

# Draft Budget 2025

## Analysis of Budget Revenues and Expenditures



**Draft Budget 2025**

Analysis of Budget Revenues  
and Expenditures

—  
November 2024

— **Contents**

Executive Summary	3
Draft Budget 2025 – Key points	6
Appendix 1	16

## Executive Summary

The annual budget remains the most important instrument through which the Government can achieve many of its economic and social objectives, including promoting the development of new sectors, increasing energy supply security, impacting the labor market through investments in education, and more. The draft budget for 2025, which has already been adopted in the first reading in the Assembly of Kosovo, is approximately in the amount of EUR 3.6 billion, representing an increase of EUR 293 million or 8.9% more than the 2024 budget. However, the success of this planned budget depends on the dynamics of expenditures, particularly in capital investments, which often result in underspending.

For 2025, around EUR 219 million of the budget increase are allocated for current expenditures, including a EUR 111 million increase in public sector salaries and an additional EUR 93.4 million for pensions and transfers. However, the method of planning the salary increase—through changes in coefficient units rather than raising the value of the coefficient—may lead to legal consequences as it is in conflict with the Law on Salaries.

In the field of employment, EUR 25.8 million have been allocated for funding schemes, including the "Superpuna" program. Capital investments have increased by EUR 71 million. Out of the total capital investment budget of EUR 927.8 million, 90% consists of projects carried over from the previous year. Despite the increase in the capital investment budget, the number of unfinished projects remains high, with 264 projects dating back to the period 2008–2019, which have a budget allocation of EUR 258 million in the 2025 budget.

For 2025, a more equitable distribution of new capital investments from the central government to municipalities is observed, along with a larger number of benefiting municipalities, reducing political discrimination based on party affiliation. Municipalities led by PDK will receive EUR 6.7 million, or 30.4% of new capital investments; those led by LDK will receive EUR 5.6 million, or 25.6%; VV municipalities will receive EUR 5 million, or 22.7%; and AAK municipalities will receive EUR 3.4 million, or 15.4%. Additionally, a significant increase in support for private enterprises and exports is planned, with a budget of EUR 20 million allocated to two agencies supporting private sector enterprises and exports, primarily for capital investments and subsidies.

Meanwhile, the Ministry of Economy has faced a reduction of EUR 11.7 million in its budget, despite the need for investments in energy infrastructure and energy efficiency programs. In healthcare, the budget for 2025 is planned at EUR 358.8 million, an increase of EUR 21 million or 6% compared to 2024. However, this represents only 3.9% of GDP, placing Kosovo behind developed countries and second-lowest in the region for healthcare spendings. Furthermore, citizens continue to face high out-of-pocket healthcare costs, which account for 30–40% of total expenditures in this sector.

The Ministry of Defense will have a budget increase of approximately EUR 55 million, increasing from EUR 153 million in 2024 to around EUR 208 million in 2025. The increase has been allocated to the category of capital investments entirely, including expenditures such as the purchase of defense equipment and systems, construction and renovations, acquisition of vehicles and trucks, and more.

The education sector is set to receive a budget increase of EUR 11.1 million, or 3% more than in 2024. The main beneficiaries are municipalities, with an additional EUR 9.8 million through the education grant, and the University of Pristina with EUR 2.4 million. However, the Ministry of Education, Science, and Technology (MEST) is expected to see a budget reduction of approximately EUR 1.2 million.

The justice sector will also benefit from an increase of EUR 12.2 million, bringing the total budget to over EUR 114 million for six central institutions. The Ministry of Justice receives the largest share of this increase, with EUR 10.2 million (22%), followed by the Kosovo Prosecutorial Council (KPC) with EUR 1.6 million (10%). Additionally, the Kosovo Judicial Council (KJC) will see an increase of EUR 256 thousand (1%), the Anti-Corruption Agency (ACA) EUR 134 thousand (14%), and the Agency for Free Legal Aid (AFLA) EUR 26 thousand (5%).

The budget of the Ministry of Agriculture, Forestry, and Rural Development will increase by only EUR 700 thousand, from EUR 89.8 million in 2024 to EUR 90.5 million in 2025. Meanwhile, the budget for the Ministry of Culture, Youth, and Sports will decrease by EUR 1.7 million, from EUR 88.1 million in 2024 to EUR 86.4 million in 2025.

Out of the EUR 3.6 billion budget for Kosovo in 2025, municipalities will manage EUR 788.3 million, or 22%. Compared to 2024, the percentage of the budget allocated to municipalities in 2025 will increase by 6.1%, or EUR 46 million, which is mainly expected to cover the cost of salary increases.

On the other hand, some municipalities, such as Pristina, Gjilan, and Zubin Potok, risk having the same budget as in 2024 due to the failure to approve the budget on time in the municipal assemblies.

With the Draft Budget 2025, the implementation of the new property tax law is postponed until 2026, thereby avoiding the implementation of progressive tax rates in 2025. This postponement through the Budget Law is not in harmony with the legal provisions of the amended property tax law.

Furthermore, the Draft Budget does not allocate reserve funds for covering unforeseen municipal expenses, which are often linked to collective agreements drafted at the central level.

Another significant shortcoming of the Draft Budget is the lack of a gender perspective, an aspect that remains unaddressed even in 2025.

**The budget revenues for 2025 are projected to be EUR 3.3 billion.** Compared to 2024, budget revenues are expected to increase by EUR 277.4 million, or 9.2%. This increase is expected to primarily stem from better performance in personal income tax and value-added tax (VAT) collected domestically. Meanwhile, the financing requirement for 2025 to cover the overall level of expenditures has increased from EUR 285 million in 2024 to EUR 300 million in 2025, an increase of EUR 15 million, or 5%, compared to 2024.

Current expenditures are expected to increase by EUR 219 million, or 9%, from 2024 to 2025, while capital expenditures are projected to rise by EUR 71.1 million euro or 8% from 2024 to 2025.

**Figure 2.** The increase in capital and current expenditures

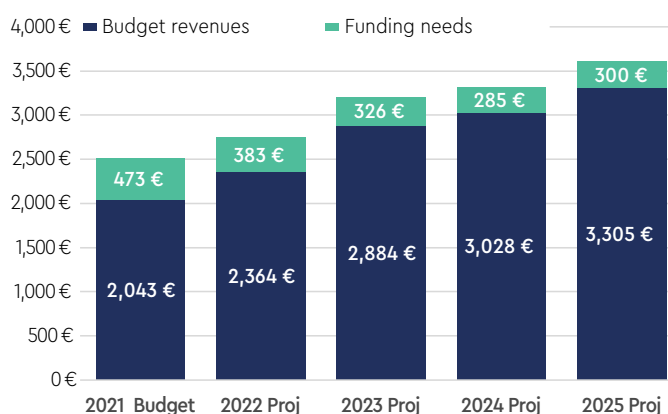


Compared to previous years, a more proportional increase in these two categories is observed. Specifically, capital expenditures are expected to increase by 9%, while current expenditures are projected to increase by 8%.

