



SIGMA

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Creating Change Together

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PRIORITIES

ALBANIA

MAY 2013

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2013-2020 SIGMA COUNTRY PRIORITIES FOR PUBLIC ADMINISTRATION REFORM – Explanatory note

Aim and structure of proposals

SIGMA has identified the following country priorities for public administration reform (PAR), which are a continuation of the 2013 SIGMA assessments and part of a longer-term programme of work. Priorities cover the overall PAR needs of the country, including areas which were not covered by the assessments. Priorities in areas outside the scope of SIGMA assessments are based on other analytical sources and SIGMA's practical experience of working with the country.

SIGMA proposes priority 2020 targets for the countries, sub-targets when needed, and sequenced priority activities in 1-2, 3-5 and 5+ year time perspectives. The EC may wish to use the identified priorities to feed into the planning of EU assistance, in particular for IPA II, and to inform discussions with the country on public administration reform priorities.

ALBANIA

2013-2020 SIGMA COUNTRY PRIORITIES

The following priority targets are proposed for Albania for 2020:

1. The development of policy making and legislative drafting capacities is at the point where the Albanian Government is capable of drafting good quality legislation and making proper use of better regulation tools, such as impact assessment and public consultation, so as to effectively formulate and implement government policies and successfully implement the EU *acquis*.
2. The public administration in Albania consists of effective and efficient institutions, served by a professional civil service that ensures the legality and predictability of the administration, acts in an independent and impartial manner, and contributes to the adoption and implementation of the EU *acquis*. An adequate procedure for the application of administrative law has been established, and appropriate structures to ensure the administrative and political accountability of the public administration are in place.
3. Internationally agreed and EU-compliant principles, standards and methods for public internal financial control (PIFC) apply to the internal control systems of the entire public sector, including systems to manage the spending of EU funds. The Medium-Term Expenditure Framework (MTEF) is being implemented in full accordance with the requirements of the 2011 EU Decree on Budgetary Frameworks in the Member States, and it encompasses expenditure programmes that are implemented within a clear managerial accountability framework that includes adequate control and audit mechanisms. The supreme audit institution (High State Control) is functionally, operationally, and financially independent, reporting to Parliament on the basis of the International Standards for Supreme Audit Institutions (ISSAIs).
4. The public procurement system, including public-private partnerships (PPPs)/concessions, is in place and fully operational, in accordance with EU rules and good international practice. The system provides value for money and is considered to be fair by most economic operators and civil society organisations.

POLICY MAKING AND CO-ORDINATION

STATE OF PLAY	
The policy making and legislative drafting processes in line ministries are still subject to shortfalls in analytical work and that transparency in this area, particularly in relation to consultation with relevant stakeholders, is insufficient. Staff turnover and weaknesses in analytical capacity have a negative impact on the quality of legislation drafted. More attention also needs to be paid to the effective implementation and enforcement of legislation.	
Target 2020	The development of policy making and legislative drafting capacities is at the point where the Albanian Government is capable of drafting good quality legislation and making proper use of better regulation tools, such as impact assessment and public consultation, so as to effectively formulate and implement government policies and successfully implement the EU <i>acquis</i>.

POLICY MAKING AND CO-ORDINATION

1-2 Years	<ol style="list-style-type: none"> 1. General Secretariat of Council of Ministers (GSCM) to carry out a thorough, evidence-based review of policy making and legislative drafting processes at the centre of government and in line ministries, including the way in which legislation is reviewed before it reaches the Council of Ministers, providing a baseline assessment of current approaches and areas for improvement; 2. GSCM, the Ministry of European Integration (MoEI) to develop a framework and guidelines for policy development and implementation by line ministries, including the EU <i>acquis</i>, and the relevant co-ordination functions required by the centre of government, based on the outcomes of the review and international good practices; 3. GSCM to introduce a programme for line ministries to improving policy making capacities, including the development of skills to produce good-quality concept papers prior to legislative drafting, and adopt and implement appropriate policies to make full use of tools such as regulatory impact assessment (RIA) and effective public consultation; 4. In parallel, Department of Public Administration (DoPA) to provide training for relevant officials in ministries to improve legislative drafting capacities based on the manual on legislative drafting, which has already been developed.
3-5 Years	<ol style="list-style-type: none"> 5. GSCM working with the centre of government institutions to lead the co-ordination of policy making functions and legislative drafting, establishing a network across line ministries to encourage them to adopt the guidelines for policy making and legislative drafting, with ongoing training for line ministries responsible for implementation; 6. The centre of government institutions to increase their capacity to co-ordinate and scrutinise regulation produced by line ministries, with an emphasis on the development and use of an evidence base, public consultation, implementation plans and consistently good quality legislative drafting.

CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

STATE OF PLAY

Progress has been made in developing the public administration. The Parliament has adopted a Law on Administrative Courts. A draft Law on the Organisation and Functioning of Public Administration has been approved by the Government. This structural law aims to fight fragmentation and co-ordination deficiencies and to create a general legal framework for the organisation of the public administration. The Government has also approved the draft Law on the Civil Service, but it has not been enacted. A draft Law on General Administrative Procedures (LGAP) is to be submitted to the Government in May 2013.

Considerable work needs to be done, however, with regard to the development of a professional civil service and the establishment and implementation of an adequate administrative law framework.

Target 2020	<p>The public administration consists of effective and efficient institutions, served by a professional civil service that ensures the legality and predictability of the administration, acts in an independent and impartial manner, and contributes to the adoption and implementation of the EU <i>acquis</i>.</p> <p>An adequate procedure for the application of administrative law has been established, and appropriate structures to ensure the administrative and political accountability of the public administration are in place.</p>
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CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

1-2 Years	<ol style="list-style-type: none"> 1. DoPA to ensure that the new Law on Civil Service (LCS) is enacted and implemented and to develop a plan for the adoption of secondary legislation with priority given to the training of civil servants and staff of human resource management (HRM) units; 2. Government to adopt the LGAP; DoPA to develop an implementation plan, which should include: <ul style="list-style-type: none"> • Identification and review of all existing special administrative procedures, with a view to their abrogation where possible; • Preparation of manuals for training and support of implementation; • Training of staff, especially public managers; • An information campaign to inform citizens of the law; • Development of monitoring mechanisms (with clear allocation of responsibilities) for ensuring consistent implementation and coherent standards across the public administration; 3. DoPA to finalise developing and the Government to adopt the draft Strategy of Public Administration Reform 2013-2020 (PAR Strategy), focused on reform of the civil service, wage reform and training of the public administration; 4. DoPA, working with other centre of government institutions, to clarify and implement the structure for co-ordinating and ensuring the effective implementation of the PAR Strategy Action Plan in relation to the civil service; 5. Government and the Ministry of Justice (MoJ) to adopt the amendment of Law on the Supreme Court to fully implement the Law on Administrative Courts.
3-5 Years	<ol style="list-style-type: none"> 6. DoPA to monitor and evaluate progress in the implementation of civil service legislation across line ministries and take any necessary steps to achieve the effective implementation of this legislation; 7. DoPA to assess the implementation and effective impact of the new LGAP; provide ongoing training to line ministries to ensure that all public servants are fully familiar with the operation of these laws; 8. DoPA to monitor and review the implementation of the PAR Strategy (civil service and related matters) and to develop suggestions for further changes; 9. MoJ to monitor and evaluate the effectiveness of the reform of administrative justice and carry out further improvements if necessary.

PUBLIC FINANCE MANAGEMENT

STATE OF PLAY

The Albanian budget cycle process is centred on the development of a programme oriented Medium-Term Budget Programme (MTBP). The systems and procedures for both budget formulation and budget execution are mostly sound, although not all elements have been fully implemented. A more analytical approach to expenditure programmes and investment decisions needs to be developed throughout the Albanian administration. This analytical approach would apply to the way in which the budget is formulated as well as monitored. Improved budget formulation and monitoring would subsequently help to better manage expenditure programmes.

While the legal basis is in place for a functioning financial management and control (FMC) system that supports managerial accountability, the actual implementation of FMC at the level of budget users is weak, despite the efforts of the Central Harmonisation Unit (CHU). Many budget users see public internal financial control (PIFC) as a bureaucratic procedure that the Ministry of Finance (MoF) is trying to impose rather than a system that can improve the delivery of services.

Internal audit (IA) in Albania has a solid legal foundation, in line with international standards. Secondary legislation has been developed, but the implementation of IA is lagging behind. The driver of the implementation, the CHU/IA, is fully staffed but lacks practical IA experience. The profile of the CHU/IA needs to be raised within the MoF and in other ministries. To improve the quality of IA, the programme for certification of internal auditors should be completely revised.

The legal basis of the High State Control (HSC), which is the supreme audit institution (SAI) in Albania, is sufficient to guarantee its functional and operational independence. Up until 2012 HSC development was slow. A new chairman, upon taking office in 2012, started to make radical changes in the institution. He introduced organisational modifications and new procedures to improve audit efficiency, increased training activities, intensified public relations, and sought co-operation at national and international levels. Further development of the HSC will depend on the implementation of its Strategic Development Plan (SDP) for 2013-2017.

