

Table 1. Albania: Basic Indicators and Macroeconomic Framework, 1997-2003

	1997	1998	1999 Est.	2000 Proj.	2001 Proj.	2002 Proj.	2003 Proj.
(Percent change)							
Real GDP	-7.0	8.0	7.3	7.0	8.0	8.0	8.0
Retail prices (avg.)	32.1	20.9	0.4	1.5	3.0	3.0	3.0
Retail prices (end-period)	42.1	8.7	-1.0	3.0	3.0	3.0	3.0
(In percent of GDP)							
Saving-investment balance							
Foreign saving 1/	12.1	6.1	8.0	8.4	7.8	7.1	6.4
Domestic saving	3.9	9.9	8.8	10.6	12.2	13.9	15.6
Public 2/	-8.6	-5.2	-5.6	-2.9	-2.3	-1.4	-0.6
Private	12.5	15.1	14.4	13.6	14.5	15.3	16.2
Investment	16.0	16.0	16.8	19.0	20.0	21.0	22.0
Public	4.0	5.2	5.7	6.5	6.4	6.6	6.8
Private	12.0	10.8	11.1	12.5	13.6	14.4	15.2
Fiscal sector							
Revenues	16.9	20.3	21.3	22.5	22.3	22.7	23.3
Tax revenue	9.7	12.3	12.9	15.3	15.7	16.3	17.0
Expenditures	29.4	30.7	32.6	31.8	31.0	30.7	30.7
Non-interest	24.0	22.9	25.7	26.0	26.1	26.8	27.5
Non-interest current	19.9	17.7	20.0	19.5	19.7	20.2	20.7
Interest	5.5	7.8	6.9	5.9	4.9	3.9	3.2
Overall balance	-12.6	-10.4	-11.3	-9.4	-8.7	-8.0	-7.4
Domestically financed balance 3/	-10.5	-6.4	-5.2	-4.3	-3.5	-2.6	-2.1
Public Debt	68.9	60.1	62.1	70.6	70.8	69.4	67.2
Domestic 4/	35.8	32.9	36.5	41.0	40.3	38.8	36.9
External	33.1	27.2	25.5	29.7	30.4	30.6	30.3
Monetary indicators							
Broad money growth (in percent)	28.5	20.7	22.3	11.4	11.9	11.7	11.7
Private credit growth (in percent)	19.0	14.7	22.6	27.4	40.9	39.7	30.0
Velocity	1.72	1.92	1.73	1.67	1.66	1.66	1.66
Interest rate (3-mth deposits)	26.0	16.5	8.5	...	...	...	...
(In millions of U.S. dollars)							
External sector							
Trade balance 5/	-519	-621	-663	-692	-728	-785	-838
(in percent of GDP)	-22.7	-20.4	-18.0	-18.1	-17.4	-16.8	-16.1
Current account balance	-199	-98	-152	-229	-240	-238	-238
(incl. official transfers; in percent of GDP)	-8.7	-3.2	-4.1	-6.0	-5.7	-5.1	-4.6
Official transfers 5/	77	89	142	91	86	95	94
(in percent of GDP)	3.4	2.9	3.9	2.4	2.1	2.0	1.8
Current account balance	-276	-187	-294	-320	-326	-333	-332
(in percent of GDP)	-12.1	-6.1	-8.0	-8.4	-7.8	-7.1	-6.4
Gross international reserves	306	384	481	500	535	570	605
(in months of imports of goods and services)	3.8	4.2	4.9	4.6	4.5	4.3	4.2
(relative to external debt service)	14.0	21.8	29.1	17.4	12.0	9.5	10.3
(in percent of broad money)	23.0	22.6	22.3	22.2	21.3	20.3	19.3
Change in real effective exchange rate	0.3	18.3	12.5	...	...	...	...
Memorandum items							
Nominal GDP (in millions of lek)	341,716	460,631	506,205	545,847	607,288	677,295	755,252
Nominal GDP (in millions of U.S. dollars)	2,284	3,046	3,676	3,817	4,188	4,671	5,209

Sources: Albanian authorities and Fund staff estimates and projections.