**In current expenditures, the largest increase is reflected in the category of salaries and allowances.** Compared to Draft Budget 2024, in 2025, expenditures on salaries and allowances are planned to increase by EUR 111.1 million or 14%; goods and services by around EUR 17 million or 3%; and subsidies and transfers by EUR 93.4 million or 9%. Subsidies and transfers continue to make up the largest portion of current expenditures (about 44%, which is similar to last year when it was 45%). Regarding the increase in salaries, the change in the units of the coefficients and not in the monetary value of the coefficient is not in harmony with the Law on Salaries in the Public Sector. Specifically, Article 33 in 2025 Draft Budget, is not in harmony with Article 42 of the Law on Public Salaries, which prohibits the change in the units of the coefficients and does not foresee that their change can be made by the Assembly through the Budget Law.<sup>1</sup> To be in harmony from a legal standpoint, this salary increase through the change in the units of salary coefficients must also involve amending and supplementing the Law on Salaries in a separate process, as the most appropriate legal approach.

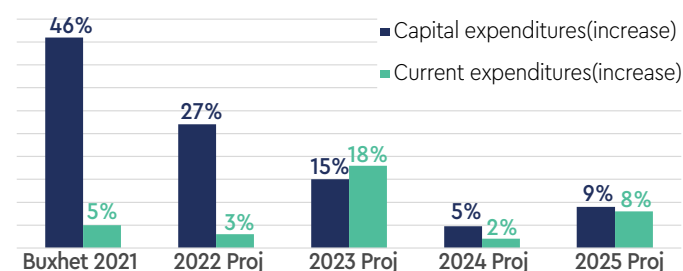
<sup>1</sup> Kosovo Assembly. [Law nr. 08/I-196 for public sector salaries](#). Accessed on November 11, 2024

**Figure 1.** Funding structure of the Kosovo budget (EUR million)



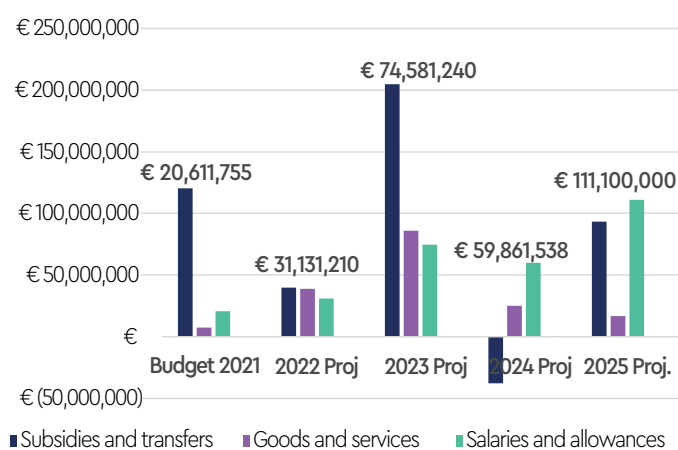
Source: GAP Institute using data from the Kosovo Assembly, Official Gazette, MFLT.

**Figure 3.** The increase in capital and current expenditures 2021–2025



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, and MFLT

**Figure 4.** Increase in current expenditures, 2021–2023



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, and MFLT

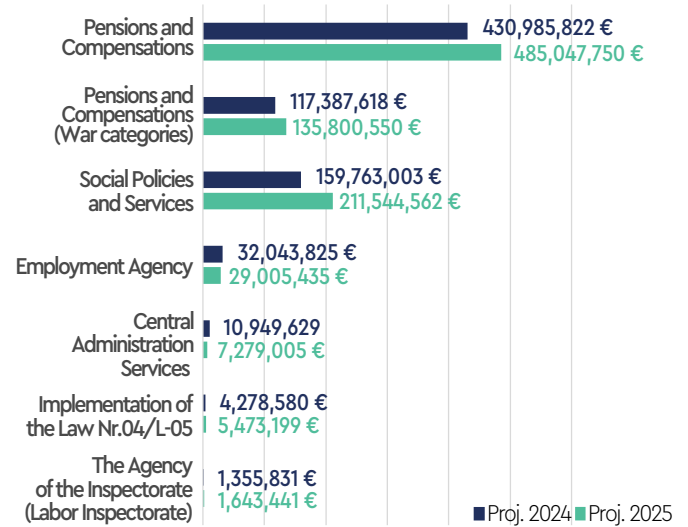
**Over EUR 124 million more for pensions and social policies, of which, EUR 25.8 million are allocated for salary subsidies through various schemes (such as "Superpuna").** Pensions and compensations are projected to increase by EUR 54 million (from EUR 431 to 485 million) or 13%; social policies and services are expected to increase by EUR 51.8 million (from 159.7 to 211.5) or 32%; while pensions for war-related categories are expected to increase by EUR 18.4 million (from EUR 117.4 to 135.8 million) or 16%. A decrease is projected for Central Administration Services, with approximately EUR 3.7 million less, or 34%, and for the Employment Agency by EUR 3 million (9%). Within this, subsidies for employment schemes, such as "Superpuna," are projected at around EUR 25.8 million. Meanwhile, there will also be an increase for the Inspection Agency (Labor Inspectorate) by approximately EUR 288 thousand.

According to the European Commission Report on Kosovo, challenges in the labor market remain, particularly in terms of workplace safety, social dialogue, and reforming social assistance schemes. The report recommends a continued focus on improving working conditions, expanding social services, and strengthening the capacities of local governance to address the needs of vulnerable groups, aiming for a more inclusive and sustainable social development.<sup>2</sup>

Increased financing of capital investments from the regular budget. During 2025, over 92% or EUR 852 million of capital expenditures will be covered through regular budget financing, while 8% or EUR 78 million, will come from the investment clause. Compared to 2024, an increase in financing from the regular budget of EUR 68.1 million or 9% is projected, along with an increase of 4% or EUR 3 million, from the investment clause. Similar to previous year, in 2025, the liquidation funds of the Kosovo Privatization Agency (KPA) are not expected to be used as a financing source.

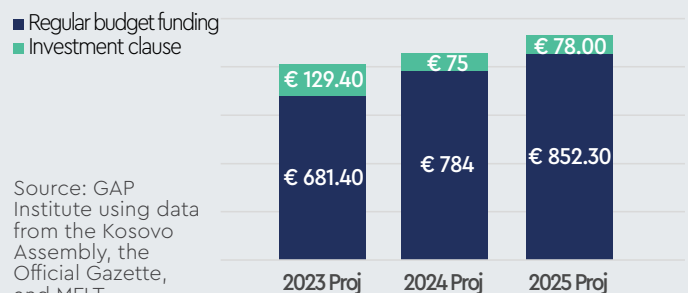
**Around EUR 94.2 million in new capital investments or 10% of total capital investments.** For 2025, approximately EUR 927.8 million have been budgeted for capital investments, of which EUR 833.6 million, or 90% are planned for the continuation of ongoing projects and around EUR 94.2 million or 10% are planned for new capital investments. Approximately 75% (EUR 699.4 million) of total capital investments are budgeted for the central level, while 25% (EUR 230.9 million) for local level. Compared to 2024, capital investments in 2025 have increased by EUR 71.1 million, or 8%.

