KOSOVO´S PUBLIC DEBT MANAGEMENT

WORKING PAPER 01

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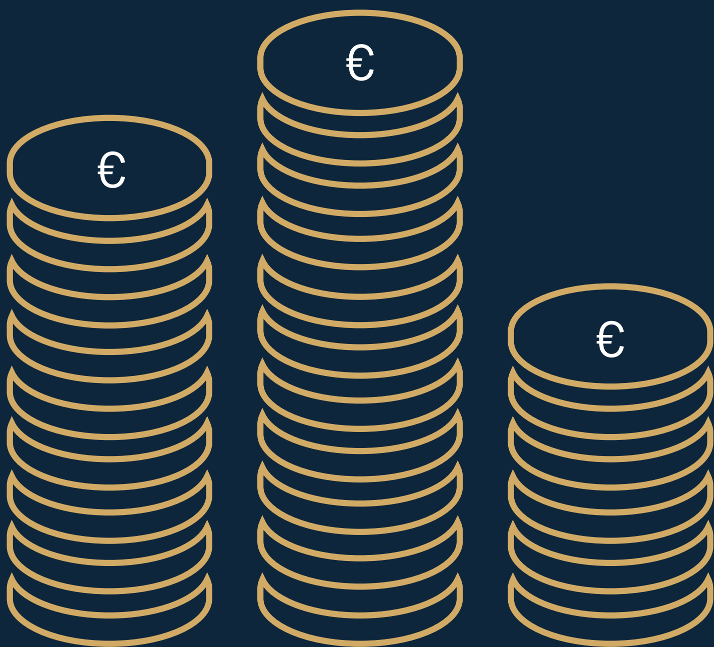

Prepared by Muhamet Mustafa, Senior Consultant dhe Antigona Uka, Researcher at Riinvest Institute, supported by Kosovo Foundation for Open Society - KFOS

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INTRODUCTION

Governments create public, internal and external, debt to finance economic growth and social welfare with additional funds to those collected through taxes. All economies are characterized by a certain degree of debt and depending on the policies they pursue, their absorption capacities, the level of macroeconomic governance, they transform borrowed funds into economic growth and social welfare, or face debt risk problems that in certain cases bring them into extreme situations of facing the inability to repay debts or even the risk of bankruptcy[1]. This way, governments can enter a dangerous debt spiral where they have to refinance debts, or even having to incur new debts to repay the loans received earlier. Therefore, good public debt management is a key issue in macroeconomic policies, while also being linked with fiscal and monetary policies. To achieve development objectives, which largely should lie behind debt, governments and parliaments create the legal framework and the Public Debt Management Strategy.

The purpose of this short report[2] is to present the public debt performance of the Republic of Kosovo and its current management issues. Kosovo has established a basic legal framework regarding public debt (the Law on Public Debt and within it elements of the fiscal rule), as well as the State Debt Program 2019-2021, but has not yet built a long-term public debt management strategy. The purpose of such a strategy would not only be to mobilize funds at lower-cost , but to ensure that the structure and composition of the debt portfolio is such that it minimizes the risks to the budget, as well to the macroeconomic and financial stability over medium and long term horizon.

Taking into account the historical context, Kosovo's public debt has two components: External debt linked to the former Autonomous Province of Kosovo within the former Yugoslav Federation which is not yet fully defined, in the absence of the completion of the succession process with the Republic of Serbia[3] and the so-called new debt, which Kosovo borrowed after the declaration of independence.

Overall, the Republic of Kosovo has a low public debt burden, which now, on the basis of data for the third quarter of 2018, reaches approximately over 1 billion euros or close to 17% of GDP. This is considerably lower than in other countries in the region where debt burdens range from 38% in Bosnia and Herzegovina to 71% in Albania and 74% in Montenegro (see Table 1 in the Annex). However, starting from 2012, the dynamics of debt growth is very noticeable. To certain extent it can be explained by the historical context and the low base. However, this requires increased attention of the Government and other actors regarding Kosovo's absorption capacity to transform this debt into economic growth and social welfare, as well as medium and long-term implications of these trends on macroeconomic and fiscal stability. The following overview on the trends of public debt and its components in relation to GDP raises the need to henceforth be given a deserved attention to all aspects of public debt management:

1 The example of Greece in recent years and the former Yugoslavia in the 1980s of the last century are two characteristic examples.

