

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: 8 Status: ARCHIVED Archive Date: 19-Mar-2013

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)

Key Dates

Board Approval Date	13-Dec-2007	Original Closing Date	30-Jun-2010	Planned Mid Term Review Date	01-Jun-2013	Last Archived ISR Date	24-Jun-2012
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

Implementation Status Overview

The project has been restructured and extended after the approval of additional financing (AF) on June 14, 2011 which was signed by the Ministry of Finance of Kosovo on August 3rd, 2011. After Parliament approval, the AF became effective on January 25, 2012. As part of the AF, the project's objectives were broadened to include enhancing the financial sector market infrastructure and enhancing the efficiency and resiliency of the financial sector. Three new components were added: (a) Component 4 - Establishing a Real Time Gross Settlement (RTGS), (b) Component 5 - Establishing a Business Continuity Center (BCC), and (c) Component 6 - Providing seed funding for the Deposit Insurance Fund of Kosovo (DIFK)

CBK has made significant progress in the achieving the Project Development Objectives for the Financial Sector Strengthening and Market Infrastructure project (FSSMIP) in recent months. In particular, progress that has been made in the institutional development of DIFK that led to the disbursement of the seed financing for DIFK. There have been delays in procurement and disbursement for the components related to the BCC and RTGS. However, for both components a detailed action plan has been discussed with the PMT that allow the project to be completed on time if they are followed.

Now that the seed funding for DIFK has disbursed following the completion of the withdrawal conditions, DIFK and the Bank team are focused on the closing conditions that need to be completed before the project closes that primarily relate to the institutional development of DIFK. The Bank has worked closely with DIFK on developing an action plan that focuses on institutional development building of DIFK. Considering the significant involvement of KfW (both financially and in terms of technical assistance), the Bank is also working closely with KfW to ensure that the assistance provided by both the Bank and KfW is complementary and consistent.

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	31-Dec-2012	30-Jun-2014
			Comments			
Status of operationalization of RTGS	<input type="checkbox"/>	Text	Value	Non existent	Non existent	Achieved
			Date	14-Jun-2011	31-Dec-2012	30-Jun-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	31-Dec-2012	30-Jun-2014
			Comments			
Status of establishment of the DIFK	<input type="checkbox"/>	Text	Value	Non existent	Operational	Operational
			Date	14-Jun-2011	31-Dec-2012	30-Jun-2014
			Comments			

Intermediate Results Indicators

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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	31-Dec-2012	30-Jun-2014
			Comments		100% achieved	
Component 1 - Automated database for off-site supervision acquired and implemented	<input type="checkbox"/>	Text	Value	Off-site supervision database is non existent	The firm has been selected and implementation has started.	Off-site database for monitoring and analysis used in day to day work/supervision database
			Date	14-Jun-2011	31-Dec-2012	30-Jun-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	31-Dec-2012	30-Jun-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	22.00	2.00
			Date	01-Jan-2008	31-Dec-2012	30-Jun-2014
			Comments			
Intermediate Result 1: Number of activities completed related to improvement of Banks and NBFIs - Number of training sessions to bank officers and KBA staff on banking sector topics	<input type="checkbox"/>	Number	Value	0.00	7.00	2.00
			Date	01-Jan-2008	31-Dec-2012	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	31-Dec-2012	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	31-Dec-2012	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	31-Dec-2012	30-Jun-2014
			Comments		Not measurable until implementation of RTGS is completed.	

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Intermediate Result 2: Operationalization of RTGS: Percent of payments settled immediately or with a short delay (<15 minutes)	<input type="checkbox"/>	Percentage	Value	0.00	0.00	95.00
			Date			
			Comments		Not measurable without implementation of RTGS	
Intermediate Result 3: Establishment of Fully Operational BCC - Status of completion of refurbishment of the BCC facility	<input type="checkbox"/>	Text	Value	Non existent	Non existent	Achieved
			Date	14-Jun-2011	31-Dec-2012	30-Jun-2014
			Comments			
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		30-Jun-2014
			Comments			
Component 4 - Contributed amount from GoK	<input type="checkbox"/>	Amount(USD)	Value	0.00	3.30	3.30
			Date	14-Jun-2011	20-Dec-2012	30-Jun-2014
			Comments		GoK contribution transfered	
Intermediate Result 4: Establishment of the DIFK - Premiums received from member banks	<input type="checkbox"/>	Text	Value	No	Yes	Yes
			Date	14-Jun-2011	31-Dec-2012	30-Jun-2014
			Comments			
Return on Assets/Equity	<input checked="" type="checkbox"/>	Percentage	Value		8.86	100.00
			Date	01-Jan-2008	30-Sep-2012	30-Jun-2014
			Comments		Q3 2012	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		130000000.00	100.00
			Date	01-Jan-2008	30-Jun-2012	30-Jun-2014
			Comments		Exchange rate EUR/USD - 1.25/ amount in Euro = 109,149. This indicator was added to meet the the Bank's reporting requirementsforMSME and will not be used to monitor and evaluate the project's performance.	This for monitoring only as core indicators no end value needed

