

**Implementation Status & Results**  
**Kosovo**  
**Kosovo Financial Sector Strengthening & Market Infrastructure Project (P108080)**

Operation Name: Kosovo Financial Sector Strengthening & Market Infrastructure Project (P108080)      Project Stage: Implementation      Seq.No: 10      Status: ARCHIVED      Archive Date: 10-Mar-2014

Country: Kosovo      Approval FY: 2008  
 Product Line: IBRD/IDA      Region: EUROPE AND CENTRAL ASIA      Lending Instrument: Technical Assistance Loan  
 Implementing Agency(ies): Central Banking Authorities of Kosovo, Kosovo Banking Association, Association of Microfinance Institutions of Kosovo (AMIK), Deposit Insurance Fund of Kosovo

**Key Dates**

Board Approval Date	13-Dec-2007	Original Closing Date	30-Jun-2010	Planned Mid Term Review Date	15-Mar-2014	Last Archived ISR Date	29-Oct-2013
Effectiveness Date	03-Jan-2008	Revised Closing Date	30-Jun-2014	Actual Mid Term Review Date			

**Project Development Objectives**

Project Development Objective (from Project Appraisal Document)

**The objectives of the Project are to (i) enhance the stability and development of the financial sector; and (ii) strengthen the financial sector's underlying market infrastructure.**

Has the Project Development Objective been changed since Board Approval of the Project?

Yes       No

**Component(s)**

Component Name	Component Cost
Assistance to CBK	1.67
Assistance to AMIK	0.24
Assistance to KBA	0.20
Establishment of a RTGS	1.87
Provision of seed funding to the DIFK	4.00
Establishment of a BCC	0.85

**Overall Ratings**

	Previous Rating	Current Rating
Progress towards achievement of PDO	Moderately Unsatisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Moderately Unsatisfactory	Moderately Satisfactory
Overall Risk Rating	High	High

**Implementation Status Overview**

The project has six components: 1) strengthening the Central Bank of Kosovo's institutional capacity and the regulatory and supervisory framework for banks and non-banks (1.67m); 2) strengthening the microfinance industry to achieve sustainability and expand outreach (0.24m); 3) strengthening the capacity of the Kosovo Banker's Association to provide adequate training to local banks (0.22m); 4) establishment of a Real Time Gross Settlement System (RTGS) in Kosovo (US\$1.87m); 5) establishment of a Business Continuity Center (BCC) in Kosovo (US\$0.85m); and 6) provision of seed funding to the DIFK (US\$4m).

Progress in implementing the project and achieving the project development objective is satisfactory. Components 1, 2, 3 and 6 are almost fully disbursed, with any remaining activities expected to be completed in the near-term. There have been delays related to components 4 (RTGS) and component 5 (BCC). The RTGS component was primarily delayed due to procurement issues and the BCC component was delayed due to issues related to ownership of the building in Prizren that had been chosen as the site of the BCC. Both of these issues have now been resolved and progress in these two components is now satisfactory.

**Locations**

No Location data has been entered

**Results**

**Project Development Objective Indicators**

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Status of updated legal and regulatory framework for banks and NBFIs and capacity building in the financial sector	<input type="checkbox"/>	Text	Value	Non existent	Achieved	Achieved
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments			
Status of operationalization of RTGS	<input type="checkbox"/>	Text	Value	Non existent	Non existent	Achieved
			Date	14-Jun-2011	11-Feb-2014	30-Apr-2014
			Comments			
Status of establishment of a fully operational Business Continuity Center (BCC)	<input type="checkbox"/>	Text	Value	Non existent	Non existent	Achieved
			Date	14-Jun-2011	11-Feb-2014	30-Apr-2014
			Comments			
Status of establishment of the DIFK	<input type="checkbox"/>	Text	Value	Non existent	Operational	Operational
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments			