1/ Current account excluding official transfers.

2/ Revenue minus current expenditure.

3/ Excluding privatization revenues.

4/ Including bonds for bank restructuring (Lek 7 bn for 1999; Lek 15 bn for 2000).

5/ For 1999 excluding imports of direct humanitarian aid related to the Kosovo crisis.

Table 2. Albania: Government Revenues and Expenditures, 1995-2000

(in percent of GDP)

	1995	1996	1997	1998	1999 Budget Jul-99	1999 Outturn Apr-00	2000 Budget
TOTAL REVENUE (PLUS GRANTS)	23.9	18.3	16.9	20.3	21.1	21.3	22.5
I. Counterpart funds from commodity aid	1.1	0.1	0.1	0.0	0.0	0.0	0.0
II. Tax Revenue:	13.5	10.7	9.7	12.3	13.6	12.9	15.3
1. Turnover tax / VAT	2.5	3.2	4.6	6.2	6.5	5.9	7.2
2. Profit tax	1.1	1.2	0.7	0.9	1.0	1.2	1.1
3. Excise tax	4.6	1.8	0.6	1.1	1.3	1.4	1.7
4. Small business tax	0.4	0.3	0.1	0.2	0.2	0.2	0.3
5. Personal income tax	0.3	0.2	0.2	0.3	0.5	0.6	0.7
6. Property and local taxes	0.4	0.5	0.2	0.2	0.2	0.2	0.2
7. National taxes 1/	1.5	0.8	0.6	0.7	1.2	1.2	1.5
8. Customs duties	2.8	2.7	2.6	2.7	2.7	2.3	2.6
III. Social security contributions	4.1	4.5	3.8	3.4	3.4	3.6	3.6
1. Social insurance	3.8	4.2	3.6	3.2	3.1	3.3	3.3
2. Health insurance	0.3	0.3	0.3	0.3	0.3	0.3	0.3
IV. Non-tax revenue:	5.1	2.9	3.2	4.5	4.0	4.8	3.5
1. Profit transfer from BOA	2.6	1.4	2.4	3.6	2.9	3.5	1.9
2. Income of budgetary institutions	1.8	1.0	0.5	0.7	0.9	1.1	1.2
3. Other	0.7	0.6	0.3	0.2	0.3	0.2	0.4
TOTAL EXPENDITURE	34.3	30.3	29.4	30.7	33.6	32.6	31.9
I. Current Expenditure	25.8	25.8	25.4	25.5	24.7	25.2	24.6
1. Personnel	8.2	8.2	7.5	6.2	5.8	6.1	5.9
a. Wages	6.5	6.4	6.0	4.8	4.4	4.7	4.6
b. Social insurance contributions	1.7	1.8	1.5	1.4	1.4	1.4	1.4
2. Interest	2.2	3.1	5.5	7.8	6.6	6.9	5.5
a. Domestic	2.0	2.9	5.3	7.6	6.4	6.8	5.2
b. Foreign	0.2	0.2	0.2	0.2	0.2	0.1	0.3
3. Operations & maintenance	5.4	4.4	4.0	4.0	4.1	4.7	4.5
