Dear Mr. Mani,

Based on the request for budgetary impact assessment for the Draft Law on ratification of the Loan Agreement between the Republic of Kosovo and the European Bank for Reconstruction and Development - EBRD for the project of wastewater development in Mitrovica, submitted by the proposer: Ministry of Finance, Labour and Transfers (MFPT), the obligation under Article 9 of Law no. 03 / L-221 on Amending and Supplementing the Law No.03 / L-048 on Public Financial Management and Accountability as well as according to Article 18 of Law no. 08 / L-066 on Budget Appropriations for the Budget of the Republic of Kosovo for 2022, the Budget Department presents the following:

**GENERAL ASPECTS OF THE DRAFT LAW**

This draft law aims to ratify the Loan Agreement for the project of Wastewater Development in Mitrovica between the Republic of Kosovo and the European Bank for Reconstruction and Development - EBRD.
THE INDEPENDENT OPINION OF BUDGET DEPARTMENT ON BUDGETARY IMPACT ASSESSMENT (BIA)

The Ministry of Finance, Labor and Transfers as a proposing body, has prepared the budgetary impact assessment of the Draft Law on Ratification of the Loan Agreement between the Republic of Kosovo and the European Bank for Reconstruction and Development - EBRD for the project of wastewater development in Mitrovica, and has presented it through the budgetary impact assessment form, according to which it is estimated that this draft law has a total cost of 13,500,000 € for the years 2022-2026.

In the budget allocations planned by Law no. 08 / L-066 on Budget Appropriations for the Budget of the Republic of Kosovo for the year 2022 and estimates for the years 2023 and 2024 for the project in question is foreseen the amount of 8,000,000 € which is very distributed in years and categories of expenditures as follows.

The total cost spread over the years and categories of expenditure is as follows:

<table>
<thead>
<tr>
<th>Category of Expenses</th>
<th>Year 2022</th>
<th>Year 2023</th>
<th>Year 2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenses</td>
<td>500,000</td>
<td>2,500,000</td>
<td>5,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>500,000</td>
<td>2,500,000</td>
<td>5,000,000</td>
<td>8,000,000</td>
</tr>
</tbody>
</table>

The amount of € 5,500,000 will be planned with budget projections for the years 2025 - 2026.

Conclusion:
Ministry of Finance, Labour and Transfers - Budget Department estimates that the Draft Law on Ratification of the Loan Agreement between the Republic of Kosovo and the European Bank for Reconstruction and Development - EBRD for the project of Mitrovica wastewater development Mitrovica, in terms of impact budget there will be no additional budgetary costs for the Budget of the Republic of Kosovo for the period 2022-2024. This project is budgeted by Law no. 08 / L-066 on Budget Appropriations for the Budget of the Republic of Kosovo for 2022 and estimates 2023-2024 in the amount of € 8,000,000 to the Ministry of Environment and Spatial Planning and Infrastructure respectively in table 3.2.B and will be financed through the clause mechanism of investment. Since the value of the loan for the project in question is in the amount of € 13,500,000, the part of € 5,500,000 will be planned with budget projections for the years 2025 - 2026.

Prepared by:
Fëllanza Mekuli, Senior Budget Analyst

Confirmed by:
Milaim Aliu, Head of Central Budget Division