**Figure 5.** Budget of the Ministry of Finance, Labor, and Transfers (MFLT)



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, and MFLT

**Figure 6.** Funding of capital expenditures (EUR, million)



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, and MFLT

<sup>2</sup> European Commission. Commission staff working document. Kosovo 2024 Report. 2024

Of the EUR 833.6 million for ongoing projects, 78% (or EUR 649.8 million) are allocated to the central level and 22% (or EUR 183.8 million) to municipalities;

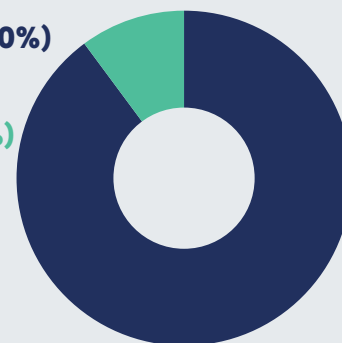
On the other hand, around EUR 94.2 million of new projects, 53% (or about EUR 49.6 million) are allocated for central level and the remaining 47% (or EUR 44.6 million) for local level.

**The Ministry of Environment, Spatial Planning, and Infrastructure (MESPI) will manage the largest portion of the budget for capital investments.** In 2025, around EUR 270 million or 29% of Kosovo's annual budget for capital investments, will be managed by the **Ministry of Environment, Spatial Planning, and Infrastructure (MESPI)**. The construction of national roads, railways, expropriations, and investments in water resources are some of the categories that receive the largest share of the capital budget. Meanwhile, EUR 6.5 million have been allocated for programs such as the "Affordable Housing" program.

**Figure 7.** New capital investments compared to ongoing investments

€ 833,598,200 (90%)  
Ongoing from 2024

€ 94,190,615 (10%)  
New for 2025



Source: GAP Institute using data from the Assembly of Kosovo

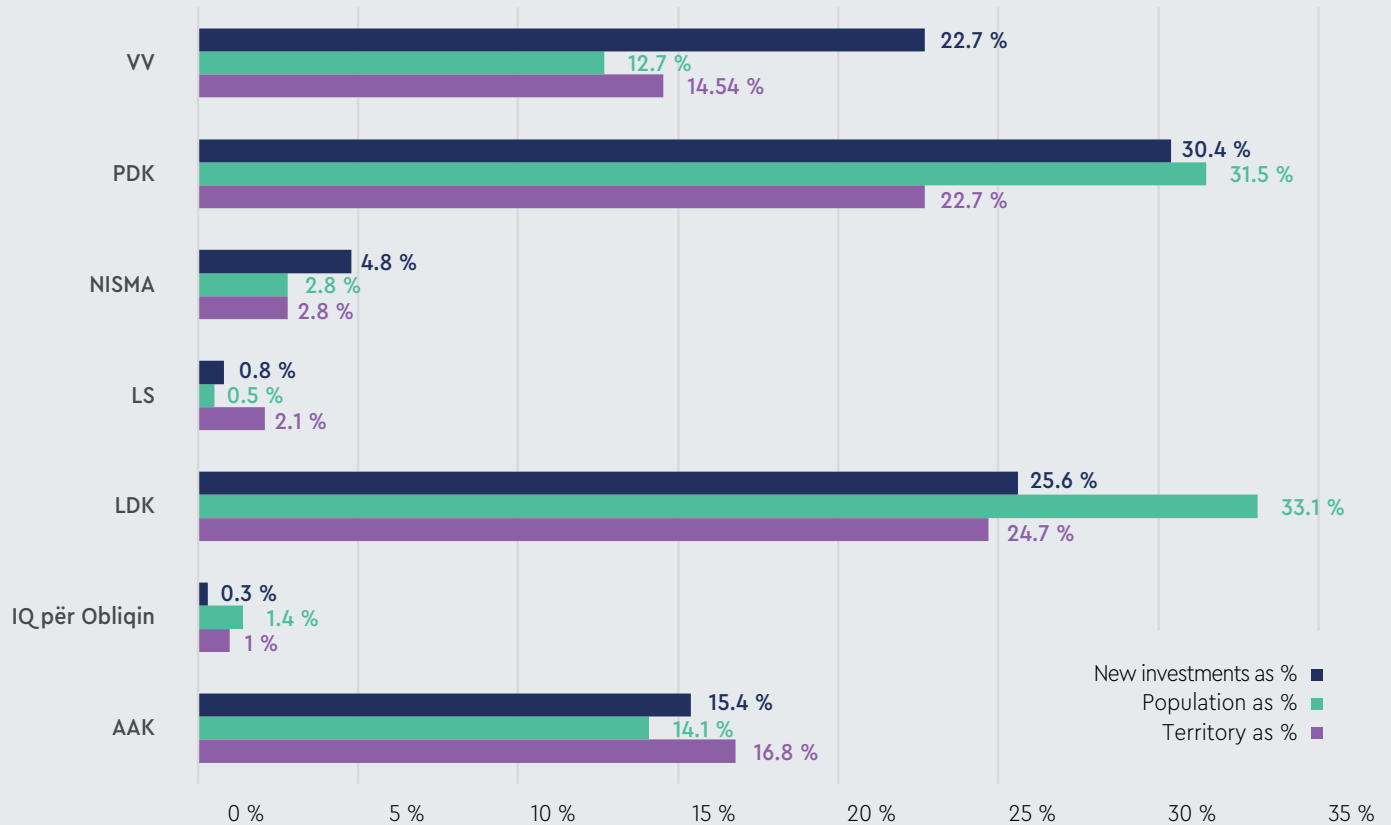
**A more equal distribution of new central government capital investments across municipalities, as well as a higher number of benefiting municipalities, is evident.** Alongside the municipalities' annual budgets for capital investments, new central government capital investments in municipalities are one of the indicators that show the (in)equality in budgeting towards the municipalities. This year, the allocation of these investments does not reflect favoritism towards municipalities governed by Vetëvendosje (VV), which also leads the central government. Based on the data from the figure and table below, the distribution of investments, unlike last year, is balanced among the municipalities, regardless of which political party leads the municipality.

The total value of new central government capital investments for specific projects in municipalities is EUR **22 million**, with municipalities led by PDK receiving the largest share of this budget, followed by LDK, VV, and AAK.

- Municipalities led by PDK (Kaçanik, Drenas, Ferizaj, Prizren, Vushtrri, South Mitrovica, and Skenderaj) will receive a total of EUR 6.7 million, or 30.4% of the new central government capital investments. These municipalities make up 22.7% of the territory of Kosovo and 31.5% of its population.
- Municipalities led by LDK (Prishtina, Peja, Lipjan, Fushe Kosova, Dragash, Istog, and Viti) will receive a total of EUR 5.6 million, or 25.6% of the new central government capital investments. These municipalities make up 24.7% of the territory of Kosovo and 33.1% of its population.
- Municipalities led by VV (Podujeva, Shtime, Kamenica, Gjilan, and North Mitrovica) will receive a total of EUR 5 million, or 22.7% of the new central government capital investments. These municipalities make up 14.5% of the territory of Kosovo and 12.7% of its population.
- Municipalities led by AAK (Gjakova, Decan, Rahovec, Suhareka, and Klina) will receive a total of EUR 3.4 million, or 15.4% of the new central government capital investments. These municipalities make up 16.8% of the territory of Kosovo and 14.1% of its population.