2 The report was written as the starting point for the first roundtable in the series of monthly debates on the economy titled "Riinvest Debates," a project supported by KFOS (Kosovo Foundation for Open Society) on January 30, 2019.

3 This debt component remains undefined in the absence of a succession agreement with the Republic of Serbia and as such is not addressed in this Report. When Kosovo became a World Bank member in 2009, it had to get inherited debt from Yugoslavia spent within Kosovo's territory. As such, Kosovo's state debt portfolio was created in 2009, with a sum of about USD 400 million called the Consolidated Credit C. The largest amount of this debt is from the WB and is categorized under the old state debt, which is still in the process of recompensation, with a maturity term up to 2031.

	2013	2017	Index
GDP (mil euro)	5,327	6,257	117
Public debt	476	996	209
External debt	323	422	130
Internal debt	153	574	357

(CALCULATED ACCORDING TO TABLE 3 IN THE ANNEX, AND THE STATE DEBT PROGRAM, PAGE 8)

The fact that within the 2013-2017 period Kosovo has more than doubling its public debt and an increased more than three and a half times the internal debt, even in the conditions of an increase of 17% of GDP within that period, suggests that more attention and transparency regarding public debt and its effective use by the Government and the Assembly is necessary. This was also the main motive for preparing this short report and for its presentation at the "Riinvest Debates" roundtable, as well as for initiating a broad discussion in institutions, academic circles and general public, in order to draw more attention of all stakeholders concerned with public debt.

The report was prepared using data from the Ministry of Finance (MoF), Central Bank of Kosovo, National Audit Office, as well as interviews with MoF, the World Bank and Ministry of Economic Development (MED). Following a brief presentation of theoretical discussions on public debt management, the report follows a brief analysis of the 2019-2021 State Debt Program and the associated risk factors, addressing also the sectoral structure of debt targets and problems related with the management of projects related to external debt and ends with conclusions and recommendations.

1. BRIEF LITERATURE REVIEW ON PUBLIC DEBT FRAMEWORK

Different economies have a variety of options and instruments to create sustainable debt management policies and strategies in line with their level of economic development (M. Melecki, WB, 2007, A. Pinkowski IMF 2017). These goals as well as their risk preferences (risk aversion) serve as a guide to design and implement the Debt Management Strategy (IMF & WB 2001). The strategy serves to set the targets of the public debt portfolio, the indicators to detect and manage the risk, and should be a public document. Empirical research has indicated that countries with a debt level above 100% of GDP, similar to those with a debt level of up to 50% of GDP, have a lower probability of having a debt management strategy compared to countries with a debt others. But in addition to the debt-to-GDP ratio, the debt-to-GDP payments, interest payments to GDP, the debt structure and the average maturity term are important indicators to be considered in the debt management process. The risks in this regard arise if debt favors consumption rather than investment and if the borrowing entity does not ensure that the interest rate on debt is lower than the economic growth rate (i<g), this would lead to a debt spiral and a future tax increase to re pay the debts that are being incurred now.[4] As long as the interest rate paid on public debt is lower than the rate of economic growth, the impact of debt on economic growth and social welfare may be positive (Blanchard, according to J. Maza, 2019).

The issue of public debt management and aspects of debt sustainability in terms of macroeconomic stability has become an area of concern for many prominent researchers, especially considering the fact that in developed economies the debt has reached a level of 110% to GDP (2016) compared to 70% before the financial crisis (A. Pinkovski, 2017). At these levels, vulnerability to debt increases even in conditions of ordinary recessions. However, here, it is not only the debt level that is important, but also its currency structure, given that exchange rate fluctuations (including devaluation) can significantly increase the debt burden and create further pressure on the exchange rate. Another interesting discussion related to this has been developed on the need to link public debt to variables such as commodity prices, exports and GDP (Krugman 1988 and Froot 1989). Furthermore, Barro (1995) has suggested linking bond issuance to GDP, even when they have a moderate percentage of debt stock, to better control the debt limit and to have a greater favorable impact of tax policy on welfare. A high percentage of bonds to GDP can be followed by the consequence of reducing conventional assets and then also with a transfer of risk to the private sector and the accompanying impact on the business cycle as an attempt to manipulate data from their issuer.

