



*Statement by Ruud Vermeulen, IMF Resident Representative, April 25, 2017.*

*The Kosovo authorities held discussions with IMF staff and senior management in Washington D.C. during the 2017 Spring Meetings. The discussions focused on program performance and measures needed to bring the program to a successful conclusion.*

Performance under the Fund-supported program remains strong. The authorities have met all fiscal targets for end-March, and they are confident that the 2017 budget deficit will stay within the agreed limits. The banking system is sound, with solid capital and liquidity buffers, record low non-performing loans, and healthy profits. Structural reforms in the areas of contract enforcement and public procurement are advancing, which will help unlock bank credit and improve the business environment.

It is critical that this progress continues, and that the authorities implement all remaining measures to ensure a successful completion of the program. This will require in particular:

- A reclassification of war veterans by end-May, following the promulgation by the President of the amended Law on War Veterans. To preserve the integrity of the envisaged process, the reclassification will need to be based on reliable estimates of veterans' length of service during the war.
- Amending the law on war invalids by mid-May, so that the criteria to qualify for war disability are brought in line with those for civilian disability. Aligning the criteria will ensure fairness and equity in treatment.

These measures will ensure that spending on war-related benefit schemes remains sustainable, thereby freeing up space for higher spending on priority areas such as education, health, and infrastructure.

It was agreed in Washington that timely actions are of the essence as only a few months remain until the program expires. A successful completion to the program would cement the hard-fought gains achieved over the last two years.