4. Subsidies	0.6	0.4	0.5	0.5	0.3	0.4	0.4
5. Social insurance outlays	6.2	7.2	5.9	5.3	5.3	5.4	5.7
a. Social insurance	6.1	6.7	5.4	4.8	4.8	4.9	5.1
b. Health insurance	0.1	0.5	0.5	0.5	0.5	0.5	0.5
6. Other expenditures:	3.1	2.5	2.1	1.7	2.6	1.6	2.6
a. Unemployment insurance benefi	1.1	0.8	0.6	0.4	0.3	0.3	0.3
b. Social assistance	1.6	1.4	1.3	1.3	1.2	1.3	1.2
c. Political prisoner restitution	0.2	0.2	0.1	0.0	0.0	0.0	0.0
d. Housing subsidy	0.0	0.1	0.1	0.0	0.0	0.1	0.0
e. Other (incl. contingency)	0.0	0.0	0.0	0.0	1.0	0.0	1.0
II. Capital Expenditure	8.5	4.5	4.0	5.2	6.0	5.7	6.5
1. Domestically financed	5.0	3.2	1.9	2.3	2.4	2.4	2.8
a. from the budget	4.9	3.1	...	2.3	2.2	...	2.6
b. other	0.1	0.1	...	0.0	0.2	...	0.2
2. Foreign financed	3.5	1.3	2.1	2.9	3.6	3.3	3.7
III. Bank restructuring costs	0.0	0.0	0.0	0.0	0.3	0.1	0.4
IV. Kosovo related costs	0.0	0.0	0.0	0.0	2.6	1.6	0.4
CASH BALANCE	-10.4	-12.1	-12.6	-10.4	-12.6	-11.3	-9.4
FINANCING	10.4	12.1	12.6	10.4	12.6	11.3	9.4
Domestic	6.6	11.0	10.8	6.4	5.7	5.3	5.0
Privatization receipts	0.1	0.2	0.3	0.0	0.6	0.2	0.6
Bank financing and other	6.5	10.8	10.5	6.4	5.1	5.1	4.3
Foreign	3.8	1.1	1.8	4.0	6.9	6.2	4.4
Development (gross)	3.5	1.3	2.1	2.9	3.6	3.3	3.7
Budget support	0.3	0.0	0.0	1.4	3.8	3.1	1.0
World Bank	0.0	0.0	0.0	1.2	0.3	...	0.6
EU	...	0.0	0.0	0.2	0.6	...	0.0
Other	...	0.0	0.0	0.0	0.2	...	0.0
Kosovo related financing	0.0	0.0	0.0	0.0	2.8	1.9	0.4
Minus: Principal repayments	0.0	0.3	0.3	0.3	0.5	0.2	0.3
Memorandum items:							
GDP (in millions of leks)	224,746	280,998	341,716	460,631	542,461	506,205	545,847
Primary balance (excluding central bank pro/	-10.8	-10.4	-9.5	-6.1	-8.6	-7.8	-5.5
Balance with grants as revenue	...	...	-12.0	-9.0	...	-8.7	-8.4
Foreign financed extra-budgetary projects 2/	1.9	4.1	1.0	0.6	...	4.7	4.3

