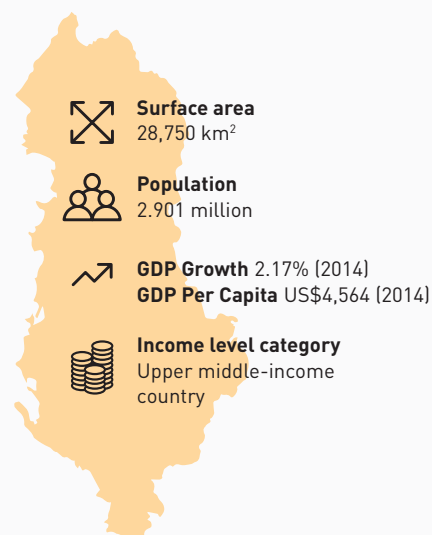




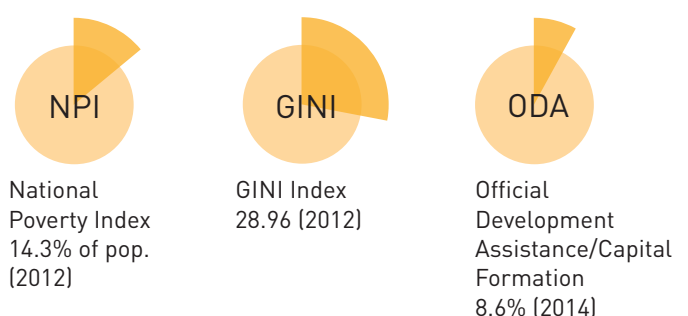
## 1. Country Context

As one of the six pilot countries for the SDGs, the Republic of Albania is a lower middle-income country with an HDI 2014 of 0.73 and estimated GDP growth rate of 3.4%. Albania enjoyed a period of rapid economic growth at 6% before the global financial crisis in 2008, but faced difficulties in economic recovery. The government's fiscal consolidation in 2014 improved the fiscal deficit, mitigated tax evasion and led to stronger economic growth. Anti-corruption measures have been integrated into the Civil Service Law. The government tightened regulations on informal businesses as part of the law agenda and tax base expansion. The Doing Business Index 2016 will likely improve due to the lifting of the moratorium on construction permits, offsetting negative influence from the declining global oil price. In 2015, Albania refined the national legal framework for energy efficiency and renewable energy and presented its targets to the Paris Summit (INDCs) as a significant step forward for mainstreaming climate change across sectors. Gender equality has been central to government planning and budgeting for development and EU integration.

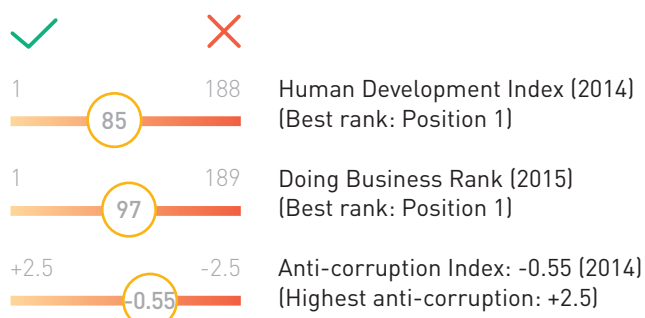
### Quick Facts



### Key Development Indices:

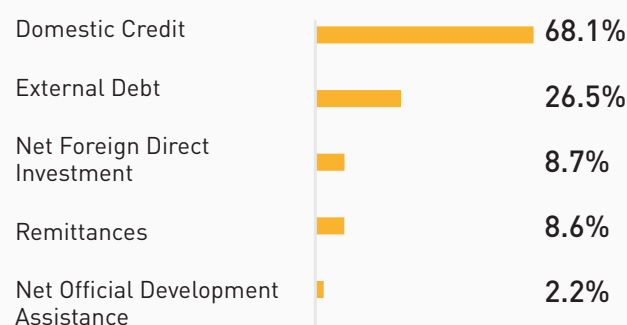


ODA per Capita US\$96.8 (2014)



### Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



### Key Development Challenges

Key challenges for Albania include fiscal consolidation, regulatory and institutional reform, reduction of infrastructure deficits and improvement in the effectiveness of social protection systems and key health services. Structural reforms in public financial management, energy and pensions have boosted consumption and business activities. The government has focused on poverty reduction and fighting inequalities in line with the SDGs. The policy framework for 2015-2020 focuses on the public administration reform, anti-corruption, economic development, decentralization and local governance reform strategies and action plans.

