

# A Budget to Rule Them All!!!

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## A BUDGET TO RULE THEM ALL!!!

*By: Erëza Pula & Delfinë Elshani*

Kosovo's budget for the year 2018 was approved by the Assembly on December 22, 2017. The total budget allocated for this year amounts to €2,080,480,837, reflecting an increase of roughly 4% from 2017. The main sources of budgetary funds for 2018 derive from government grants, own sources, financing by borrowing, and revenues from the Privatization Agency of Kosovo.

Similar to previous year, the highest percentage of the budget is allocated to *capital investments* and *wages and salaries*, approximately 33% and 28%, respectively. The percentage allocation of the budget for different categories remained relatively the same as in 2017; yet there was a slight decrease in *capital investments* and a minor increase in *subsidies and transfers* and *goods and services*.

Budget allocation in 2018 and 2017							
	Wages and Salaries	Goods and Services	Utilities	Subsidies and Transfers	Capital Investments	Reserve s	Total
2018	590,077,299	237,586,082	27,653,239	525,984,312	694,379,905	4,800,000	2,080,480,837
%	28.36 ↓	11.42 ↑	1.33	25.28 ↑	33.38 ↓	0.23 ↓	100.00
2017	572,275,399	198,059,823	26,697,745	473,332,564	725,714,946	4,940,000	2,001,020,477
%	28.60	9.90	1.33	23.65	36.27	0.25	100.00

In terms of budget allocation to the central and local levels, there was no significant fluctuation in comparison with the previous year. In 2018, roughly 76% of the total budget was allocated to the central level budget organizations whereas the rest was destined to the local level ones.

### Central Level Budget Organizations

The total amount allocated for central level budget organizations for 2018 is €1,589,198,065, an increase of €28,408,454 or 1.82% compared to 2017. The highest share of this budget is allocated to *capital investments* (34.34%), *subsidies and transfers* (32.54%), *wages and salaries* (20.40%), whereas the remaining 12.72% is allocated among *goods and services*, *utilities*, and *reserves*. Institutions of the central level organizations with the highest allocated budget for this year include the Ministry of Labour and Social Welfare, Ministry of Infrastructure, and, the one of Internal Affairs.

In general, compared to previous year, the current budget of the central level organizations has fluctuated, either slightly or significantly. More precisely, the institution with the highest budget increase (55.23%) is Mr. Thaçi's Office, followed by the Ministry of Labour and Social Welfare, which is managed by NISMA, with a 44%. The next two institutions, the Ministries of European Integration and of Diaspora, also experienced a substantial

percentage increase in the budget for this year, by 30.35% and 24.10%, respectively. These institutions are led by PDK and an independent minister, respectively.

On the other hand, the Ministry of Finance experienced a 72.78% decrease in the budget compared to the previous year, precisely from €129,327,899 to €35,192,284. This is mainly due to a lack of capital expenditures from investment clause in 2018, which amounted to €78,800,000 in 2017. In addition, the budget of two other important ministries, Economic Development and Infrastructure, decreased by 4.83% and 0.33%, respectively. The three abovementioned ministries are managed by PDK, AAK, and AKR, respectively.

It should be noted that in 2018 two budget lines, amounting to €13,971,382, were added to the budget of Central Level Organizations for the newly created Ministry of Innovation and that of Regional Development.

On the other hand, the central non-ministerial institutions with the highest allocated budget for year 2018 include the University of Prishtina, Judicial Council, Radio Television of Kosovo, and Prosecutorial Council. Whereas compared to previous year, the majority of central non-ministerial institutions experienced a budget increase. The list of institutions/agencies with the highest increase is comprised of the Agency for Air Navigation Service (68.6%), Independent Procurement Commission (41.65%), the Agency for the Management of Memorial Complexes (34.1%), and the Kosovo Competition Authority (31.4%). Conversely, among the institutions with the highest budget decrease is the Central Electoral Commission (51.8%) and the Independent Media Commission (31.9%). It is worth mentioning that contingent expenditures have also decreased by 46.3% compared to previous year.

#### Local Level Budget Organizations

With regard to local level organizations, the total budget amount allocated for 2018 is €491,282,772, an increase of €51,051,906 or 11.59% compared to previous year. The highest share of this budget increase was allocated to the municipality of Prishtina, followed by Prizren. As expected, municipalities with the highest allocated budget for 2018 include Prishtina, Prizren, and Ferizaj.

The budget category of *wages and salaries* comprise 54.09% of the total budget, followed by *capital investments* with 30.23% and the remaining, roughly 16%, is shared among *goods and services, utilities, and subsidies and transfers*. It is worth mentioning that the municipalities' requested increase in the *wages and salaries* category was not accompanied with an increase in the number of employees. However, most of this increase, from January 1<sup>st</sup> 2018, will be attributed to the 4% increase in salaries which are allocated from Kosovo's budget.

Compared to 2017, the total budget allocated to the municipalities either increased or remained the same. More precisely, the municipalities with the highest percentage increase in the total budget compared to previous year were Partesh (27.26%, Lista

Srpska), Obiliq (22.49%, LDK-led coalition), Kllokot (16.73%, Lista Srpska), Prizren (16.64%, PDK-led coalition), and Prishtina (16.52%, Levizja Vetevendosje).

In addition, the municipalities of Lipjan, Suhareke, and Kamenice, which mostly voted for the LDK-led coalition, PDK-led coalition, and Levizja Vetevendosje in the national elections, did not undergo any budgetary changes compared to last year. These municipalities did not manage to increase their yearly budget given the respective Municipal Assemblies failed to approve their budgets in accordance with the limits set by the budget circular (i.e. budget ceiling).

### Concluding remark

In 2018, Kosovo marked the highest budget compared to previous years, yet only by roughly 4% increase compared to 2017. In monetary terms, Kosovo's budget increased by €79,460,360, from which 64.25% was allocated to local level budget organizations and 35.75% to central level budget organizations. The budget allocation into different categories remained relatively the same as in 2017, with the highest share allocated to *capital investments* and *wages and salaries*. However, it should be noted that even though the latter category increased, especially in local level budget organizations, the number of employees remained the same.

As depicted, no correlation was found between the budget allocation and the results of the national elections, suggesting that the political color of the institution did not determine the resources it received.

*\*The budget comparisons are based on the budget for year 2018 (Law No. 06/L-020), and that of 2017 (Law No 05/L-125).*

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