Source: Albanian authorities; and staff estimates.

1/ Includes non tax revenue collected by Customs Department.

2/ Equals difference between project finance data from BoP and budget.

Table 3. Albania: Monetary Aggregates
(In billions of leks unless otherwise indicated; end-period)

	1998	1999	2000	2000	2000	2000	2001
	Dec.	Dec.	March	June	Sept.	Dec.	March
			Estimate	Proj.	Proj.	Proj.	Proj.
Monetary survey							
Broad money	239.5	292.9	306.3	312.4	315.2	326.3	342.1
Currency outside banks	68.3	81.3	85.8	86.5	86.7	89.1	93.1
Deposits	171.2	211.5	220.5	225.8	228.5	237.2	249.1
Domestic currency deposits	130.9	158.3	164.3	167.1	168.6	175.1	183.6
Foreign currency deposits	40.3	53.2	56.2	58.7	59.9	62.2	65.5
M1	83.7	103.0	107.5	109.0	109.7	113.5	118.9
M2	199.3	239.7	250.0	253.6	255.3	264.2	276.6
Net foreign assets	83.0	100.1	102.4	104.9	107.2	109.4	113.9
Bank of Albania	35.9	46.9	46.6	46.8	48.1	49.9	51.4
Commercial Banks	47.1	53.1	55.9	58.1	59.1	59.5	62.5
Net domestic assets	156.5	192.8	203.8	207.5	207.9	216.9	228.2
Claims on government (net of deposits)	179.3	203.0	213.5	215.7	214.6	222.1	231.4
Claims on state enterprises and farms	2.8	1.7	1.7	1.7	1.7	1.7	1.7
Claims on the private sector	14.9	18.2	18.7	20.2	21.7	23.2	25.2
of which in leks	9.5	9.5	9.7	10.5	11.3	12.1	13.1
Other items, net	-40.5	-30.1	-30.1	-30.1	-30.1	-30.1	-30.1
Monetary authorities							
Reserve money	89.9	109.3	114.9	116.4	116.9	121.1	126.7
Program NIR 1/	194.8	272.0	252.7	247.2	248.7	259.3	266.9
Program NDA 1/	62.5	72.5	80.7	83.0	83.3	86.0	90.6
Net credit to government	67.5	65.9	71.9	73.2	72.3	74.7	78.8
Memorandum items:							
Broad money growth during the year	20.6	22.3	4.6	6.7	7.6	11.4	4.9
Of which contribution of:							
Net foreign assets	7.4	7.1	0.8	1.6	2.4	3.2	1.4
Net domestic assets	13.2	15.2	3.8	5.0	5.2	8.2	3.5
Claims on government	15.0	9.9	3.6	4.3	4.0	6.5	2.9
Annual broad money growth	20.6	22.3	22.3	18.1	14.7	11.4	11.7
Annual reserve money growth	-1.1	21.6	31.1	23.4	18.4	10.8	10.2
Annual growth in private sector credit	14.7	22.6	14.3	24.2	30.8	27.4	34.7
Annual M1 growth	-8.7	23.0	34.9	24.9	21.1	10.2	10.6
Annual M2 growth	22.8	20.3	21.6	17.3	15.3	10.2	10.6
Money multiplier (absolute values)	2.66	2.68	2.67	2.68	2.70	2.69	2.70
Currency/broad money (percent)	28.5	27.8	28.0	27.7	27.5	27.3	27.2
Deposits/broad money (percent)	71.5	72.2	72.0	72.3	72.5	72.7	72.8
Lek deposits/total deposits (percent)	76.5	74.8	74.5	74.0	73.8	73.8	73.7
FX deposits/broad money (percent)	16.8	18.2	18.4	18.8	19.0	19.0	19.1
Gross reserves in U.S. dollars	388.0	481.8	477.0	480.0	480.0	500.0	512.0
as percent of broad money	22.8	22.2	21.8	21.8	22.1	22.2	21.7
US Dollar Exchange Rate (end of period)	140.8	135.2	140.0	142.0	145.0	145.0	145.0

Sources: Bank of Albania; and staff estimates.

1/ According to the definition in the Technical Memorandum of Understanding.

Table 4. Albania: Balance of Payments, 1998-2004
(In millions of U.S. dollars)