To develop a more stable debt policy, in accordance with the ability to service the debt combined with the development needs, the IMF and the World Bank have developed the "Debt Sustainability Framework" (DSF) for low-income countries (IMF & WB 2018) and also for Middle Income Countries as a kind of "Early Warning System" to ensure sustainability under debt servicing and link it to Millennium Development Goals (MDGs). The reasoning behind this framework can be useful for Kosovo, though it does not fall into low middle income countries. This is the case when such a framework can be tailored to the needs of a particular country, aiming to link the role of

4 See the discussion, namely the presentation of views on this, Blanchard, Krugman, Lewis: Bruegel Economic Blog (2019)

creditors and donors, which would thus serve the long-term sustainability not only of servicing the debt but also for achieving the sustainable development goals (SDGs).[5] This frameworks aims to encourage the development of a country's capacities to absorb and manage its debt, taking into account the quality of institutions and policies that are assessed by the World Bank under the CPIA[6] (Country Policy and Institution Assessment) index, and afterwards a basic projection scenario as well as scenarios that reflect plausible shocks and the like.

Through this framework, the risk level is tested as (a) risk is small when the benchmarks are not passed, as (b) risk is medium when the targets are exceeded but within the foreseen scenarios, as (c) risk is high when the targets exceed the basic scenario, and as (d) when the situation is at a level where it has exceeded the ability to pay the debt (Debt Distress), thus restructuring or other similar measure is needed. Related to this, it is necessary to note that the IMF, starting from the end of June 2015, has enacted a new more comprehensive policy regarding public debt limits, related to programs funded by the Fund, where the essential change was that conditionality of the financing has expanded to include the debt level, not only external debt, but also internal (domestic) debt, as well as concessional and non-concessional debt[7]. Further, the Fund has approved a unique discount rate of 5% to calculate the present value of debts and other related variables.

5 The Debt Sustainability Framework for Low-Income Countries: IMF and WB:

	PV of external debt in percent of		External debt service in percent of		PV of total public debt in percent of
	GDP	Export	Exports	Revenue	GDP
Weak	30	140	10	14	35
Medium	40	180	15	18	55
Strong	55	240	21	23	70

6 CPIA, a World Bank's diagnostic tool that tends to include the quality of policies and institutions of certain countries based on 16 criteria grouped into 4 clusters such as economic management, structural policies, social inclusion policies and sector management institutions public, the rating is from 1 (Low) to -6 (High). For 2017, the WB has calculated the CPIA for Kosovo at Level 3, similar to Albania in 2005, but lower than Moldova or Rwanda which have a level of 4! Such a level would be expected to be achieved within a period of 8-12 years in post-conflict societies. See: https://data.worldbank.org/indicator/IQ.CPA.ENVR.XQ, also see: M. Mustafa (CIPE 2008) Indicative thresholds applied under the DSF, debt levels in middle income countries (MICs) are assessed with the help of other tools. One of the tools used in PRMED can be found in the fiscal policy section (see fiscal sustainability).But given the level of CPIA in Kosovo at this stage Kosovo should address both frameworks.

7 A loan is concessional if it is at least 35% within the component of the grant

2. GOVERNMENTAL PUBLIC DEBT AND RISK MANAGEMENT PROGRAM

The Government of the Republic of Kosovo, in addition to the basic legal framework regulating public debt, has also approved the Public Debt Program (PDP), which stets key targets a three year period (2019-2021)[8]. The PDP objectives enable a maintaining the level and structure of debt within the bounds that should provide sustainability and protection from incidental situations. This document contains two key objectives: (1) keeping control over the pace of change in debt parameters and (2) developing the securities market. The achievement of these objectives should be ensured by the measures taken and the risk related limitations.