Target 2020	<p>Internationally agreed and EU-compliant principles, standards and methods for PIFC, which apply to the internal control systems of the entire public sector, including controls of the spending of EU funds, are in place.</p> <p>The Medium-Term Expenditure Framework (MTEF) is being fully implemented, in accordance with the requirements of the EU 2011 Decree on Budgetary Frameworks in the Member States. It encompasses expenditure programmes that are implemented within a clear managerial accountability framework, with adequate control and audit mechanisms.</p> <p>The supreme audit institution (the HSC) is functionally, operationally, and financially independent, and it reports to Parliament on the basis of the International Standards for Supreme Audit Institutions.</p>
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PUBLIC FINANCE MANAGEMENT

<p>The basis for more accurate planning and execution of the budget has been established, and steps have been taken to place greater emphasis on obtaining value for money from expenditures.</p>	
1-2 Years	<ol style="list-style-type: none"> 1. MoF to instruct budget users on the use of an agreed policy change baseline for three-year expenditure forecasts in order to strengthen the accuracy and reliability of the MoF's economic and fiscal forecasting; 2. MoF to develop for Government approval training to key staff in all budget users on how to better plan and budget for expenditure programmes, using performance indicators and cost-benefit analysis, in order to develop throughout the public sector a more analytical approach to expenditure programmes and investment decisions; 3. MoF to work with budget users through regular communication and workshops, placing stronger emphasis on monitoring actual expenditure against the budget and actual outputs against targets; 4. MoF to finalise the development of a system for better commitment controls, whereby spending units are required to register all commitments in the Treasury system before a contract is actually signed so that it can only be signed if the relevant revenue is available; 5. Assembly to strengthen fiscal analytical capacity of individual MPs through the appointment of technically qualified support staff.
3-5 Years	<ol style="list-style-type: none"> 6. MoF to review and monitor its priorities set in the past two years to ensure that they are working well in practice; 7. Budget users to begin to implement the system of programme budgeting by delegating responsibility and accountability for budget management to managers of spending units; 8. Budget users to ensure that strategic plans are more closely aligned with the Government's overall programme strategy objectives and are formulated within the context of the MTEF.

PUBLIC FINANCE MANAGEMENT

The conditions for managerial accountability have been created in the public sector, thereby further improving the PIFC environment.	
1-2 Years	<ol style="list-style-type: none"> 1. MoF to endorse the efforts of the CHU/FMC in raising the level of understanding throughout the administration of the actual meaning of FMC and managerial accountability; 2. Budget users to train managers in the use of the Treasury system and the MTBP as tools for internal management and control so that they can assume more responsibility for the execution of their own budgets; 3. Budget users to develop their capacities for strategic financial planning, which is an essential complementary activity to the ‘pre-commitment’ reform in the Treasury system; 4. CHU to prepare instructions for executing officers indicating how their current responsibilities should be technically executed; 5. CHU to provide training on FMC principles for all line and senior managers so that they understand their role in supporting and assisting the executing officer; 6. Certifying Authorising Officer to improve the decentralised management of IPA and build the necessary capacities in the national administration and especially in the Audit Authority; 7. CHU to raise profile and professionalism of CHU/IA staff by establishing regular meetings of the CHU/IA General Director with the MoF and improve knowledge and skills of CHU/IA staff in carrying out systems audit (quality assurance sector) and in giving guidance to IA units (quality assurance and methodology sector); 8. CHU to increase the impact of IA training by developing and implementing a strategy for the certification of internal auditors with different levels of professional experience (professional development sector) and by developing annual continuous training programmes, with specific attention to strategic and annual planning and systems audit ; 9. CHU to revise the Internal Audit Law, specifically to clarify the roles and responsibilities of the Qualification Committee and of the CHU/IA in relation to the new certification and continuous training programme; allow the recruitment of internal auditors as ‘trainee auditors’; restrict the participants in the IA training programme to staff currently employed in IA; define additional criteria for the establishment of IA units; 10. MoF to conduct a study of the feasibility of merging the CHU/IA with the CHU/FMC to form a General Directorate for Internal Control.

PUBLIC FINANCE MANAGEMENT

3-5 Years	<p>11. CHU/FMC and CHU/IA to review and monitor the priorities set in the past two years to ensure that they are working well in practice;</p> <p>12. Budget users to strengthen managerial capacities through greater emphasis on performance measurement with regard to achieving strategic objectives within budget limits;</p> <p>13. Budget users to strengthen internal control processes so that the MoF can begin shifting the emphasis from centralised control to decentralised management of resources;</p> <p>14. CHU/IA to set up and put into operation a network of heads of IA units.</p>
5 + Years	<p>15. Develop a substantive managerial accountability culture that involves the delegation of substantive authority to line managers so that they have an influence over decisions regarding the use of resources;</p> <p>16. Carry out an external review of IA in terms of its compliance with international IA standards and quality of work.</p>