The municipality with the highest value of new capital investments is Podujeva with EUR 2.1 million, followed by Kacanik with EUR 1.8 million and Drenas with EUR 1.65 million. Together, these three municipalities account for 25.3% of the new central government capital investments. However, when analyzing investments per capita, smaller municipalities such as Kacanik (PDK), North Mitrovica (VV), and Shtime (VV) rank higher, suggesting that the size of the municipality is not the only determining factor in the distribution of new capital investments from the central level. When analyzed per capita, Kacanik has the highest value with EUR 65.17, followed by North Mitrovica with EUR 63.94, and Shtime with EUR 52.22.

**Figure 8.** Upcoming central level capital investments in municipalities (total of EUR 22 million) for 2025



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, KAS (Census 2024)



**Table 1.** Upcoming central level capital investments in municipalities in 2025

Municipality	New investments (€)	New investments (%)	Population (%)	Territory (%)	Political subject	Investments for capita	Capital investments at the local level excluding central level investments 2025
<b>Podujevë</b>	2,119,500 €	9.6 %	4.5 %	5.8 %	VV	29.84 €	€9,256,442
<b>Kaçanik</b>	1,808,000 €	8.2 %	1.7 %	1.9 %	PDK	65.17 €	€3,473,583
<b>Drenas</b>	1,650,000 €	7.5 %	3 %	2.5 %	PDK	34.34 €	€6,956,940
<b>Pejë</b>	1,480,000 €	6.7 %	5.2 %	5.5 %	LDK	17.90 €	€13,481,658
<b>Shtime</b>	1,270,000 €	5.8 %	1.5 %	1.2 %	VV	52.22 €	€2,546,294
<b>Prishtinë</b>	1,195,000 €	5.4 %	14.3 %	4.7 %	LDK	5.26 €	€46,350,325
<b>Ferizaj</b>	1,100,000 €	5.0 %	6.9 %	3.2 %	PDK	10.06 €	€12,328,834
<b>Malishevë</b>	1,050,000 €	4.8 %	2.8 %	2.8 %	NISMA	23.93 €	€ 6,063,143
<b>Gjakovë</b>	1,013,000 €	4.6 %	5 %	5.4 %	AAK	12.85 €	€14,742,931
<b>Lipjan</b>	1,010,000 €	4.6 %	3.5 %	3.1 %	LDK	18.37 €	€6,786,819
<b>Prizren</b>	849,000 €	3.9 %	9.3 %	5.5 %	PDK	5.76 €	€23,002,236
<b>Deçan</b>	820,000 €	3.7 %	1.7 %	2.7 %	AAK	29.54 €	€ 3,545,661
<b>Rahovec</b>	800,000 €	3.6 %	2.6 %	2.6 %	AAK	19.15 €	€ 6,075,341
<b>Kamenicë</b>	780,000 €	3.5 %	1.4 %	3.9 %	VV	34.06 €	€2,508,091
<b>Fushë Kosovë</b>	700,000 €	3.2 %	4 %	0.8 %	LDK	10.92 €	€4,352,982
<b>Gjilan</b>	680,000 €	3.1 %	5.2 %	3.6 %	VV	8.20 €	€8,365,443
<b>Vushtrri</b>	560,000 €	2.5 %	3.9 %	3.2 %	PDK	9.11 €	€5,032,147
<b>Dragash</b>	550,000 €	2.5 %	1.8 %	3.9 %	LDK	19.03 €	€4,404,329
<b>Mitrovicë</b>	530,000 €	2.4 %	4.1 %	3 %	PDK	8.19 €	€7,490,347
<b>Istog</b>	500,000 €	2.3 %	2.1 %	4.2 %	LDK	15.12 €	€4,352,982
<b>Suharekë</b>	500,000 €	2.3 %	2.9 %	3.3 %	AAK	10.94 €	€6,305,140
<b>Klinë</b>	250,000 €	1.1 %	1.9 %	2.8 %	AAK	8.18 €	€4,406,621
<b>Skënderaj</b>	200,000 €	0.9 %	2.6 %	3.4 %	PDK	4.92 €	€4,579,591
<b>Viti</b>	200,000 €	0.9 %	2.2 %	2.5 %	LDK	5.63 €	€3,865,579
<b>Mitrovicë e Veriut</b>	150,000 €	0.7 %	0.1 %	0.04 %	VV	63.94 €	€2,311,628
<b>Novobërdë</b>	150,000 €	0.7 %	0.3 %	1.9 %	LS	33.37 €	€460,067
<b>Obiliq</b>	74,475 €	0.3 %	1.4 %	1 %	IQ për Obliqin	3.27 €	€5,448,869
<b>Kllokot</b>	24,386 €	0.1 %	0.2 %	0.2 %	LS	8.00 €	€ 91,365
<b>Gjithsej</b>	22,013,361 €			10,896 km <sup>2</sup>			218,585,388 €

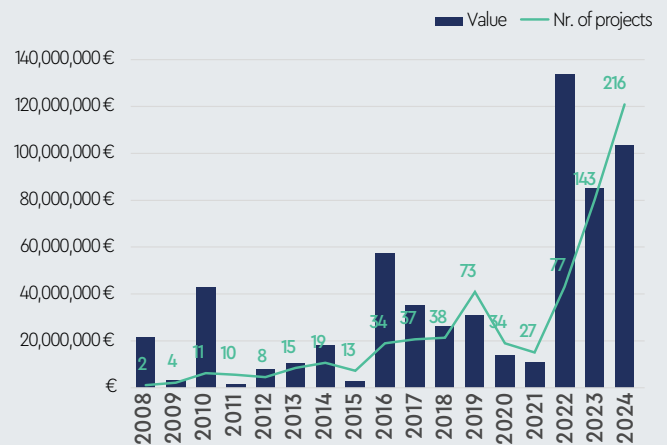
Source: GAP Institute using data from the Kosovo Assembly, Official Gazette, KAS (2024) Census

**A large number of capital investments are carried over from previous years. The efficiency in completing investments remains low.** Analyzing the data presented in the Draft Budget 2025, it is evident that the number of projects carried over year after year continues to be high. Currently, 264 capital projects, or 25.5% of the central level projects, are those that began between 2008 and 2019 but are still not completed. These projects account for EUR 258 million in the 2025 budget. The prolonged duration of capital investments hinders the completion and addressing of current infrastructure needs, the advancement of technology, and more.

