,234	7,002	10,503	14,004	43,382	43,676	43,948	63,801	67,999	72,187
38	Ranillug	29,730	30,622	31,541	12,224	18,335	24,447	86,610	87,197	87,741	128,564	136,154	143,728
TOTAL		27,513,434	28,338,837	29,189,002	5,674,222	8,511,333	11,348,444	49,928,922	50,286,080	50,618,500	83,116,777	87,136,249	91,155,945

### 1.11. Summary of municipal financing for 2020 and estimates for 2021-2022

For allocation of government grants by municipalities for 2020<sup>9</sup>, the criteria and basic formulas defined in the Law on Local Government Finance and other relevant laws are applied, as well as the macro-fiscal projections and data from line ministries served as the basis of that:

- The General Grant for 2020 is approved in the amount of EUR 196.3 million, compared to 2019 has an increase of EUR 15.6 million as a result of the increase of total revenues;
- The specific grant for pre-university education for 2020 is approved in the amount of EUR 205.5 million, which compared to 2019 marks an increase of EUR 20.5 million;
- The specific primary health grant for 2020 is approved in the amount of EUR 61.7 million, which compared to 2019 marks an increase of EUR 8.3 million;
- Secondary health financing for 2020 is at the same level as the previous year;
- Financing for residential services for 2020 marks an increase of EUR 0.44 million compared with 2019;
- Financing for the Historic Centre of Prizren, the Historic Cultural Centre of Zym village and the Council of Hoça e Madhe in Rahovec for 2020 is in the amount of EUR 69,048;
- The additional grant for the capital for 2020 is approved in the amount of EUR 11.77 million, which compared to 2019 marks an increase of EUR 0.9 million;
- Financing for Obiliq for 2020 is in the amount of EUR 4.2 million;
- Financing for theater is approved in the amount of EUR 0.9 million for 2020;
- Municipal Own Source Revenue Projections for 2020 compared to 2019 reduced by EUR 4 million. Reduction of OSR projections comes as a result of the planning of court revenues and traffic fines at the central level and not at the local level as planned so far;
- Investments under the investment clause provided for 2020 are in the amount of EUR 11.5 million.

Table 10: Summary of Municipal Financing for 2020-2022 (Euro Million)

Description	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
1. Government Grants	392.4	419.1	463.5	477.8	493.7
1.1 General Grant	173.6	180.7	196.3	207.1	219.4
General Grant	168.9	175.8			
Contingency to the correction formula	4.7	4.9			
1.2 Specific health grant	48.5	53.4	61.7	64.1	66.7
1.3 Specific Education Grant	170.3	185.0	205.6	206.6	207.6
2. Secondary Health Financing	2.6	2.6	2.6	2.6	2.6
3. Residential Services	1.7	1.6	2.0	2.0	2.0
4. Financing for CCP, CCZV and CHM	0.1	0.1	0.1	0.1	0.1
5. Grant for the Capital - Prishtina		10.8	11.8	12.4	13.2
6. Financing for Obiliq		5.0	4.2	4.2	4.2
7. Municipal Own Source Revenues	82.0	87.0	83.1	87.1	91.2
8. Financing for theaters			0.9	0.9	0.9
9. Financing from Borrowing	3.7	4.8	-	-	-
10. Investment Clause		23.1	11.5		
<b>Total Municipal Financing</b>	<b>482.41</b>	<b>554.05</b>	<b>579.74</b>	<b>587.18</b>	<b>607.84</b>

The table below shows the sources of the financing and expenditure structure for the municipal level.

Table 11: Summary of municipal financing for 2020 and estimates for 2021-2022

Description	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
<b>Expenditure structure</b>	<b>482,012,850</b>	<b>554,723,208</b>	<b>579,742,718</b>	<b>587,179,253</b>	<b>607,835,845</b>
Number of employees	43,871	44,203	44,349	44,349	44,349
Wages and Salaries	256,500,000	272,128,520	308,147,000	325,000,000	339,000,000
Goods and Services	58,530,443	70,993,868	76,993,868	76,993,868	76,993,868
Utilities	9,688,901	11,233,147	11,233,147	11,233,147	11,233,147
Subsidies and Transfers	8,748,307	12,381,347	12,534,346	12,552,238	12,617,191
Capital expenditures	148,545,200	187,986,326	170,834,357	161,400,000	167,991,639
<b>Funding Sources</b>	<b>482,012,850</b>	<b>554,723,208</b>	<b>579,742,718</b>	<b>587,179,253</b>	<b>607,835,845</b>
Government grants	396,710,572	439,855,843	485,096,141	500,043,004	516,679,900
Own Source Revenues	82,000,000	87,000,000	83,116,577	87,136,249	91,155,945
Financing from borrowing	3,302,278	4,799,011	-	-	-
Financing from the Investment Clause		23,068,354	11,530,000	-	-

