

Public Finances Bulletin –July 2017

By the Institute for Public Policies and Good Governance

The Ministry of Finance of the Republic of Albania has published the Fiscal Statistics for July 2017. In the service of the analysis, cumulative data on public incomes, government expenditures and investments were used from February 1998 to July 2017.

Referring to the performance of public finances for this period, the Honorary President of IPPM, *Mr. Arben Malaj*, states:

"During July 2017, annual revenue growth has marked an improvement over the same period of 2016, but not in relation to the average of the 10-year period. While cumulative earnings indicators show improvement compared to both periods. Total expenditures realized during July have also shown improvement compared to the same period of the previous year, but not to the average of the last 10 years for this month. Even cumulative total spending indicators have improved only compared to the previous year, but not to the 10-year period. Public investments during the month of July have performed weaker related as to the same period of the previous year, as to the average of the last 10 years for this month, while cumulative indicators have marked improvement only related to the same period of the previous year, but not to the 10-year period.

Main comparisons:

Public revenues for July 2017 marked the value of 36,057 billion Lek. Compared with the same month of the previous year, there was an increase in nominal value of 1,171 billion Lek or an increase of 3.4%.

During July, revenues realized as part of the total planned revenues for the 2017 Budget were 8.26%, while the average revenue share for July of the last 10 years was 8.37%. Thus, earning income for July 2017 has resulted weaker than the average of the 10-year period, namely with a difference of 0.11 percentage points.

Total expenditures for July reached 35,851 billion Lek, marking a nominal increase of 2,046 billion Lek, or an increase of 6.1% compared to the same month for 2016.

For July, the average share of total spending on this year's budget was 7.67%, while the average weight of the last 10 years for this indicator was 8.17%. In this regard, it can be said that the total expenditures for July 2017 have performed worse than the average of the 10-year period, dropping by 0.5 percentage points.



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Public Investments in July amounted to 2,84 billion Lek. Compared with the same month of the previous year, monthly public investments recorded a nominal decrease of 1,238 million Lek or a 35.2% decrease.

Further analysis of indicators

Based on official data from monthly fiscal statistics published by the Ministry of Finances a more focused analysis on the main public finances indicators is prepared.

State budget revenues

The total income for July 2017 was 36,07 billion Lek or 1,171 billion more than the same period a year earlier. The increase of 3.4% of revenues realized in annual terms is caused by the increase of tax revenues, while aid revenues have marked a decrease compared to the same period of the previous year. Tax revenues amounted to 34.578 billion Lek, or 2,070 billion Lek more than in July 2016, recording an increase of 6.04%. Aid revenues amounted to 227 million Lek or 813 million Lek more than in the same period a year earlier, recording an increase of %.

The average share of aids income for July of this year was 1.64%, while the average share of the 10-year period for this indicator was 4.95%, marking a decrease of 3.31 percentage points.

The average share of tax revenues for July of this year was 8.68%, while their average share for the last 10 years was 8.78%, marking a decrease of 0.1 percentage points.

According to the IPPM Index, in July, revenues realized as a share of the 2017 Budget are 0.11 percentage points higher than the average revenue share for the month of July during the last 10 years.

Cumulative data show that during the first 7 months of 2017, 247,852 billion Lek, or 14,651 billion Lek more were collected compared with the same period of the previous year, recording an increase of 6.28%. As a share to total revenue for 2017, the cumulative income for the first 7 months of this year reaches 56.79%.

Referring to the IPPM Index, it turns out that the average revenue share realized during the first 7 years of this year is .89 percentage points higher than the average share for the period 2007-2016.



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Central Government Expenditures

For the month of July 2017, total expenditures amounted to 35,851 billion Lek, increasing by 2,046 billion Lek in nominal value, or a 6.1% increase compared to July 2016. This increase is caused only due to the increase of current expenditures, while public investments have marked a decrease compared to the same period of the previous year. Current expenditures amounted to 33,555 billion Lek, marking an increase of 3,272 billion Lek or an increase of 10.8% compared to the same month of the previous year.

The total expenditure incurred during July 2017 to the total of these expenditures for this year resulted 0.5 percentage points below the average share for the last 10 years. The share of current spending for July to the 2017 Budget was 8.60%. Referring to the 10-year IPPM Index, it turns out that the current spending share realized during July for the 2017 Budget is 0.09 percentage points below the 10-year average of current spending for this month.

During the first 7 months of 2017, total expenditures reached 242,243 billion Lek, or 27,374 billion Lek more compared to January-July 2016, recording an increase of 12.74%.