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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	165000.00	240000.00
			Date	01-Jan-2008	01-Dec-2011	30-Jun-2014
			Comments		EUR 93146 (accumulated) - Exchange rate EUR/USD = 1.3362	Assistance to AMIK (PAD, P.44)
% active loans to women - Microfinance	<input checked="" type="checkbox"/>	Percentage	Value		38.00	1.00
			Date	01-Jan-2008	30-Jun-2012	30-Jun-2014
			Comments		This indicator was added to meet the the Bank's reporting requirements for MSME and will not be used to monitor and evaluate the project's performance.	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	20-Dec-2012	30-Jun-2014
			Comments			
Portfolio at Risk - Microfinance	<input checked="" type="checkbox"/>	Percentage	Value		4.50	1.00
			Date		30-Jun-2012	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		62000.00	1.00
			Date	01-Jan-2008	01-Jan-2012	30-Jun-2014
			Comments		This indicator was added to meet the the Bank's reporting requirements for MSME and will not be used to monitor and evaluate the project's performance.	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

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Data on Financial Performance (as of 08-Nov-2012)

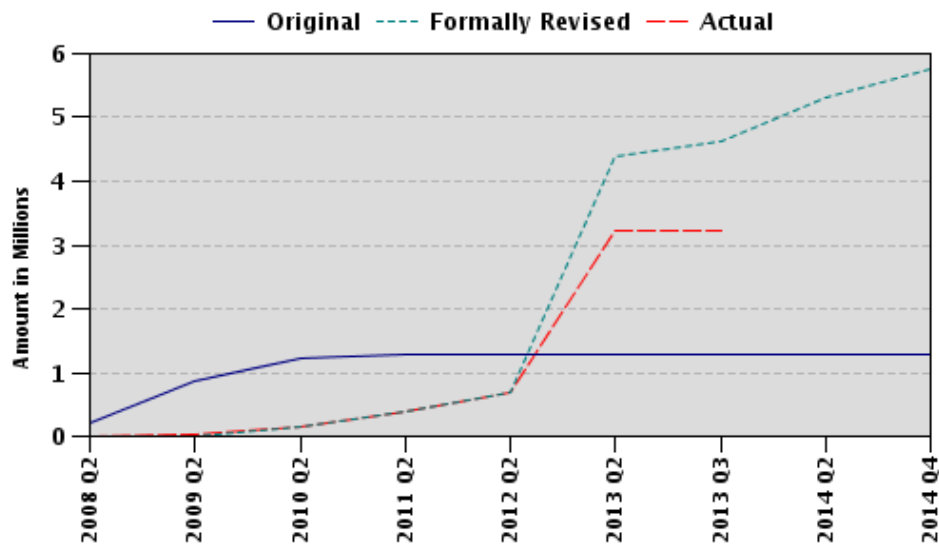
Financial Agreement(s) Key Dates

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	2.48	1.82	58.00
P108080	IDA-H3410	Effective	XDR	1.30	1.30	0.00	0.74	0.56	57.00

Disbursement Graph



Key Decisions Regarding Implementation

- The seed funding for the Deposit Insurance Fund of Kosovo has been disbursed following the completion of the withdrawal conditions that were part of the financing agreement.
- An action plan for the development of the Business Continuity Center and the implementation of the RTGS has been agreed to with the CBK. Both of these should ensure the efficient implementation of the components of the project that have seen delays in the upcoming months.

Restructuring History

Level two Approved on 27-Apr-2010

Related Projects

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

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