### 1.12. Timeframe for the municipal level

Budgetary organizations at the local level should adhere to this timeframe in preparing their budget:

- 30 June: the approval of the Mid-Term Municipal Budget Framework,
- Until 30 September: Approval of the municipal budget for 2020-2022 in the Municipal Assembly,
- 30 September: following the approval of the draft budget by the Municipal Assembly, municipalities are obliged to submit the following documents to the Ministry of Finance:
  - Follow-up letter based on the approval of the draft budget by the Municipal Assembly (signed by the Mayor of the Municipality).
  - Municipal Assembly decision on the approval of the municipal budget proposal for 2020-2022, including multi-year capital projects.
  - Municipal Budget Tables (BDMS and PIP):
- Table 4.1 - Budget allocation plan for total municipal expenditures for 2020-2022 (copy printed by BDMS, stamped and signed by Mayor and CFO),
- Table 4.2 - Financing of capital projects for 2020 and multi-year capital projects for 2021-2022 (printed by the PIP system, stamped and signed by the Mayor and CFO),
- Table 4.3 - Table 4.3 - Mid-term plan of municipal budget revenues from government grants and own-source revenues (printed by BDMS, stamped and signed by the Mayor and CFO),
- Table 3.1.B - Budget allocation plan under the investment clause,
- Table 3.2.B - Capital Projects Financing through investment clause,
- Gender Responsive Budgeting Tables.

The MF Budget Department will organize forums with municipal authorities regarding the development of the municipal budget process for 2020-2022. Also, additional training will be provided with specific guidelines on budget drafting for each of the key phases, including the application of the Electronic Devices and PIP systems.

## Gender Responsive Budgeting

**Table 1. Number of employees in the relevant Budget Organization**

Name of Institution / Ministry / Municipality

Year	Total number of staff	Total number of women staff	Total number of men staff	Wages and salaries / Amount for women	Wages and salaries / Amount for men
2016					
2017					
2018					
Planning for 2019					

**Table 2. Planning for 2020 Salary levels in the Budget Organization**

Name of Institution / Ministry / Municipality

Salary level	Total number of staff at this level	Number of men at this level	Amount spent on men at this level	Number of women at this level	Amount spent on women at this level
201-400					
401-600					
600+					

**Table 3. Number of beneficiaries of subsidies or services offered by the relevant departments of the budget organization (where applicable)**

[Name of Institution / Ministry / Municipality: Name Service / Subsidy].

Year	Total budget of certain service / subsidy	Total number of beneficiaries	Number of women beneficiaries	Number of men beneficiaries	Budget for women	Budget for men
2017						
2018						
2019						
Planning for 2020						

## Annex 2

### PERFORMANCE INDICATORS OF THE BUDGET PROGRAM

Budget Organization:.....

#### Example:

318 THE INDEPENDENT COMMISSION FOR MINES AND MINERALS		
Objective 1	Baseline indicator	Target indicator
Improve supervising of maining and production activities	Number of licences or number of inspections	Number of licences or number of inspections
<i>Activities:</i>		
<i>Review procedures for decreased burden of interaction with the Agency</i>		
<i>Collection of data (reporting) on economic activities for better targeted inspection activities</i>		
<i>Conducting investigations on illegal activities</i>		
Objective 2	Baseline indicator	Target indicator
Develop the overview of mineral resources	Estimated size of discoveries	Estimated size of discoveries
<i>Activities:</i>		
<i>Maintaining mining cadastre and GIS database containing geographical, geological and</i>		
<i>Explorations for finding new maining resources</i>		
<i>Co-operate universities and businesses to enhance the research in exploiting resources</i>		