The measures relate to the approval of annual plans and their connection with economic policies, but without specifying what the policies are. When it comes to the development of the securities market, the foreseen measures are the balanced and predictable borrowing policy and the selection of new debt instruments, the creation of legal infrastructure for the secondary market of Government securities and preparations for integration into international securities markets. However, to achieve these goals there is a need for an operationalization of policy measures, unlike the objective (1) where the risk protection parameters[9] are specified:

- Debt participation in other currencies, except for euro, is limited to up to 30%
- Variable interest rates are also limited to 30% of the debt stock
- Domestic debt with a maturity of up to one year is limited to 50% to provide an average maturity of longer than one year

These three parameters that are in line with risk management standards and then the denomination (Euro), and public debt restraint to up to 40% of GDP under the Public Debt Law and the obligation of project implementer to pay the debt, present the basic and elementary technical limitations of public debt management in Kosovo. The program as a whole is related to these parameters, yet, besides a longer horizon there is a lack of linkage with other economic policies and development philosophy, in Kosovo terms, in the absence of monetary policy, the most significant link to fiscal policy and with trade policies, namely balance of payments and especially export, as suggested in the evidence of discussions presented above.

The country's debt portfolio based on 2017 data remains within the limits set by the parameters of risk control, with a debt participation in GDP of approximately 17%,

8 Debt Management Division, 2018, State Debt Program 2019-2021
9 Ibid, pg 6

a significant increase compared to 2013, when this participation was about 9%. So the overall public debt at the end of the third quarter of 2018 has reached over 1 billion euros. Further, from the data presented in GDP (Government Debt Program) , we find that the weighted average interest rate on international debt is 3% and that of national debt 1%, or 1.8% in the portfolio, which is lower than the economic growth in recent years, and consistent with theoretical suggestions and discussions.

The up to one year maturity is also within the parameters (32.9%), but remains challenged with a less favorable internal debt structure (47%), which is close to the limits set in the program (50%). Similarly, the situation looks good the interest rate risk parameters, as 84% of the total debt is fixed at domestic debt, but at the international level this parameter is at 62% (with one a deterioration compared to 2016 (69.5%), which is above the limits set by the program. The situation looks better on the share of debt in euros against other currencies (84% vs. 87% in 2016), which is a positive circumstance in terms of the current movements of the euro against the US dollar.

When it comes to the domestic debt portfolio, developments are quite dynamic and deserve serious attention. Domestic debt has reached 668 million euros by the end of September (2018) and marks twice the amount recorded in 2014, as well as over 60% of the total public debt serviced by the domestic financial sector, banks, insurance companies, pension funds and public institutions. Kosovo has a significantly higher share of domestic debt compared to countries in the region[10]. A more dynamic growth in the last three years were marked within securities with maturity of 3-7 years, from 45 million (2015) to 240 million (2017). While this is a positive fact when it comes to budget servicing of domestic debt, it could pose a risk if long-term domestic debt would only be used to cover the budget deficit in the destination of goods and services and transfers and not the financing of capital investments. The government should pay more attention to the dynamics, structure and intentions of domestic debt as opposed to the current trend may challenge the country's budget stability over a medium-term, and especially long-term horizon. Therefore, it would be useful that the dynamics of securities and interest paid on securities with a maturity of more than two years are more related to the dynamics of GDP growth and primary sources of budget revenues of the country.

In the line of movements presented above, the cost of servicing the general public debt (principal debt, interest, commitment fee, etc.) has increased more than three times between 2013 and 2017 (from 25.4 million to 77.3 million), accounting for about 4.39% of the budget.

This document has also taken into account the macroeconomic developments in 2017 and the anticipated further trends. However, based on new data, the growth rate seems to be somewhat smaller, while the predicted budgetary expenditures for 2021 (2,394 million) will occur in 2019[11]. It seems that the risk of increasing budget spending is underestimated in this document, especially when we consider the new movements related to social transfers and salaries in the public sector, initiated, inter alia, with the new law expected to regulate this area. This could also seriously target the fiscal deficit targets on which this document is based, as well as the fiscal rule. Risk factors (dependency on remittances, energy problems, poor performance of public enterprises, limited capacity for implementing capital projects, and export prices) seem to be well-documented. Therefore, an optimism regarding risk management can be evidenced within the period covered by this program (2019-2021). And this seems grounded when it comes to the risk of foreign exchange rates, interest rate risk and the risk associated with refinancing of domestic debt, but there are other reasons for concern.