**Low dynamics in the realization of capital investments.** Despite the significant importance of capital investments in Kosovo's annual budget and their potential to drive economic changes, their planning and implementation remain challenging. Although 2023 marked a slight improvement of 3 percentage points compared to the previous year, the execution of only 69% of the planned investments from both levels of government indicates that there is still significant room for improvement in managing and utilizing these critical resources of the country's development. Similarly in 2024, by October, only 45% of the capital investment budget planned in the Draft Budget 2024 had been realized. According to the European Commission's annual report, the ongoing challenges in capital investment implementation remain in the areas of planning and execution.<sup>3</sup>

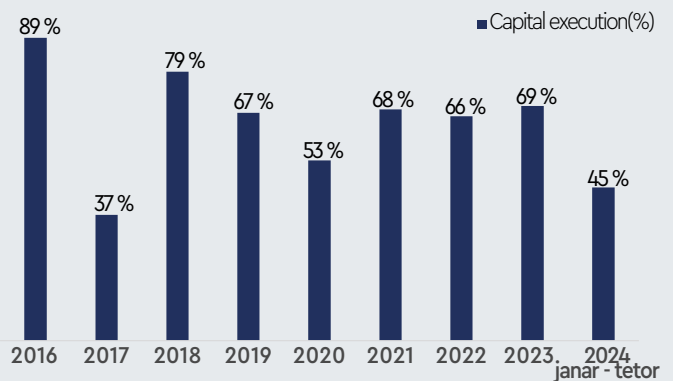
**Unspent capital budget funds in Kosovo from 2016 to 2023 show an increasing trend, primarily staying above EUR 200 million per year.** From 2017, the budget surplus of capital investments in Kosovo has never been below EUR 160 million. Year 2020 was the period with the highest surplus, with over EUR 287 million in unspent funds. This significant increase can be linked to the challenges posted by the COVID-19 pandemic, which affected the implementation of planned capital projects. The period following 2020 is characterized by fluctuations, with a slight decline in 2021, followed by an increase in 2022 and another small decrease in 2023, thus reflecting notably high values of unutilized funds for capital investments.

**Figure 9.** Capital investments from the central level according to the project's start year and the value of the budget of 2025



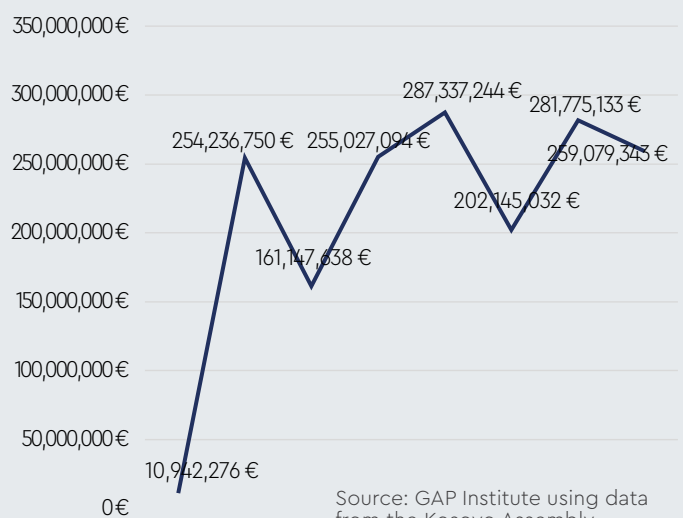
Source: GAP Institute using data from the Kosovo Assembly

**Figure 10.** The trend of capital investment execution in Kosovo (for both local and central levels), 2016–2023<sup>1</sup>



Source: GAP Institute using data from the Kosovo Assembly, the Official Gazette, and MFLT

**Figure 11.** The unspent budget funds for capital investments, 2016–2023<sup>5</sup>



Source: GAP Institute using data from the Kosovo Assembly

<sup>3</sup> European Commission. [Commission staff working document, Kosovo 2024 Report](#), 2024

<sup>4</sup> Based on the respective year's Draft Budget.

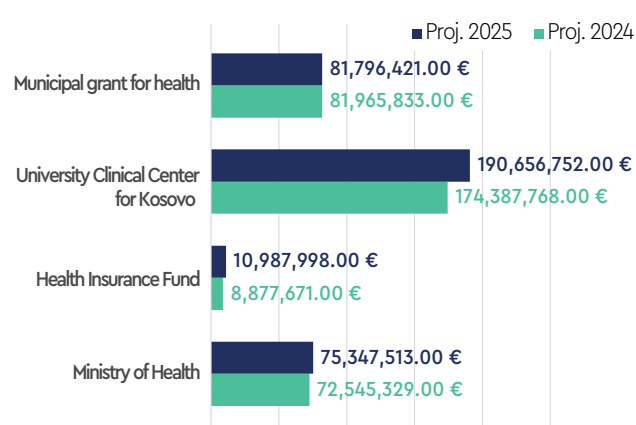
**Around EUR 20 million have been allocated in the 2025 Draft Budget for two agencies supporting private sector businesses and exports.** One of them, the Investment and Export Agency, with a budget of EUR 1.25 million in 2025, will operate under the Prime Minister's Office and is a new agency, established this year.<sup>5</sup> Meanwhile, the Kosovo Investment and Enterprise Support Agency (KIESA) has been allocated a budget of around EUR 18.3 million, an increase of EUR 4 million compared to the 2024 budget. Notably, in comparison to previous years, the budget for subsidies has been significantly increased (+EUR 3 million). KIESA is also expected to be replaced by a new agency following the approval of subsidiary legislation, the Agency for Innovation and Enterprise Support in Kosovo (AIESK), which was also established this year through the Sustainable Investment Law.<sup>7</sup>

**Around EUR 11.7 million less have been allocated for the budget of the Ministry of Economy, despite the significant need for investments in energy infrastructure and energy efficiency programs.** In 2025, the Ministry of Economy's budget has decreased to EUR 34.3 million, down from EUR 46 million in 2024. There will be a reduction of about EUR 7 million for subsidies and transfers, and nearly a halving of capital investments for this ministry. This is despite the fact that significant investments are needed for the implementation of the Energy Strategy 2022-2031 to build energy capacity, with delays already occurring in meeting the targets of this strategy.<sup>8</sup> Kosovo has a great need for investments in energy efficiency programs, especially in the residential and private sectors.

**Around EUR 55 million more have been allocated to the Ministry of Defense in 2025, with EUR 113 million budgeted for capital investments, such as defense articles and systems.** The Ministry of Defense had a budget of EUR 153.1 million in 2024, and for 2025, its budget is planned to increase to EUR 207.9 million, or about EUR 55 million more than in 2024, with the entire increase allocated to capital investments. The largest investments planned by this ministry for 2025 include: the purchase of defense articles and systems (EUR 77 million), construction and renovations (EUR 19.3 million), purchase of vehicles and trucks (EUR 11.4 million), and more. Meanwhile, the number of employees in this ministry, including soldiers from the Kosovo Security Force (KSF), remains the same as in 2023.

**EUR 358.8 million, marking an increase of EUR 21 million or 6% compared to 2024.** This increase will be distributed among the key healthcare institutions, with the University Clinical Center for Kosovo (UCCK) receiving the largest increase in value, amounting to EUR 16.3 million (9%). The Ministry of Health will see an increase of EUR 2.8 million (4%), while the Health Insurance Fund (FSSh) will experience the highest percentage increase, with a 24% rise, or an additional EUR 2.1 million. Nevertheless, the municipal grant for healthcare will see a decrease of EUR 169 thousand. However, even currently, citizens' out-of-pocket expenses for healthcare, accounting

**Figure 12.** Healthcare budget, 2024–2025



Source: GAP Institute using data from the Kosovo Assembly, Official Gazette, MFLT

<sup>5</sup> Kosovo Assembly, [Law nr.08/I-209 on Sustainable Investments](#). Accessed on November 11, 2024

<sup>6</sup> The calculation of the difference between the annual budget and the realization of capital investments has been made based on the capital investment budget allocated according to the initial budget laws and the monthly fiscal reports of the Ministry of Finance, Labor, and Transfers (MFLT).