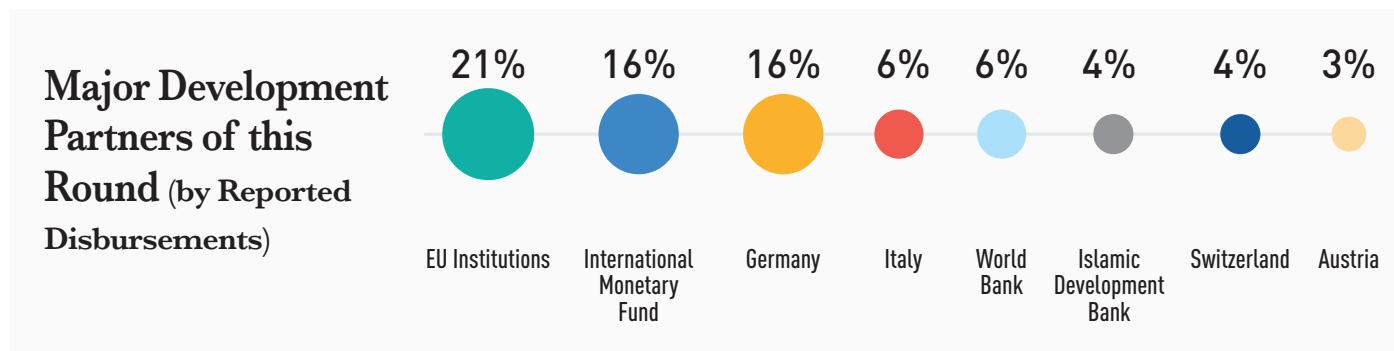
## 2. Efforts to Implement the Effectiveness Principles

### A. Policies and Tools for Partners' Alignment

The National Strategy on Development and Integration 2015-2020 (NSDI) is the medium-to long-term vision document for social, democratic and economic development in Albania. It presents strategic development objectives, sets sectoral and area-specific

targets capturing available financial opportunities and ensures linkage to the SDGs. The NSDI is also a key component of the Integrated Planning System (IPS), a set of operating principles to ensure that government policy planning and

implementation take place in a coherent, efficient and integrated manner. The NSDI, along with sector strategies, crosscutting strategies, master plans and action plans, forms a comprehensive strategic development framework at the national level.




**Participation in 2014 Monitoring**



**Existence of a National Co-operation Policy**

### B. Governance and Management of Development Finance and Co-operation

The 2016-2018 Medium-Term Budget Programme (MTBP) guides the budget planning process to achieve policy objectives and goals within the fiscal plan. Coordination with development co-operation partners at strategic and political levels is conducted by annual government-partner roundtables (DRTs) chaired by the deputy prime minister. The DRTs address strategic issues of coordination, monitor progress in achieving effectiveness of official development finance and provide a forum for dialogue on critical issues such as country strategic framework and EU integration. Technical-level coordination is led by bi-monthly meetings of development and integration partners (DIPs) hosted by the government and the Donor Technical Secretariat, which is a collective initiative of partners chaired by the EU delegation with OSCE, the World

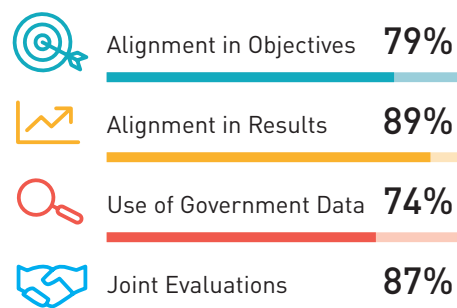
Bank and UNDP as permanent members and two to three bilateral partners rotating in annual basis. The Government of Albania and partners have agreed on the role of sector lead partners functioning as sectoral focal points and facilitators of policy dialogue between development partners and the government. Albania has joined the South East Europe Development Assistance Database (SEEDAD), which tracks development co-operation finance benefiting government and development partners in the SEE region in decision-making. SEEDAD is positioned to become the central regional database for detailed information on development partner assistance to the South East Europe region and provides data about regional projects and sectors covered with the intervention on multilateral basis in a user-friendly manner.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