**Intermediate Results Indicators**

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Component 1 - Number of missing and/or outdated regulations and directives drafted for banks and NBFIs new laws, which have been passed recently or to be passed over the life of the project	<input type="checkbox"/>	Number	Value	0.00	0.00	0.00
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments		100% achieved	

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Component 1 - Automated database for off-site supervision acquired and implemented	<input type="checkbox"/>	Text	Value	Off-site supervision database is non-existent	Off-site supervision database is non-existent	Off-site database for monitoring and analysis used in day to day work/supervision database
			Date	14-Jun-2011	11-Feb-2014	31-Dec-2014
			Comments			
Component 1 - Percentage of CBK staff trained in using analytical tool and regarding new regulations	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00
			Date	14-Jun-2011	11-Feb-2014	31-Dec-2014
			Comments			
Component 1 - Number of training sessions to MFIs in transforming into deposit taking institutions and to other MFIs	<input type="checkbox"/>	Number	Value	0.00	19.00	2.00
			Date	01-Jan-2008	11-Feb-2013	30-Jun-2014
			Comments			
Component 1 - Number of training sessions to bank officers and KBA staff on banking sector topics	<input type="checkbox"/>	Number	Value	0.00	19.00	2.00
			Date	01-Jan-2008	07-Feb-2014	30-Jun-2014
			Comments			
Component 2 - Status of operational integration of the RTGS system with the existing Electronic Interbank Clearing System (EICS)	<input type="checkbox"/>	Text	Value	Non-existent	Non-existent	Achieved
			Date	14-Jun-2011	07-Feb-2014	30-Jun-2014
			Comments			
Component 2 - Status of operational integration of the RTGS system with the Central Securities Depository (CSD)	<input type="checkbox"/>	Text	Value	Non-existent	Non-existent	Achieved
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments			
Percentage of transactions in GoK and CBK securities settled in the RTGS system in conformity with the principles of Delivery versus Payment (DvP)	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments		Not measurable until implementation of RTGS is completed.	
Component 2 - Percentage of payments settled immediately or with a short delay (<15 minutes)	<input type="checkbox"/>	Percentage	Value	0.00	0.00	95.00
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments		Not measurable without implementation of RTGS	
Component 3 - Status of completion of refurbishment of the BCC facility	<input type="checkbox"/>	Text	Value	Non-existent	Non-existent	Achieved
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments			

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Component 3 - Percentage of failover from the CBK's primary processing site to BCC, and restoration back to the primary site, successfully demonstrated for all CBK's critical systems	<input type="checkbox"/>	Percentage	Value			0.00
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments		Since the BCC is not operational, this indicator is not yet relevant and cannot be measured.	
Component 6- Contributed amount from GoK	<input type="checkbox"/>	Amount(USD)	Value	0.00	3.30	3.30
			Date	14-Jun-2011	01-Oct-2013	30-Jun-2014
			Comments		GoK contribution transfered	
Component 6 Premiums received from member banks	<input type="checkbox"/>	Text	Value	No	Yes	Yes
			Date	14-Jun-2011	11-Feb-2014	30-Jun-2014
			Comments		as of Q4 2013	
Return on Assets/Equity	<input checked="" type="checkbox"/>	Percentage	Value		10.90	100.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments		Q4 2013	This for monitoring only as core indicators no end value needed
Percentage of project-supported institutions that are reporting on this indicator	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value		100.00	100.00
Outstanding Microfinance Loan Portfolio	<input checked="" type="checkbox"/>	Amount(USD)	Value		1057520000.00	100.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments		Data as of 3Q 2013 Exchange rate EUR/USD - 1.36/ amount in Euro = 1,442,447,000.	This for monitoring only as core indicators no end value needed
Percentage of project-supported institutions that are reporting on this indicator	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value		100.00	100.00
Volume of Bank Support: Institutional Development - Microfinance	<input checked="" type="checkbox"/>	Amount(USD)	Value	0.00	240112.23	240000.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments		EUR 93146 (accumulated) - Exchange rate EUR/USD = 1.3363	Assistance to AMIK (PAD, P.44)
% active loans to women - Microfinance	<input checked="" type="checkbox"/>	Percentage	Value		40.00	1.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014