The share of public spending realized during the first 7 months of this year to the Budget for 2017 reached the value of 51.81% and 1.28 percentage points below the cumulative index value for the period January to July of the last 10 years.

Public Investments

Public investments in July 2017 reached nominal value of 2,284 billion Lek, or 1,238 million Lek more than in the previous year, marking a 35.2% decrease. Public investments with domestic financing amounted to 2,192 billion Lek, while foreign-funded public investments amounted to 92 million Lek.

The share of public investment for the month of July to the 2017 Budget results 3.07%, while referring to the IPPM Index, it results that the average public investment share realized during the months of July for the last 10 years is 6.59%. In this regard, it can be said that this indicator performed poorer compared to the 10-year period, marking a fall of 3.52 percentage points.

Referring to cumulative statistics for January-July 2017, public investments during this period amounted to 27,872 billion Lek, or 7,411 billion Lek more compared to public investments carried out during the same period of 2016, recording an increase of 36.22%.

Referring to the IPPM Index, the average public investment share as cumulative for January - July for the period 2007 - 2016 is 46.69%, while for 2017 it reaches 37.45%, marking a decrease of this indicator by 9.24 percentage points compared with the average of 10-year-old.



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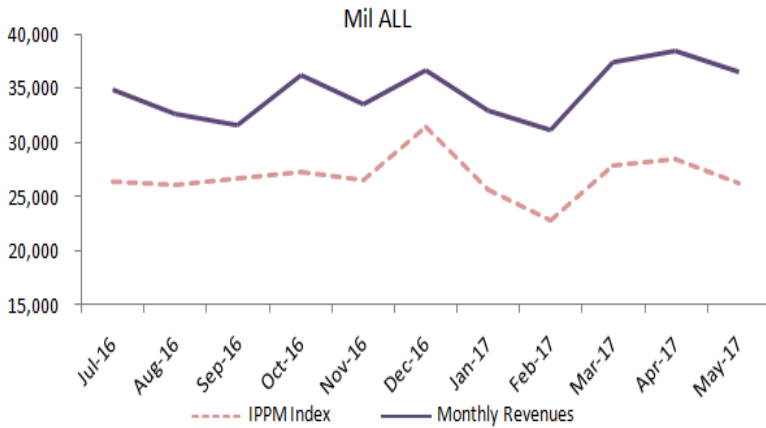
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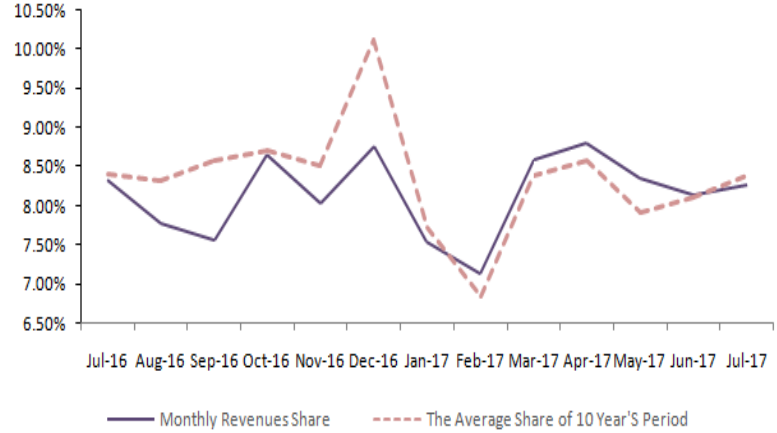
Public Finances Bulletin Graphic Analysis- July 2017