Kosovo has another specific feature of public debt, as the target for its GDP limit (40%) also includes guarantees to public sector enterprises such as the Urban Traffic Guarantee in Pristina and, in all likelihood, the guarantee to be given to Contur Global, regarding the investment in the new Power Plant, which, based on the signed contract, should start the construction in March this year. This would affect a significant reconfiguration of some of the

10 For example, the share of domestic debt to total public debt in Montenegro is about 10% (Balkan Monitoring Finances, 2017)
11 Minsitria e Financave, 2018, Korniza Afatmesme e Shpenzimeve 2019-2021

parameters that this government program had assumed. Thus, guarantees issued by the Government, respectively the Republic of Kosovo, which reached EUR 44 million by the end of 2017, would be added to about 350 million guarantees for Contur Global[12] investor, mainly related to the security of sale of energy produced at the new Power Plant with guaranteed prices. With this guarantee, under the conditions set by the fiscal rule, respectively the Law on Public Debt according to the projections presented in GDP, in 2021 a total debt participation of about 28% in GDP[13], it would have a debt overall about 2.3 billion euros, compared to about 1 billion as it is now. This means that with such a trend and under the assumption of current legal constraints, the possibility of obtaining new debts would be limited from 2023 and especially from 2025. This issue should be addressed now since it may have serious fiscal implications and also to maintain the necessary pace of new borrowing needs or guarantees for new infrastructure development projects and other needs.

Projections on international borrowing sources include the WB, the IMF, the International Development Agency, the EBRD and the European Investment Bank, as well as some bilateral arrangements with the governments of Germany, Austria, France and Hungary conditions within the limits set for risk management[14]. Domestic debt financing is intended to undergo changes by increasing the weight of bonds with a maturity of 2-10 years, compared to treasury bills which dominated in the previous period until 2016. Within the internal financing the program foresees an innovation related to the issuance of retail bonds[15] to mobilize for development purposes especially remittances and why not the savings and individual funds of other citizens. This will require adequate preparation for issuing bonds in the Eurobond foreign market, but it would be good to make this opportunity more effective to develop legal infrastructure to enrich forms and instruments that enable greater mobilization and greater concentration of financial capital.

12 Interview with the Minsiter of Economic Development
13 Base don State Debt Program projections, pg 30
14 Ibid, pg 27
15 Ibid, pg 31

3. SECTORAL POLICIES AND PUBLIC DEBT

In addition to the overall level of public debt and risk factors addressed above, the management strategy should have more development features that are related to development strategy and be based more on sectoral studies, i.e. and adequate methods in projects selection and appraisal , than efficient monitoring of their implementation, to ensure the expected effects on economic growth and social welfare. In the period 2009-2018, approximately EUR 610 million of foreign debt were contracted (Table 2 in the Annex). Of these, 69% are destined for infrastructure (roads - 37%, water infrastructure 19% and railways 13%), then energy 12%, agriculture 6%, public sector 5%, education, health and export by 2% and sector financial 1%. Generally, such a sectorial structure seems adequate when it comes to creating infrastructure conditions and building human capacities that should support economic growth and social welfare. Of course, a more detailed and more integrated macroeconomic, sectoral, and microeconomic analysis of the absorption capacities in a particular sector, then the ranking of projects and, consequently, the sectors according to the economic and social rate of return (economic rate of return), so that the effects of these projects on economic growth and social welfare can be maximized or optimized. The road infrastructure sector has absorbed large investments (compared to other sectors, consolidated budget and GDP), not always with the necessary rigor on cost and return. Only the Nation's Road, the Ibrahim Rugova (Vërmicë-Besi) highway and the Pristina - Hani i Elezit (Arber Xhaferi) road, about 1.7 billion.