	1998	1999	1999	2000	2000	2001	2002	2003	2004	First-year	Second-year	Third-year
		Prog. 5/99	Est.	Prog. 5/99	Proj.	Proj.	Proj.	Proj.	Proj.	PRGF period	PRGF period	PRGF period
I. Current account	-187	-450	-294	-356	-320	-326	-333	-332	-333	-269	-300	-327
Trade balance	-621	-1151	-846	-798	-692	-728	-785	-838	-892	-695	-853	-701
Exports	205	234	275	290	330	386	452	529	618	235	289	344
Imports	826	###	1,121	1,088	1,022	1,114	1,237	1,367	1,510	930	1,142	1,045
o/w: Humanitarian aid related to the Kosovo	0	325	183	0	0	0	0	0	0	0	183	0
Services and income	-5	11	45	12	17	14	30	49	70	8	38	16
o/w: Interest due	7	11	7	16	11	19	24	25	33	7	8	13
Private transfers	440	365	324	430	356	388	423	457	489	418	332	358
Official transfers related to the Kosovo crisis	0	325	183	0	0	0	0	0	0	0	183	0
II. Capital account	99	218	222	277	269	317	345	344	334	192	229	275
Official transfers 4/	89	95	142	80	91	86	95	94	94	164	129	90
Direct investment	45	43	51	100	92	106	113	116	110	49	61	96
Other capital including short-term flows	-88	-3	-44	0	-20	10	-1	0	0	-84	-38	-13
Short-term capital	0	0	0	0	0	0	0	0	0	0	0	0
Other financial flows (increase = -)	-88	-3	-44	0	-20	10	-1	0	0	-84	-38	-13
o/w Change in NFA of commercial banks (in	-88	-3	-44	0	-20	10	-1	0	0	-77	-34	-8
Official medium- and long-term loans (net) 1/	53	82	72	97	106	115	139	134	129	63	76	102
New borrowing	62	95	80	113	117	126	160	157	155	68	89	119
Amortization 1/	-9	-13	-8	-16	-11	-11	-21	-23	-26	-5	-13	-17
III. Errors and omissions	105	0	55	0	0	0	0	0	0	123	55	5
IV. Net balance = I+II+III	17	-232	-18	-80	-51	-9	12	12	1	46	-17	-48
V. Financing requirement = - IV	-17	232	18	80	51	9	-12	-12	-1	-46	17	48
Available financing	-17	30	18	-23	-13	-49	-50	-45	-45	-46	5	-32
Change in net reserves (increase = -)	-71	14	-79	-23	-13	-49	-50	-45	-45	-68	-81	-32
Change in gross reserves, (increase = -)	-78	9	-97	-15	-19	-35	-35	-35	-35	-83	-78	-23
Use of Fund Resources (net)	7	5	19	-8	6	-15	-15	-10	-10	14	-4	-9
Fund (ESAF/PRGF+)	8	8	21	0	13	0	0	0	0	16	0	0
Repayments to Fund	-1	-4	-2	-8	-8	-15	-15	-10	-10	-2	-4	-9
BOP support	54	16	96	0	0	0	0	0	0	22	86	0
Changes in arrears (increase = +) 2/	-145	0	0	0	0	0	0	0	0	-145	0	0
Overdue debt forgiveness	0	0	0	0	0	0	0	0	0	0	0	0
Debt service relief (rescheduling)	145	0	0	0	0	0	0	0	0	145	0	0
Financing gap	0	202	0	102	64	58	37	33	44	0	12	80
Identified financing (provisional)	0	158	0	50	65	34	0	0	0	0	12	80
Memorandum items:												
Gross usable reserves	384	375	481	390	500	535	570	605	640	...	...	...
(months of imports of goods and services) 5/	4.2	3.7	4.9	3.7	4.6	4.5	4.3	4.2	4.0	...	...	...
Trade balance (percent of GDP) 4/	-20.3	-30.8	-23.0	-19.4	-18.1	-17.4	-16.8	-16.1	-15.6	...	...	...
Trade balance (percent of GDP) 5/	-20.3	-21.9	-18.0	-19.4	-18.1	-17.4	-16.8	-16.1	-15.6	-21.6	-22.9	-17.7
Current account (percent of GDP)	-6.1	-12.0	-8.0	-8.6	-8.4	-7.8	-7.1	-6.4	-5.8	-8.4	-8.0	-8.2
Debt service (percent of exports of goods and service	6.2	7.6	3.9	9.7	6.4	8.6	9.8	8.1	8.1	...	...	...
External debt (percent of GDP) 3/	27	28	26	30	30	31	31	31	28	...	...	...
Merchandise exports (percent growth)	22.9	14.0	34.2	24.0	20.0	17.0	17.0	17.0	17.0	...	...	...
Merchandise imports (percent growth) 5/	20.6	28.3	13.5	2.6	9.0	9.0	11.0	10.5	10.5	...	...	...

Sources: Ministry of Finance; Bank of Albania; donors; and Fund staff estimates and projections.

1/ Excluding IMF.

2/ The figure for 1998 corresponds to the clearance of arrears to Russia and Italy as a result of the rescheduling of Paris Club debt in July 1998.

3/ Includes arrears.

4/ Includes imports (official transfers) related to the Kosovo crisis.

5/ Excludes imports (official transfers) related to the Kosovo crisis.