1. State budget revenues

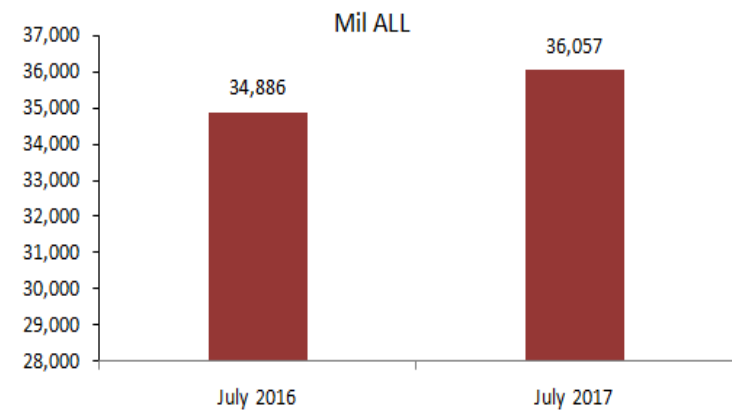
Total Revenues and IPPM Index



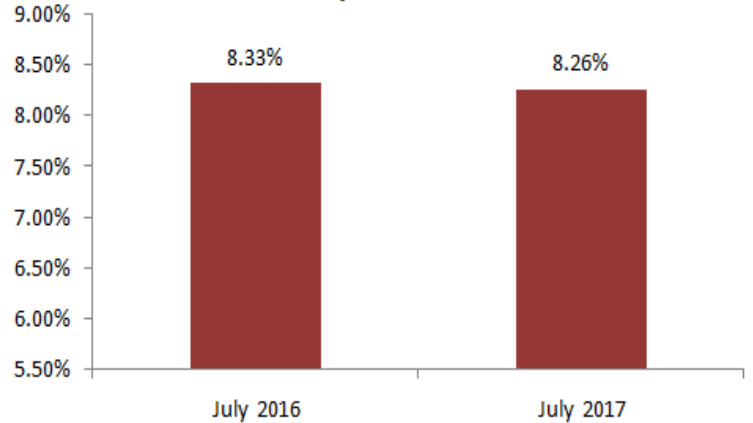
Monthly Revenues Share and the Average Share of 10 Year's Period