PUBLIC FINANCE MANAGEMENT

<p>The High State Control (HSC) is functionally, operationally and financially independent, and it reports to Parliament on the basis of the International Standards for Supreme Audit Institutions (ISSAIs).</p>	
1-2 Years	<ol style="list-style-type: none"> 1. HSC to approve the draft Strategic Development Plan (SDP) 2013-2017 and implement it accordingly; 2. Parliament to approve the pending amendments to the HSC Law; 3. HSC to develop an audit strategy, based on the SDP, that translates the strategic choices in the SDP into strategic orientations for multi-annual audit programming; 4. HSC to assess whether the HSC complies with the ISSAIs, in accordance with the agreement of the HSC with the International Development Initiative (IDI) of INTOSAI of 13 March 2013; 5. HSC to introduce certification audit, strengthen performance audit, and revise the audit approach of compliance audit; approve new methodologies and guidelines for these three types of audit; 6. HSC to redefine the precise role of HSC in the fight against fraud and corruption, and clarify this role to staff and external stakeholders; 7. HSC to develop a training strategy for its staff that includes the requirements for the certification of audit staff, the need for preparations for certification audit, and the importance of moving in the direction of a more systems-oriented approach in compliance audit; 8. HSC to reorganise the HSC structure in line with new audit approaches, and strengthen methodology and training activities.
3-5 Years	<ol style="list-style-type: none"> 9. HCS to introduce IT auditing and auditing of EU funds management; 10. HCS to certify the annual Government report on the budget execution, in accordance with ISSAIs 1000-2999; 11. HCS to publish opinions on compliance audit, in accordance with ISSAIs 4000-4200; 12. HCS to draft a new SDP for the period 2017-2021.
5 + Years	<ol style="list-style-type: none"> 13. HCS to review and monitor the steps taken in accordance with the new SDP 2017-2021 to ensure that the Plan is working well in practice.

PUBLIC PROCUREMENT INCLUDING PPPs/CONCESSIONS

STATE OF PLAY

The public procurement system has undergone a number of positive changes in 2012-2013, particularly with regard to the adoption by the Government of the new Concessions and PPP Law (CPPPL) and the Public Procurement Law (PPL) based on EU Directives. A comprehensive set of public procurement implementing regulations and templates of standard bidding documents and other documents have been approved, and training has been provided to contracting authorities (CAs) and suppliers. Review mechanisms have also been made available and e-procurement and e-concessions introduced, but further work is needed to improve the professionalism of CAs.

However, the Albanian authorities lack a coherent, comprehensive strategy concerning the further development of the procurement system in either a medium or longer-term perspective.

Target 2020	<p>The public procurement system, including public-private partnerships (PPPs)/concessions, is in place and fully operational in accordance with EU rules and good international practice.</p> <p>The system provides value for money and is considered to be fair by most economic operators and civil society organisations.</p>
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PUBLIC PROCUREMENT, INCLUDING PPPs/CONCESSIONS

<p align="center">1-2 Years</p>	<ol style="list-style-type: none"> 1. Public Procurement Agency (PPA) to finalise and adopt secondary legislation arising from the CPPPL (set of five regulations); 2. PPA to develop a training action plan for all PPP/concession stakeholders – PPA, Public Procurement Commission (PPC), ATRAKO, and Ministry of Finance (MoF) – and contracting authorities/line ministries, as well as the private sector; 3. PPA to co-ordinate the reinforcement of co-operation between the PPA, Ministry of Economy and Trade (METE) and ATRACO through the establishment of a formal co-ordination working group so as to ensure the sustainability of reforms in the concessions area; 4. MoF to set up a Concessions Registry within its structures, enabling the monitoring of long-term fiscal exposure; 5. Government to prepare and adopt a legislative framework to regulate defence and security procurement (to transpose EU Directive 2009/81); 6. PPA to draft and adopt a Public Procurement and Concessions/PPP Strategy (in accordance with the PPL and the CPPPL) and its implementation plan; 7. Ministry of Interior Affairs (Mol) and PPA to review the system for centralised procurement, identify the scope of reform, and prepare an action plan for future development;
<p align="center">3-5 Years</p>	<ol style="list-style-type: none"> 8. Parliament to strengthen the independence and capacity of the Public Procurement Commission (PPC) by legislating the PPCs subordination out of the executive; 9. PPA to implement the Action Plan for the Development of Centralised Procurement by drafting and adopting any legislation required, introducing new procedures, guidelines and tools (including elements of e-procurement), and setting up and (re-)staffing the institutions concerned (MoF, others to be determined); 10. PPA to further facilitate the access of small and medium-sized enterprises (SMEs) to the public procurement market as well as to research and development (R&D) opportunities through the establishment of a PP Advisory Board to the PPA;
<p align="center">5 + Years</p>	<ol style="list-style-type: none"> 11. PPA to conduct an <i>ex post</i> analysis of reforms implemented and actions undertaken; 12. PPA to introduce changes to the legislative and institutional settings as well as to procurement methods and practices, if needed.