The government is aggressively working on the highway towards Gjilan and it seems that the Dukagjini highway (about 100km) will also begin. The preparation of projects and their implementation so far has been accompanied by improvisations (Designing parallelly with work in progress- building) and this should in any case be overcome due to the negative effects on cost and project management. It would be advisable that infrastructure financing be done at least partially with international loans, in addition to the release of budget funds for investment in education and health, would also provide more rigorous rules and relevant standards of preparation and economic evaluation of projects, the process of procurement and their more efficient implementation.

Taking into account the relatively modest exports of goods, the high deficit in foreign trade and the problem of job creation, economic policies should use borrowing toward an increased export and employment. The state will have to find instruments to support projects or agreements between international financial institutions and foreign banks or agencies, with banks in Kosovo to finance favorable credit in terms of interest rate, grace period and maturity private businesses that have better export performance in the sectors of processing industries, agriculture, tourism and ICT. A good example is the announcement of an agreement between EBRD and Pro-Credit Bank, also linked with IPA funds, for a credit line of 20 million euros for exporting industries[16]. Certainly, the state does not need to expose its public debt in this sector, but there are ways to encourage initiatives similar to what we have described above. For this purpose, it would be possible to suggest the preparation of sectoral studies for the mentioned sectors on which better policies and measures could be developed to identify projects and manage them.

16 Expressonline, 23 January 2019-02-11

4. MANAGEMENT OF PROJECTS FINANCED BY PUBLIC DEBT

The National Audit Office's report (2018) as well as interviews with MoF and WB indicate measures to build capacity to deliver substantive improvements in the project management cycle related to public debt. This has to do with all phases of this cycle[17].

The preparatory phase is more realted to public development policies, sectoral studies, project identification, and preliminary and feasibility studies. In the period up to now, this phase was covered mainly by donors and creditors. It was noticed a lack of a proactive role of project and institution providers - ministries, municipalities, agencies and public enterprises. This needs to be changed because donors and creditors do not always necessarily have the full picture and sensitivity to the public policy development priorities related to public investment and the related macroeconomic and microeconomic aspects. This phase could contribute to maximizing the return effects of projects within limited resources to finance them from external and internal public debt. This would optimize developmental effects, as projects ranked according to the cost-benefit analysis of return on investment would compete for funding up to the level of available resources. This would increase the objectivity in projects apprasal and approval according to the international standards and methodology of project evaluation. This is equally important for projects financed by the international public debt and, more importantly, those financed by the domestic public debt. Any improvisation and overcoming of standards and methods at the stage of project preparation creates serious problems and defects at the implementation stage, and especially the project execution, ie financial sustainability of the project.

The contracting phase, and especially the project implementation, seems to be facing serious problems. The cited report of the National Audit Office gives rise to serious concerns. Table 7 presented in the Annex of this paper presents the list of 10 contracted and ratified projects for funding in the period 2013-2016 from various sources, with a value of approximately 212 million euros. Until the end of 2017, only 5.2 million or 3% of the contracted value were withdrawn for project implementation. The Prishtina-Mitrovica Road, the Ministry of Health and the Ministry of Economic Development (energy efficiency and renewable energy) have been contracted for the period 2013-2015, but their implementation ranges from 0% to 15%. Meanwhile, the projects ratified in 2016 (MEST, Infrastructure Ministry, Infrakos and the Municipalities of Ferizaj, Prishtina, Gjakova and Gjilan) have not started at all, with the exception of MEST, from which for two years only 4% the value of the loan has been withdrawn, respectively 330 thousand euros from 9.38 million available.

Negative effects from such a situation are two fold. Firstly, this affects the extension of the project completion deadline and the delay of its implementation, ie the total lack of planned or expected effects of the project, which in most cases distorts and questions the expected sustainability financial support from the project. The second negative effect is that the Kosovo budget is charged with a fee for the committed and unused funds according to the dynamics, respectively the planned tranches. In the period 2013-2017 this cost, totally unnecessary, amounts to 1.7 million euros. It is imperative that this issue be raised to higher levels, the Minister, the Government and the As-

17 Further details: Mustafa M., Menaxhimi i investimeve (planifikimi, analiza dhe vlerësimi), Riinvest 2009; Project Cycle, The World Bank Group A to Z 2016 Published: October 2015 Pages: 143b - 143b https://doi.org/10.1596/978-1-4648-0484-7 project_cycle

sembly, to determine the responsibility for this situation and to take measures to overcome these weaknesses and to build the absorbing capacity of institutions for management and exploitation of the contracted sources of international public debt. Otherwise, this completely distorts expectations regarding the sustainability of public debt as well as the findings in GDP that Kosovo is not exposed to the risks of public external debt. Looking at the medium to long term, even a 17% debt to GDP could jeopardize more macroeconomic and financial stability if projects are followed by such weaknesses in management over their cycle than the values of a public debt over 40% to GDP, if the projects reaches the expected effects in their implementation and exploitation period.