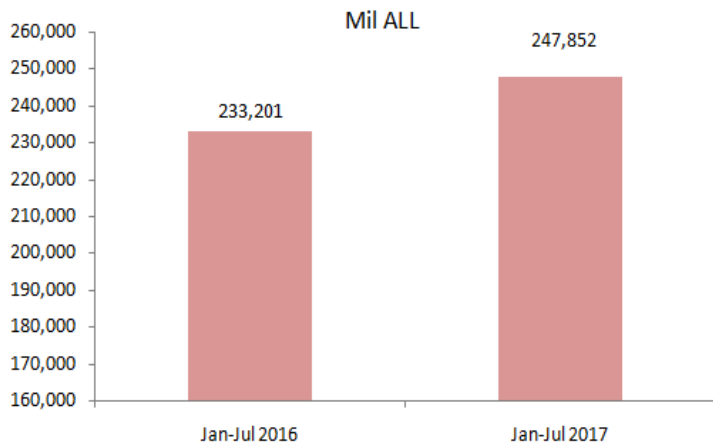
Monthly Revenues



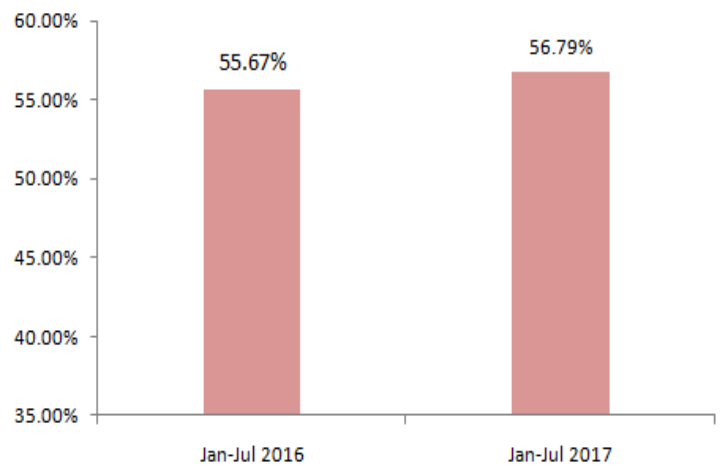
Monthly Revenues Share



Cumulative Revenues

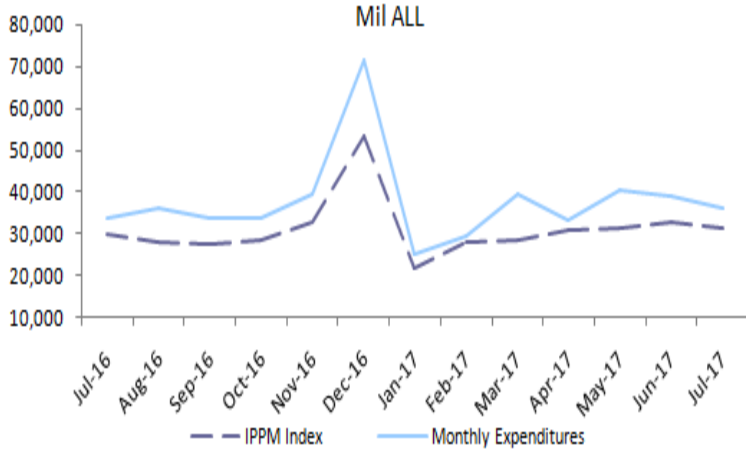


Cumulative Revenues Share

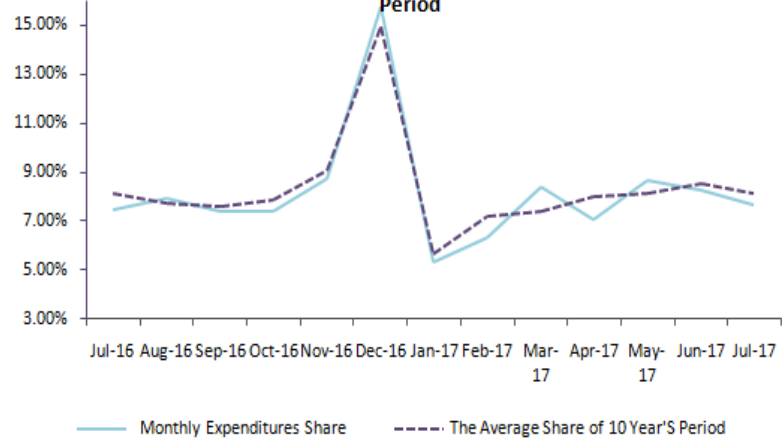


2. Central Government Expenditures

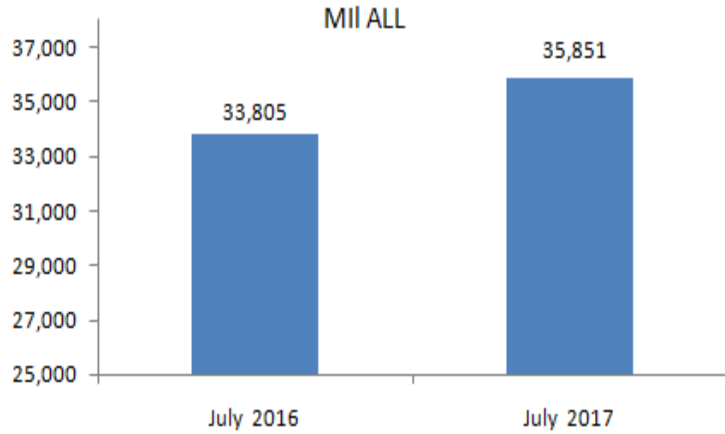
Central Government Expenditures and IPPM Index



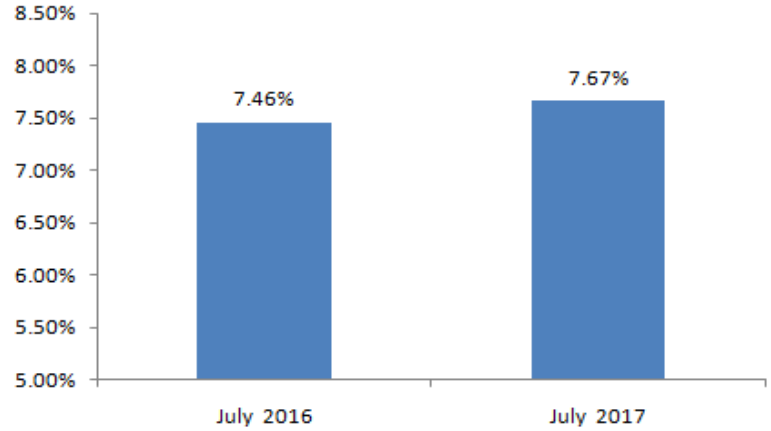
Monthly Expenditures Share and The Average Share of 10 Year's Period