The Department for Development, Financing and Foreign Aid (DDFFA) within the Prime Minister's Office is a central policy coordination structure responsible for finalizing and monitoring the NSDI as well as coordinating and guiding the piloting and implementation of SDGs. At the subnational level, new tools and programmes for SDGs will be developed within the frame of regional management policy. In early 2015, a sectoral approach to policy coordination was adopted

and the Integrated Policy Management Groups (IPMG) led the development, implementation and monitoring of sector reforms through National Sector Programmes and other sector-specific programmes. IPMGs have been piloted in sector areas of integrated water management, competitiveness and innovation, good governance and public administration, and employment and social sector and will extend to other priority sectors.

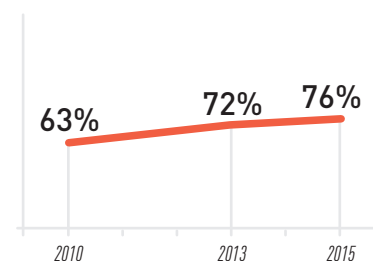


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

The share of development co-operation finance recorded on government budget as grants, revenue, concessional or non-concessional loans has demonstrated a consistent, positive trend since 2010. In 2015, US\$367.2 million in finance was recorded in the government's annual budget,

which was higher than the US\$327.5 million development co-operation finance recorded on budget in 2013. Disbursements beyond scheduled declined from 15% in 2013 to 5% in 2015, partly due to the increase in official development finance recorded on budget as scheduled.

### Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

The use of national public financial management and procurement systems for development co-operation has significantly improved since the 2013-2014 monitoring round. Development co-operation partners have increased the use of all four types of national systems since 2013. Country Policy

and Institutional Assessment (CPIA) data in recent years are not available, but CPIA in 2005 indicated a score of 4.0, reflecting an above-average preparedness of country systems for channelling development co-operation finance. Untying of official development finance improved from 42% in 2013 to 72% in

2014. Building on the positive momentum in use of country systems and untying of official development finance, it is crucial for Albania to continue strengthening national financial management and procurement systems and to promote increased use of national systems in order to enhance country ownership.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	31% ▲	25% ▲	29% ▲	19% ▲		
INDICATORS 9A & 10.					4.0	72% ▲

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Consultations with CSOs on development policies are mainly conducted at the national level and in the designing phase. CSO participation needs to be strengthened by a legal framework ensuring that multi-stakeholder feedback is incorporated into implementation and monitoring processes. Training opportunities and resources for CSO capacity-building are limited and sporadic. The Law on the Right to Information adopted in 2014 allows non-state actors to access government information, which improves transparency and government accountability. Albania is committed to the Open Government Partnership (OGP) initiative and has

approved the OGP National Action Plan 2016-2018. The National Council for Civil Society was formed to improve institutional collaboration between government and CSOs. Development partners acknowledge the primary role of CSOs in promoting sustainable development and partnership between public institutions (as main finance recipients) and CSOs (as implementing partners). Local financial and in-kind support to CSOs is limited, as a proposal for establishing a legal framework for corporate and private philanthropy is pending approval. In May 2015, the Council of Ministers approved the Roadmap to Developing Policy

and Measures for Enabling Environment for Civil Society. The private sector demonstrates motivation and leadership to conduct public-private projects. The government has formed the Investment Council and the National Economic Council to support the private sector. Intermediary institutions, such as business councils, industry associations and chambers of commerce are national champions in multi-stakeholder dialogue and the government has undertaken structural reforms aiming to reshape the business climate and environment.