<sup>7</sup> Ibid.

<sup>8</sup> GAP Institute. [The progress in achieving several key objectives of the Energy Strategy, 2022–2031](#).

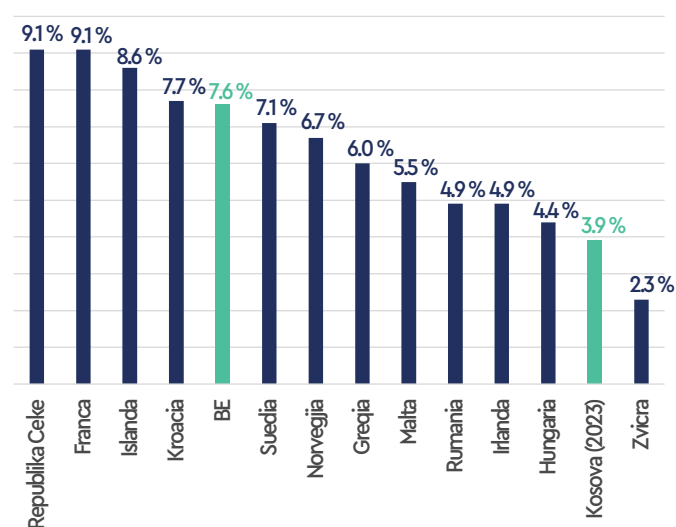
for about 30–40% of total spending in this sector throughout the year, remain high and at the same level as in previous years.<sup>9</sup>

Analysis of planned expenditures in the Draft Budget of 2025 for healthcare sector in Kosovo shows a different situation compared to other European countries. With an investment of 3.9% of the Gross Domestic Product (GDP) in healthcare, Kosovo remains behind most developed countries and has the second-lowest healthcare spending in the region.<sup>10</sup> This figure is significantly lower than the European Union average of 7.6%, highlighting a substantial gap in healthcare financing.<sup>11</sup> Countries like France and the Czech Republic, with spending of 9.1%, Iceland with 8.6%, Croatia with 7.7%, and Greece with 6%, demonstrate a higher financial commitment to healthcare. In addition, even Romania, by 4.9%, invests more than Kosovo in this sector. On the other side, Switzerland invests less with only 2.3% of GDP dedicated for healthcare.

**Over EUR 11 million added for key institutions in the education sector.** In Draft Budget for 2025, an increase by EUR 11.1 million or 3% compared to 2024 is expected for education. This increase will mainly benefit municipalities through the education grant with an additional EUR 9.8 million, followed by the University of Pristina with EUR 2.4 million. The only decrease in the budget in this sector is expected to be for the Ministry of Education, Science, and Technology (MEST) by approximately EUR 1.2 million.

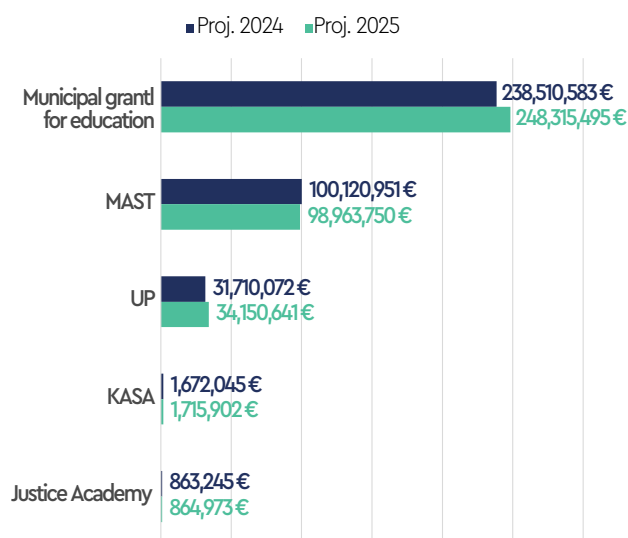
Despite the increase in the education budget, compared to EU countries, Kosovo still spends significantly less. On average, European countries spent 4.7% of their GDP in education in 2022<sup>12</sup>, while based on Draft Budget 2025, Kosovo's spending in education will account for 4.1% of GDP, a decrease of 0.4 percentage points compared to the Draft Budget of 2024.

**Figure 13.** Healthcare expenditures (% of GDP 2022)



Source: GAP Institute using data from Eurostat, KAS, MFLT

**Figure 14.** Education budget, 2024–2025



Source: GAP Institute using data from the Kosovo Assembly, Official Gazette, MFLT

<sup>9</sup> European Commission. [Commission staff working document. Kosovo 2024 Report](#). 2024

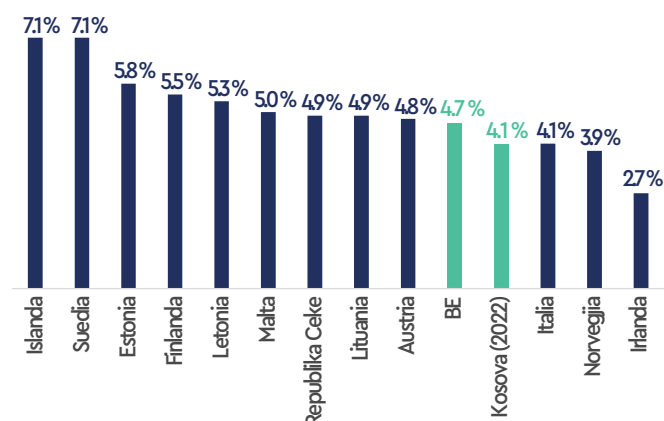
<sup>10</sup> European Commission. [Commission staff working document. Kosovo 2024 Report](#). 2024

<sup>11</sup> Eurostat – [General government expenditure by function \(COFOG\)](#). Accessed on November 7, 2024

<sup>12</sup> Eurostat – [General government expenditure by function \(COFOG\)](#). Accessed on November 7, 2024

Based on European Commission report for 2024<sup>13</sup>, Kosovo is working to improve its education system by focusing on implementing new reforms, improving the quality of teaching, and strengthening vocational education. While some positive steps have been taken, such as the adoption of new laws and the piloting of new curricula, challenges remain in enhancing the overall quality of education and aligning professional skills with labor market demands. The European Commission emphasizes the need for further action, including the full implementation of educational strategies, improving quality assurance mechanisms, and strengthening the governance of vocational education to better prepare young people for the job market.