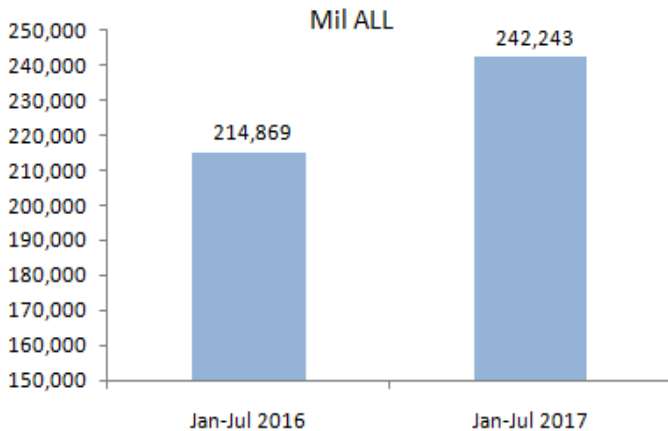
Monthly Expenditures



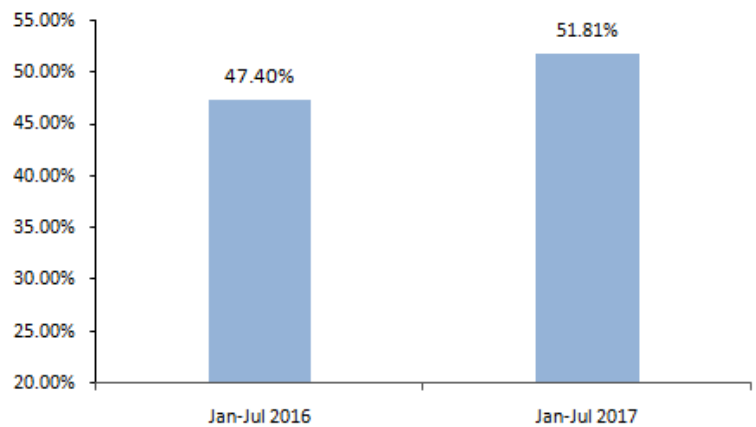
Monthly Expenditures Share



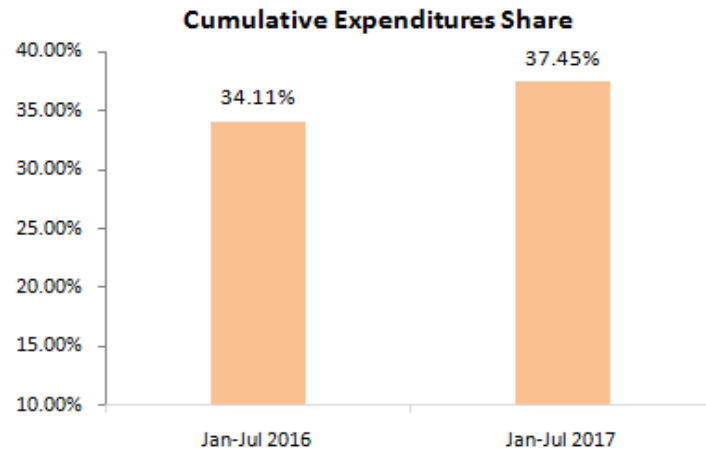
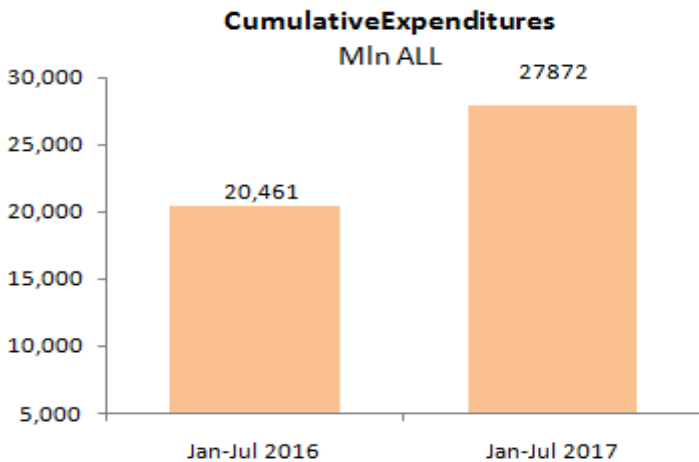
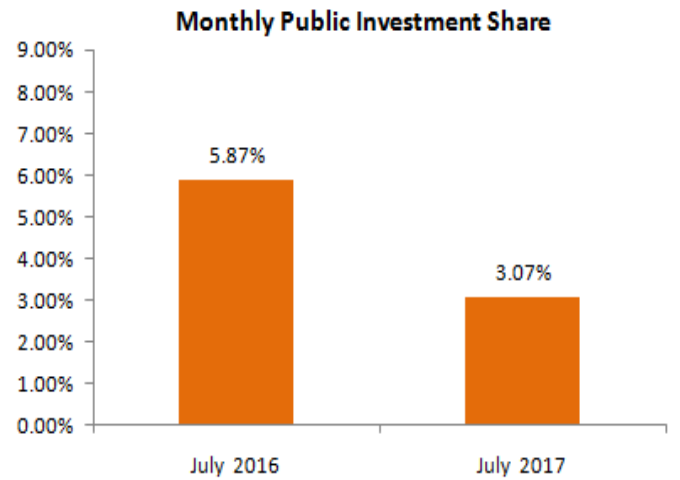
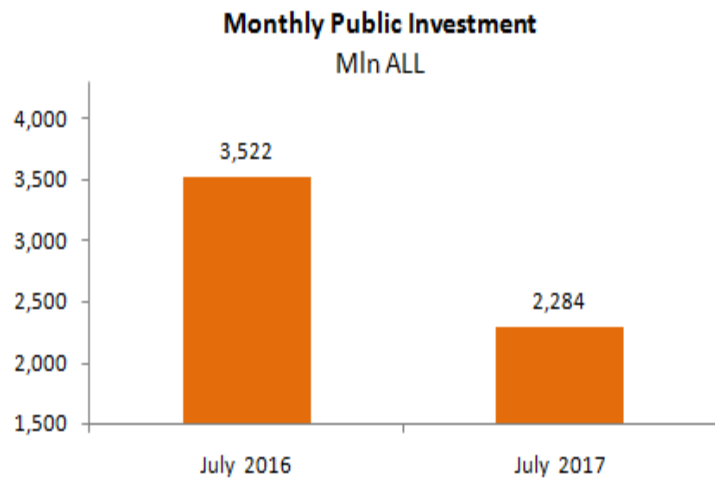
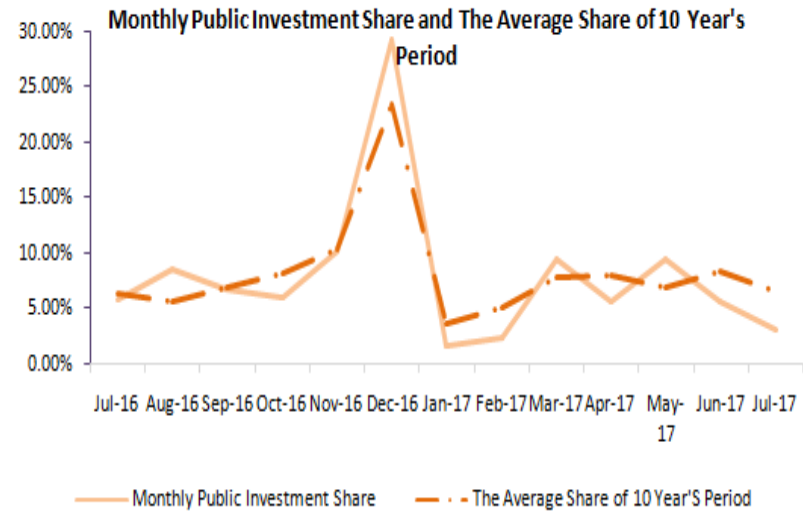
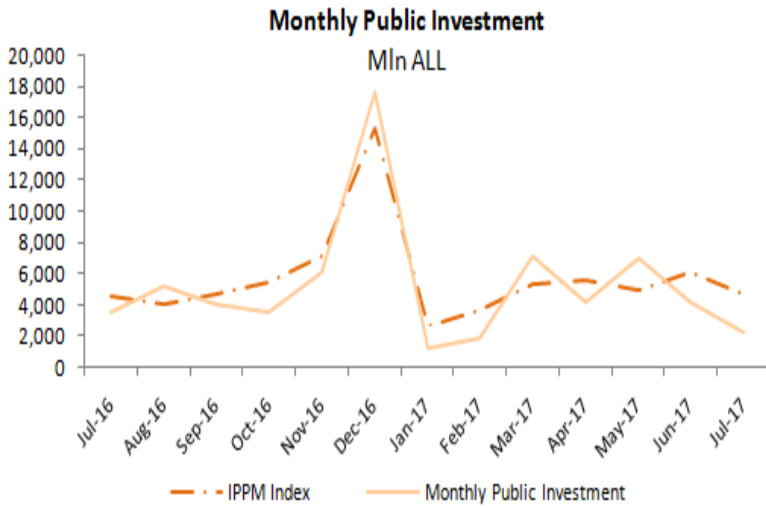
Cumulative Expenditures



Cumulative Expenditures Share



2. Public Investments



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Further information regarding the analysis offered by the Public Finances Bulletin could be found in :

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Ministry of Finances, Monthly Fiscal Statistics

www.minfin.gov.al