To draw lessons, respectively "feed back" and lesson from the experiences, the professional standards require that the project cycle management closing phase - Ex-post evaluation (ex-post evaluation) be implemented once it enters the implementation phase when the realization of the expected economic and social effects is verified and eventual deviations from the planned parameters, the causes of these deviations are identified and this serves as an experience and learning to avoid the weaknesses presented in the project cycle management of new projects. As per our knowledge, this is not a practice carried on with resposibility by the public institutions that manage public debt.

Therefore, the building of absorbing and managing capacities for the project cycle in line with international standards seems to be an urgent and top priority task.

5. CONCLUSIONS AND RECOMMENDATIONS

- While the Republic of Kosovo still has a relatively low level of public debt burden, its dynamics and structure, as well as its weaknesses in debt management, particularly with respect to project preparation and implementation, and their intended utilization, lead to a need to improve institutional organization and increase absorption capacities at government, MoF and project implementers.

- Public Debt, especially its internal component, has achieved intensity and dynamics significantly higher than GDP, respectively its management strategy must also develop the medium and long-term component of its implications in its macroeconomic configuration, fiscal sustainability and the effects on economic growth and social welfare.

- The current public debt dynamics and exposures with the state–guaranteed debt component for public enterprises or the municipality for international loans over a period of 3-4 years will make the load limit of 40% to GDP controversial or will hamper borrowing new ones, so the government must address this issue and the implications associated with it without delay.

- The Government of Kosovo should develop a program which includes measures and activities for a more proactive role in the preparation of projects in harmony with the priorities of economic development, employment and export, and establish strict rules that public loans can be used only for projects that are well prepared with feasibility studies and implementing capacities and which pass the feasibility tests in terms of return on investment, based on cost-benefit analysis according to international standard methodology.

- The situation regarding the dynamics of the implementation of projects related to contracted loans is of concern and the need for transparency and accountability by the enforcement agencies.

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ANNEX: TABLES

TAB. 1 PUBLIC DEBT LEVELS IN THE REGION

Total Debt % of GDP	2016	2017	2018
Kosova	14.58%	16.63%	16.92%
Bosnia and Hercegovina	44.10%	39.50%	38.30%
Macedonia	39.50%	39.30%	41.50%
Serbia	73.10%	62.50%	58.80%
Albania	73.20%	71.80%	71%
Montenegro	66.40%	67.20%	74.20%

SOURCE: INTERNATIONAL MONETARY FUND, DATA MAPPER, 2018

TAB. 2 DATA ON INTERNATIONAL DEBT BASED ON SECTORS

Type of sector	Funds contracted 2009 to 2018	Funds contracgted 2009 to 2018 in %
Road Infrastructure Sector	226.83	37%
Water Infrastrukture Sector	114	19%
Railway Sector	81.9	13%
Energy Sector	67.45	11%
Agriculutre Sector	36.34	6%
Public Sector	28.91	5%
Health Sector	15.2	2%
Education Sector	14.52	2%
Export Sector	14.3	2%
Financial Sector	5.22	1%
Central Heating Sector	5	1%
Total	609.67	100%

Note: Values in million Euro

SOURCE: MINISTRY OF FINANCE, TREASURY DEPARTMENT, 2018

TAB. 3 PUBLIC DEBT, OVER THE YEARS

	2013	2014	2015	2016	2017	2018 (TM3)
International Debt	323.76	326.35	371.17	373.77	422.15	416.59
Domestic Debt	152.51	256.52	377.78	478.78	574.27	663.50
Total Debt	476.27	582.87	748.95	852.55	996.42	1080.09
Total Debt | (% e GDP-së)	8.49%	10.65%	13.07%	14.58%	16.63%	16.92%

