

**IMMEDIATE
ATTENTION**

EBD/08/95

September 11, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Kosovo—Request for Fund Technical Assistance**

Attached for consideration by the Executive Directors is a paper on a request by the Republic of Kosovo for Fund technical assistance.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **the close of business on Tuesday, September 16, 2008**. In the absence of such a request, the draft decision that appears on page 2 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Hagemann, EUR (ext. 34333) and Mr. Ogada, LEG (ext. 37886).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Republic of Kosovo—Request for Fund Technical Assistance

Prepared by the European Department

In consultation with other departments

Approved by Poul M. Thomsen

September 11, 2008

1. The Fund has received the attached request from the authorities of the Republic of Kosovo to continue to provide technical assistance in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and assistance that strengthen the legal and administrative framework in these core areas and in relation to Kosovo's application for Fund membership). The request builds on previous Fund technical assistance that has been provided to Kosovo since 1999 at the request of the United Nations Mission in Kosovo (UNMIK).¹
2. On July 10, 2008, the Republic of Kosovo applied for membership in the Fund and its application was placed before the Executive Board on July 14, 2008.² On July 14, 2008, it was determined for Fund purposes that the Republic of Kosovo has seceded from the Republic of Serbia and is a new independent state. Accordingly, for Fund purposes, the Republic of Kosovo is a nonmember country. In prior cases, the Fund has approved requests for technical assistance in the context of a nonmember country's application for Fund membership. The case of Montenegro is a recent example.³
3. Under Rule N-16(d) of the Fund's Rules and Regulations, the advance approval of the Executive Board is necessary for the provision by Fund staff of technical assistance in response to a request by a nonmember country. Accordingly, a proposed decision is set forth below.

¹ In July 1999, UNMIK made a broad request for the provision of Fund technical assistance to Kosovo. The Executive Board authorized the provision of the requested technical assistance. See *Kosovo—Fund Technical Assistance* (EBD/99/80, 7/7/99). Pursuant to that authorization, Fund TA has been provided to Kosovo on an ongoing basis since 1999.

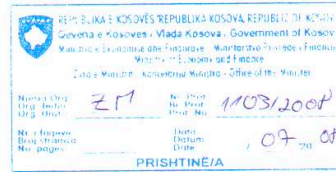
² *Republic of Kosovo—Application for Membership* (EBD/08/75, 7/14/08).

³ *Republic of Montenegro—Request for Technical Assistance* (EBM/06/67-5, 7/21/06).

Proposed Decision

The following decision, which may adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Following a request for technical assistance received from the Republic of Kosovo, the Executive Board approves the provision of technical assistance to the Republic of Kosovo in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and assistance that strengthen the legal and administrative framework in these core areas and in relation to Kosovo's application for Fund membership.



**REPUBLIKA E KOSOVËS
REPUBLIKA KOSOVO/ REPUBLIC OF KOSOVO**

QEVERIA E KOSOVËS / VLADA KOSOVA / GOVERNMENT OF KOSOVO

**MINISTRIA PËR EKONOMI DHE FINANCA
MINISTARSTVO ZA PRIVREDU I FINANCJE
MINISTRY OF ECONOMY AND FINANCE**

ZYRA E MINISTRI/ KANCELARIJA MINISTRA/ CABINET OF THE MINISTER

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
700 19th St. NW
Washington, DC, 20431

July 31, 2008

Dear Sir,

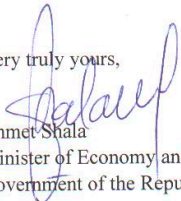
Thank you very much for conveying to the IMF Executive Board-Prime Minister Thaçi's letter of July 10, 2008 regarding Kosovo's application for IMF membership.

We very much appreciate the technical assistance that IMF staff has provided to UNMIK since 1999. Fund technical assistance has been critical in establishing an international civil presence and in improving capacity in the areas of fiscal policy, banking and payments system, monetary and trade policies, and certain key aspects of the legal and institutional framework of a market economy in Kosovo. Discussions with IMF staff have proven valuable in helping UNMIK conduct policies conducive to macroeconomic stability in Kosovo. Most recently, UNMIK has benefited from assistance on public financial management, tax administration, and the medium-term expenditure framework.

Looking forward, and pending IMF membership, we respectfully request IMF technical assistance in the macroeconomic, fiscal, monetary, financial, and related statistical fields,

including training programs and assistance that strengthen the legal and administrative framework in these core areas (including related to Kosovo's application for Fund membership).

Very truly yours,



Ahmet Shala
Minister of Economy and Finance
Government of the Republic of Kosovo