**Figure 15.** Education expenditures (% of GDP, 2022)



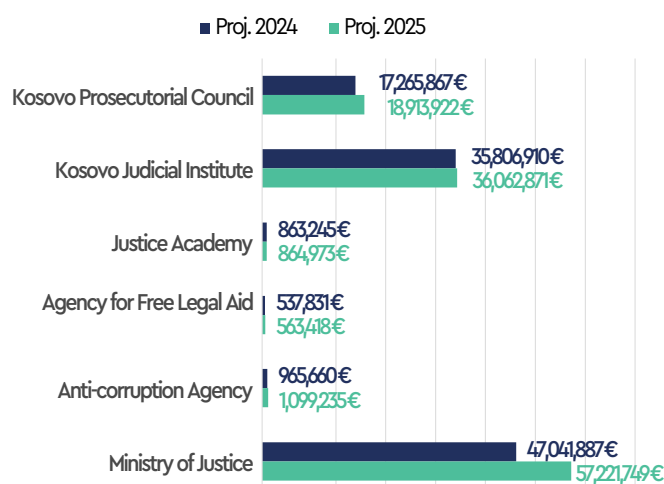
Source: GAP Institute using data from Eurostat, KAS and MFLT

**Approximately EUR 12.2 million more for the justice sector.** According to the 2025 Budget Proposal, the budget for six central institutions — the State Prosecutor's Office/Kosovo Prosecutorial Council (SPO/KPC), the Kosovo Judicial Council (KJC), the Kosovo Judicial Institute/Academy of Justice (KJI/AJ), the Ministry of Justice (MJ), the Agency for Free Legal Aid (AFLA), and the Anti-Corruption Agency (ACA) — is expected to exceed EUR 114 million. Compared to 2024, the largest budget increase will be for the Ministry of Justice, with nearly EUR 10.2 million, or 22%, followed by the Kosovo Prosecutorial Council with EUR 1.6 million, or 10%. Similarly, the budget for the KJC will be about EUR 256,000 higher, an increase of 1% compared to 2024. The budget for the ACA will be EUR 134 thousand higher (14%), for the ALFA about EUR 26 thousand higher (5%), and for the KJI/AJ approximately EUR 2 thousand higher.

According to the European Commission<sup>14</sup>, Kosovo is in the early stages of preparing for a functional judicial system and the fight against corruption. Despite limited progress, the country has made improvements in addressing legal issues and has enacted new laws to strengthen the justice institutions. However, challenges remain in the implementation of reforms, particularly in the fight against high-level corruption. The European Commission's recommendations emphasize the need for further improvements in accountability, integrity, and efficiency of the justice system, as well as strengthening the capacities for investigating and prosecuting corruption cases.

**An increase of the budget for only EUR 700 thousand for the Ministry of Agriculture, Forestry, and Rural Development** from EUR 89.8 million in 2024 to 90.5 in 2025. Also, **less budget with EUR 1.7 million for the Ministry of Culture, Youghth, and Sports**, from EUR 88.1 million (2024) in 86.4 million in 2025.

**Figure 16.** Budget for some rule of law institutions



Burimi: Kuvendi i Kosovës, Gazeta Zyrtare, Ministria e Financave

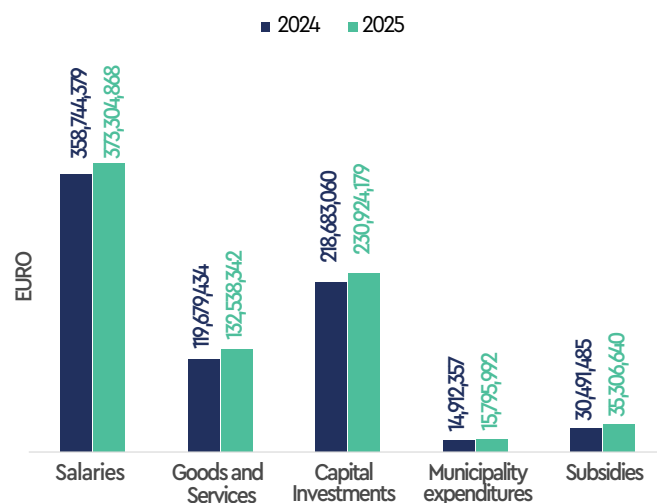
<sup>13</sup> European Commission. [Commission staff working document. Kosovo 2024 Report](#). 2024

<sup>14</sup> European Commission. [Commission staff working document. Kosovo 2024 Report](#). 2024

Budget planning for municipalities in 2025. Out of EUR 3.6 billion of planned budget for Kosovo in 2025, municipalities will manage EUR 788.3 million, or 22%. Compared to 2024, the percentage of the budget for municipalities in 2025 will increase by 6.1%, or an absolute value of EUR 46 million, which is mainly expected to cover the cost of salary increases.

In the salary category, municipalities are expected to spend EUR 373 million, an increase by 4.06% compared to 2024. In goods and services category, municipalities are expected to spend EUR 132 million, an increase of about 11% compared to 2024. In the category of capital investments for 2025, municipalities have planned expenditures worth EUR 231 million, an increase by 5.6% compared to 2024. Meanwhile, in subsidies, the budget increase is around 16%, from EUR 30.5 million in 2024 to EUR 35.3 million in 2025.

**Figure 17.** Total municipal budget based on categories, 2024 dhe 2025



Source: GAP Institute using data of the Kosovo Assembly, Official Gazette, MFLT

### **Prishtina, Gjilan, and Zubin Potok are at risk of not having an increase in their budgets in 2025.**

Nine municipalities, including Shtime, Dragash, Fushe Kosovo, Klllokoti, Obiliq, Vushtrri, Junik, Mamuša, and Zvečan, will experience a reduction in their capital investment budgets in 2025. On the other hand, municipalities with the highest percentage increase in their capital investment budgets are Partesh, Novoberda, Ranillug, Shtërpca, and Lipjan (see Annex 1). Meanwhile, three municipalities (Prishtina, Gjilan, and Zubin Potok) will maintain the same capital investment budgets as the previous year. These municipalities failed to approve the budget for 2025, which would have guaranteed a higher budget than the previous year. According to legal provisions, if the Kosovo Assembly decides not to review the budget documents approved later by these municipalities, they will be allocated the same budget as in 2024.

In this case, this means that Prishtina, which had planned a budget of EUR 128 million for 2025 according to the limits set in the budget circulars, will be left with a budget of EUR 122 million. Gjilan, which had planned a budget of EUR 39 million for 2025, will only receive EUR 37 million. Meanwhile, Zubin Potok will have nearly EUR 300 thousand less in its budget for 2025 as a result of the failure to approve the budget on time.

### **The Draft Budget 2025 does not address the enforcement concerns of municipalities.**

A large number of municipalities in Kosovo are facing million-euro expenditures resulting from judicial decisions regarding the obligations of municipalities toward employees in the public sector. These obligations mainly stem from collective contracts in the education sector, as well as covering expenses for meals, transport, and licenses. The issues created by this situation at the local level have led to cases such as the Municipality of Viti, which has failed to cover the salaries of teachers, and the Municipality of Suhareka, where due to enforcement decisions, the municipality has had its bank accounts blocked. Meanwhile, the Municipality of Drenas alone paid over EUR 3 million in obligations from the collective contract in 2024, while EUR 7 million is the total amount that this municipality has paid for this reason over the past three

years.<sup>15</sup> A similar situation exists in most other municipalities across the country. The continuous requests from municipalities directed to the central level to find budgetary solutions for this problem have not been addressed in the budget planning for 2025. As a result, all municipalities in Kosovo will only have EUR 427 thousand available in the reserve fund to respond to unforeseen challenges during 2025.