SOURCE: 2017 ANNUAL BULLETIN ON PUBLIC DEBT, MINISTRY OF FINANCE, 2018

TAB. 4 INTERNATIONAL DEBT BY CREDITORS, OVER THE YEARS

Creditor	2009	2010	2011	2012	2013	2014	2015	2016	2017
IBRD	149.01	238.33	226.34	215.00	203.66	129.33	180.99	169.65	158.32
IDA	0	0	5.06	8.41	12.37	20.84	28.86	36.02	41.12
IMF	0	21.76	22.26	113.05	105.73	101.73	127.74	113.96	160.77
UniCredit	0	0	0	0	0	2.00	2.96	6.49	7.04
KfW	0	0	0.05	0.14	2.00	9.46	30.62	47.64	54.81
IBD	0	0	0	0	0	0	0	0	0.10
Total	249.01	260.08	336.60	336.60	323.76	323.76	371.17	373.77	422.15

SOURCE: 2017 ANNUAL BULLETIN ON PUBLIC DEBT, MINISTRY OF FINANCE, 2018

TAB. 5 HOLDERS OF GOVERNMENT SECURITIES

Holders of Government Securities	2015	2016	2017
Commercial Banks	227.36	238.92	243.42
Pension Funds	95.87	79.93	104.10
Public Institutions	26.56	127.33	198.74
Insurance Companies	20.36	20.25	21.52
Others	10.40	13.52	7.17
Total	380.55	479.95	574.95

SOURCE: 2017 ANNUAL BULLETIN ON PUBLIC DEBT, MINISTRY OF FINANCE, 2018

TAB. 6 THE DEBT SERVICE REPRESENTING BUDGET REVENUES

	2013	2014	2015	2016	2017
International Debt Service/ Total Revenue %	1.7	2.23	2.33	4.37	4.01
Domesitc Debt Service/ Total Revenue %	0.09	0.17	0.32	0.45	0.38

SOURCE: 2017 ANNUAL BULLETIN ON PUBLIC DEBT, MINISTRY OF FINANCE, 2018

TAB. 7 SETBACKS OF THE PROJECTS EXECUTIONS

No.	Creditor	Loans	Ratification Year	Implementing OB	The Loan Amount Euro	Withdrawals until 2016	Withdrawals until 2017	Un-ith-drawals amount	% unexecuted
1	IBD	Financing of the Project M2 Millosheva– Mitrovica Road Improvement	2013	MoI	15.67	-	0.10	15.57	99%
2	OFID	The Extension Project of M2 Highway Millosheva-Mitrovica	2014	MoI	16.64	-	-	16.64	100%
3	SFD	The Project for the Highway Prishtina-Mitrovica	2014	MoI	13.31	-	-	13.31	100%
4	IDA	The Health Project	2015	MoH	19.60	0.09	2.11	17.40	89%
5	IDA	The Project for Energy Efficiency and Renewable Energy	2015	MED	23.87	0.94	2.75	20.18	85%
6	IDA	The Project for the Improvement of the Education System in Kosovo	2016	MEST	9.38	0.05	0.28	9.05	96%
7	IBRD	Rehabilitation of Regional Roads	2016	MoI	29.00	-	-	29.00	100%
8	BEI	Rehabilitation of Railway Line	2016	MoI, Infrakos	42.00	-	-	42.00	100%
9	IBRD	The Rehabilitation Project of the Railway 10	2016	Infrakos	39.90	-	-	39.90	100%
10	KfW	The Project for the Measures of Effective Energy in Municipalities' (Pr, FE, GJ,GJi)	2016	Municipalities' (Pr, FE, GJ, GJi)	2.50	-	-	2.50	100%
	Total:				211.87	1.08	5.24	205.55	97%

SOURCE: AUDIT REPORT ON FINANCIAL MANAGEMENT AND CONTROL FOR PUBLIC DEBTS COVERING THE PERIOD 2009-2017, NATIONAL AUDIT OFFICE, 2018