### Indicator 8. Gender Empowerment

Gender equality has become a priority for policymaking as parliament passed a gender quota allowing women to hold 35% of councillor and 15% of mayoral positions (up from 12.2% and 4.6%, respectively). The Medium-Term Budget Programme tracks allocations for gender equality and women's empowerment and the information is published in the official gazette and

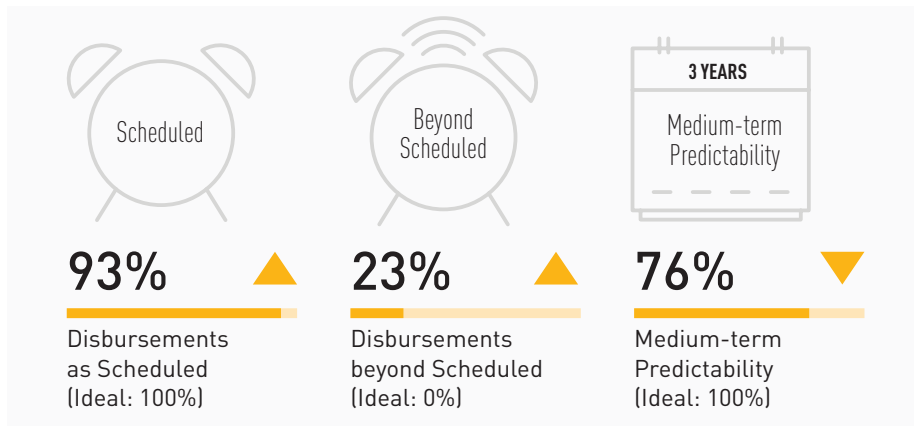
posted online. However, a solid system that tracks gender equality systematically is still lacking, while the government aims to reinforce a system to monitor expenditures. The Ministry of Finance is taking the lead in tracking public expenditures from a central government perspective. Collection of sex-disaggregated data has become mandatory, with government efforts to make gender

equality central to planning and budgeting for national development and EU integration. Work on gender-specific indicators has been initiated, with specific targets in place, but deeper analysis, planning and implementation are required to achieve the use of gender-specific data.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

Short-term predictability on development co-operation improved as finances disbursed as scheduled reached a remarkable rate of 93% in 2015, which is significantly higher than 71% in 2013 and 60% in 2010. However, medium-term predictability dropped from 83% in 2013 to 76% in 2015, which requires enhanced sharing of information official development finance from partners to enable effective budget planning.



### Indicator 7. Mutual Accountability

The goal of partner coordination has been to promote government to take responsibility and enhance coordination, programming, harmonization and alignment of interventions with national development priorities and to expand development, effectiveness and transparency. The IPS,

which has been implemented since 2005, is a major government reform, with the primary purpose of avoiding fragmentation and duplication between the government's core policy and financial planning processes. Policy on official development finance and partnership policy define

the country's development co-operation priorities. Specific national targets for effective development co-operation have been defined for government and partners. However, the targets have not been assessed by government and partners during the past two years.

## National Priorities Going Forward

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The Government of Albania is continuously enhancing development co-operation and partnership at the country level in order to advance the country's development agenda. The aim is to strengthen the planning and coordination of policies that turn priorities into concrete actions, increase effectiveness and manage for results, build inclusive development partnerships, enhance mutual accountability, trust and respect, and ensure maximum impact for development. An integrated sectoral approach mechanism has been recently introduced through the establishment of the four pilot Integrated Policy Management Groups, taking the lead for the development, implementation and monitoring of sector reforms through National Sector Programmes. Albania is currently undergoing an evaluation for introducing a regulatory impact assessment framework in order to further strengthen the planning process, avoid fragmentation and provide an effective regulation of the overall strategic framework. The building of an effective monitoring and evaluation system of strategies, programmes and legal framework in force is another important objective of the government. Also, Albania is undergoing a structural reform in public finance management. Ensuring effective coordination and harmonization of all sources of development finance is crucial to achieving the objectives of the ambitious 2030 Agenda for Sustainable Development.

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**Mr. Niko Peleshi, National Coordinator  
Deputy Prime Minister, Government of Albania**

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