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			Comments		Data as of Q3 2013.	This for monitoring only as core indicators no end value needed
Percentage of project-supported institutions that are reporting on this indicator	<input checked="" type="checkbox"/>	Percentage Sub Type Breakdown	Value		100.00	100.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments			
Portfolio at Risk - Microfinance	<input checked="" type="checkbox"/>	Percentage	Value		7.00	1.00
			Date		11-Feb-2014	30-Jun-2014
			Comments		on average among the 17 MFIs served.	This for monitoring only as core indicators no end value needed
Percentage of project-supported institutions that are reporting on this indicator	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value		100.00	100.00
No of active loan accounts -Microfinance	<input checked="" type="checkbox"/>	Number	Value		94000.00	1.00
			Date	01-Jan-2008	11-Feb-2014	30-Jun-2014
			Comments		Data as of 3Q 2013.	This for monitoring only as core indicators no end value needed
Percentage of project-supported institutions that are reporting on this indicator	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value		100.00	100.00

**Data on Financial Performance (as of 18-Dec-2013)**

**Financial Agreement(s) Key Dates**

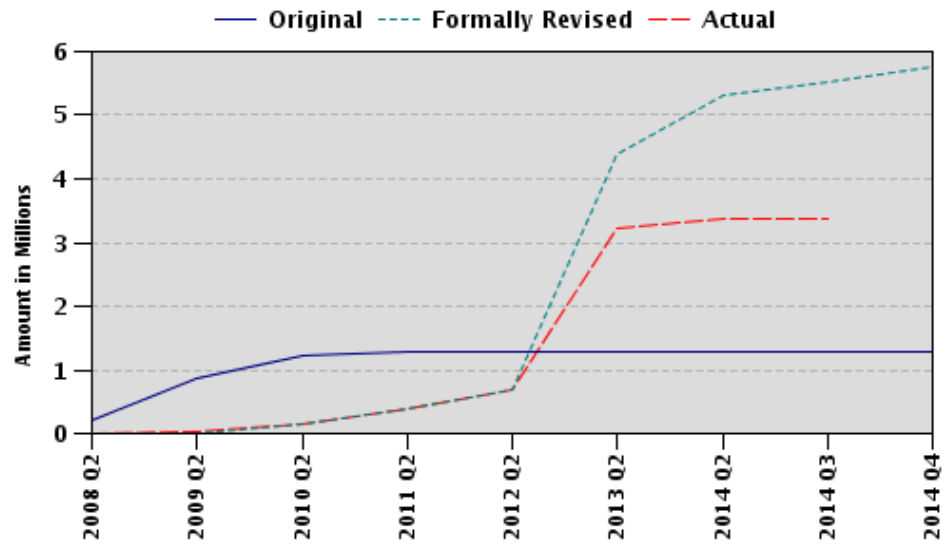
Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P108080	IDA-50060	Effective	14-Jun-2011	03-Aug-2011	25-Jan-2012	30-Jun-2014	30-Jun-2014
P108080	IDA-H3410	Effective	13-Dec-2007	14-Dec-2007	03-Jan-2008	30-Jun-2010	30-Jun-2014

**Disbursements (in Millions)**

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P108080	IDA-50060	Effective	XDR	4.30	4.30	0.00	2.51	1.79	58.00
P108080	IDA-H3410	Effective	XDR	1.30	1.30	0.00	0.87	0.43	67.00

**Disbursement Graph**

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**Key Decisions Regarding Implementation**

None

**Restructuring History**

Level two Approved on 27-Apr-2010

**Related Projects**

P122084-Kosovo, Financial Sector Strengthening and Markets Infrastructure Project - Additional Finance