**The implementation of the amended property tax law is postponed to 2026.** According to the amended and supplemented Property Tax Law, the implementation of progressive property tax rates based on the total value of the taxpayer's properties was supposed to begin in 2025.<sup>16</sup> The law in question, approved in 2023, provided for a transitional measure only for 2024 and does not foresee in any of its provisions that deadlines or tax rates set therein can be changed through the budget law. Therefore, Article 35 of the 2025 Draft budget, which postpones the implementation of the property tax law until 2026, is not in harmony with the property tax law itself. In this case as well, amending and supplementing the property tax law in a separate process from the budget law would be the most appropriate legal approach.

**The lack of a gender perspective in the Draft Budget remains an ongoing issue.** As in previous years, the Draft Budget 2025 does not include an analysis on assessing the impact of budgetary policies on gender equality, information on the government's priorities for improving gender equality, or budgetary measures aimed at promoting gender equality.

<sup>15</sup> Koha.Net. November 4, 2024. [Over 7 million euros are taken from the collective contract from Drenas municipality.](#)

<sup>16</sup> Kosovo Assembly. [Law nr. 08/I-224 on amendments and supplements to Law nr. 06/I-005 on property.](#) Accessed on November 11, 2024.

## Appendix 1

**Table 2.** Capital investments budget by municipality, comparison between budget for 2024 and 2025.

Municipality	2024 (euro)	2025 (euro)	%
Deçan	3,124,814	3,545,661	+13%
Dragash	4,498,566	4,404,329	-2%
Drenas	6,379,282	6,956,940	+9%
Ferizaj	11,337,196	12,328,834	+8.7%
Fushë Kosovë	4,640,974	4,352,982	-6%
Gjakovë	12,642,608	14,742,931	+16.6%
Gjilan	8,365,443	8,365,443	0%
Istog	4,102,760	4,352,982	+6%
Kaçanik	3,137,761	3,473,583	+10.7%
Kamenicë	2,367,119	2,508,091	+6%
Klinë	4,151,860	4,406,621	+6.1%
Klllokot	97,992	91,365	-7%
Lipjan	5,519,543	6,786,819	+23%
Malishevë	5,831,403	6,063,143	+4%
Mitrovicë e Jugut	6,629,369	7,490,347	+13%
Mitrovicë e Veriut	2,179,356	2,311,628	+6%
Novobërdë	267,376	460,067	+72%
Obiliq	5,727,826	5,448,869	-5%
Pejë	12,261,271	13,481,658	+9.9%
Podujevë	8,981,680	9,564,415	+6%
Prishtinë	46,350,325	46,350,325	0%
Prizren	22,054,855	23,002,236	+4.2%
Rahovec	5,651,132	6,075,341	+7.5%
Shtime	2,893,120	2,546,294	-12%
Skënderaj	4,284,710	4,579,590	+6.8%
Suhareka	6,022,230	6,305,141	+4.6%
Viti	3,562,339	3,865,579	+8.5%
Vushtrri	6,926,738	5,032,147	-27%
Shtërpçë	553,625	715,961	+29%
Graçanicë	2,312,613	2,708,683	+17%
Hani i Elezit	543,006	605,415	+11%
Junik	406,784	391,491	-4%
Leposaviq	2,530,755	2,994,950	+18%
Mamushë	578,821	504,661	-13%
Ranillug	244,743	329,771	+35%
Zubin Potok	811,521	811,521	0%
Zveçan	932,373	823,508	-11%
Partesh	6,658	49,642	+645%
<b>Total</b>	<b>218,683,063</b>	<b>230,924,179</b>	<b>+5.6%</b>

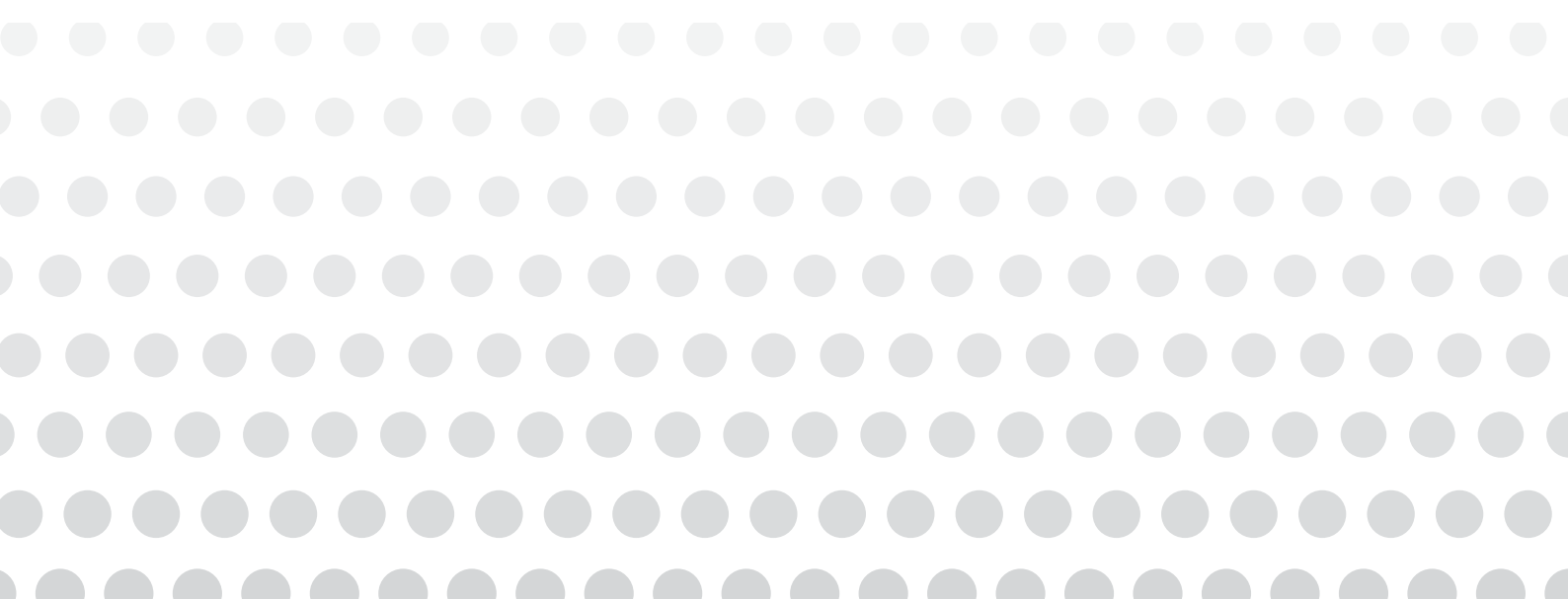
Source: Capital category by municipality presented in the Draft Budget Law for 2025 and the Budet Law for the previous year (2024).







GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.



GAP Institute is supported by:



**Rockefeller  
Brothers Fund**

Philanthropy for an Interdependent World

