

Public administration in Albania 2024

Assessment against the Principles of Public Administration



SIGMA Monitoring Reports

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This report provides analysis on how Albania performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.

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Abbreviations and acronyms

ADC	Agency for Dialogue and Co-Governance
ADISA	Agency for Delivery of Integrated Services
AGFIS	Albanian Government Financial Information System
AI	Artificial intelligence
AKSHI	National Agency for Information Society
ALA	Association of Local Autonomy
ALL	Albania lek
ASPA	Albanian School of Public Administration
ATRAKO	Concession Treatment Agency
CAP	Code of Administrative Procedures
CCPAR	Cross-Cutting Public Administration Reform Strategy
CDT	Calculated disposition time
CHU	Central Harmonisation Unit
CIT	Corporate Income Tax
CJEU	Court of Justice of the European Union
CoCS	Commissioner for the Oversight of the Civil Service
CoG	Centre of government
CoM	Council of Ministers
CPO	Central Purchasing Operator
CPPPL	Concessions and Public-Private Partnerships Law
CSL	Civil Service Law
CSO	Civil society organisation
DoPA	Department of Public Administration
DPA	Department of Public Administration
DPEI	Department of Policies and European Integration
DPLA	Department of Priority Legal Acts
DPS	Dynamic purchasing system
DRLA	Department of Regulatory Legal Acts
EBRD	European Bank for Reconstruction and Development
EPS	Electronic public procurement system
EU	European Union
EUR	Euro
FMC	Financial Management and Control
GAWP	Government Annual Work Plan

GDP	Gross Domestic Product
HR	Human resources
HRM	Human resource management
HRMIS	Human Resource Management Information System
IA	Internal audit
IDI	Intosai Development Initiative
IDPC	Information and Data Protection Commissioner
IMC	Inter-municipal co-operation
IPA	Instrument for Pre-accession Assistance
IPMG	Integrated Policy Management Groups
IPPF	International Professional Practices Framework
ISSAI	International Standards for Supreme Audit Institutions
LAI	Local Autonomy Index
LOFSA	Law on the Organisation and Functioning of State Administration
MFF	Macroeconomic and Fiscal Framework
MIA	Media and Information Agency
MoE	Ministry of Economy
MoF	Ministry of Finance
MoJ	Ministry of Justice
MP	Member of Parliament
MSEBC	Minister of State for Entrepreneurship and Business Climate
MTBP	Medium-Term Budget Programme
MTDS	Medium-Term Debt Management Strategy
NAIS	National Agency for Information Society
NCPA	National Civil Protection Agency
NPEI	National Plan for European Integration
NSC	National Selection Commission
NSDEI	National Strategy for Development and European Integration
OBL	Law on Management of the Budgetary System in Albania
OECD	Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister
OSCE	Organization for Security and Co-operation in Europe
PAR	Public administration reform
PFM	Public Finance Management
PIFC	Public Internal Financial Control
PIT	Personal Income Tax
PPA	Public Procurement Agency
PPC	Public Procurement Commission

PPL	Public Procurement Law
PPP	Public-private partnership
PSHRM	Public service and human resource management
RIA	Regulatory impact assessment
RoP	Rules of Procedure of the Council of Ministers
SAI	State Audit Institution
SASPAC	State Agency for Strategic Programming and Aid Coordination
SCEI	State Committee for European Integration
SOE	State-owned enterprise
SPC	Strategic Planning Committee
SQDNA	e-Signed Document Circulation System
SSAI	State Supreme Audit Institution
TED	Tenders Electronic Daily eForms
TIAPS	Training of Internal Auditors in the Public Sector
TMC	Top Management Corps
TNA	Training needs analysis
TQM	Total quality management
TSA	Treasury Single Account
VAT	Value Added Tax
WCAG	Web Content Accessibility Guidelines

Introduction

The Principles of Public Administration and the European integration path: Measuring the fundamentals

*The Principles of Public Administration*¹ sets out what good public governance entails in practice and outlines the main requirements to be followed by countries during the European Union (EU) integration process. Good public governance is key for achieving economic growth, competitiveness and better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administration. In its 2014 Enlargement Strategy, the European Commission (EC) highlighted public administration reform (PAR) as one of the “fundamentals” of the EU enlargement process. The 2023 EC communication on the EU Enlargement Policy reaffirms this conviction: “The functioning of democratic institutions and public administration reform continue to be among the three fundamentals for the EU accession process.”²

Overall approach: Focus on implementation and results, analysing a variety of primary data sources against precise criteria and benchmarks for an objective and balanced assessment

The updated 2023 edition of *The Principles of Public Administration* reflects the most recent international standards, applicable EU *acquis* and citizen expectations for modern public administration in Europe. Endorsed by the OECD and the European Commission, it covers the same broad scope and thematic areas as the previous edition.

The *Assessment Methodology of the Principles of Public Administration*³ contains a set of standard indicators that SIGMA applies consistently to measure the state of play against the Principles, including the preconditions and enablers for successful reforms (appropriate laws, policies, procedures, institutional structures and human resources); the public administration's actual implementation practices; and subsequent results (how the administration performs in practice). In the new *Assessment Methodology*, more than half of all criteria focus on implementation practices and results.

While the overall approach recognises that no single measurement method can fully cover the complex issues related to all organisational and behavioural aspects of public administration, SIGMA relies on information from a comprehensive range of sources: administrative data from public registries; national statistics; legislation reviews and government reports; citizen, business, public servant and contracting authority surveys; case reviews of sample government documentation; and over 100 interviews with public servants and civil society. This information is cross-checked and triangulated to arrive at a balanced assessment.

¹ OECD (2023), *The Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Principles-of-Public-Administration-2023.pdf>.

² European Commission (2023), *2023 Communication on EU Enlargement Policy*, p. 2, https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/COM_2023_690%20Communication%20on%20EU%20Enlargement%20Policy_and_Annex.pdf.

³ OECD (2024), *Assessment Methodology of the Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Assessment-Methodology-Principles-Public-Administration.pdf>.

A regional series with long-term perspective

This monitoring report assesses the state of play in public administration and progress in improving its quality. Given the geostrategic importance of the Western Balkans to the European Union and the ongoing EU accession negotiations, SIGMA conducts regular monitoring of the region. While SIGMA's assessments in 2015, 2017 and 2021 covered the full scope of the Principles of Public Administration, this 2024 report also addresses all Principles and provides a comprehensive and detailed picture of the state of public administration in the region.

This report is based on the *Assessment Methodology* developed to accompany the updated Principles of Public Administration (2023). While the narrative sections clearly describe developments since the last assessment and enable comparisons with previous monitoring, the significant methodological differences between this report and previous ones make comparisons of indicator values inapplicable.

Key insights and recommendations for decision makers, and detailed performance data for practitioners

Thirty-two Principles make up the framework for the six thematic areas, and each Principle has one or two indicators. There are 36 indicators in total, with 289 sub-indicators and 1 732 individual criteria. Indicator values for each Principle are presented at the top of every overview table, ranked on a scale of 0 (lowest) to 100 (highest) and based on the total number of points received for the sub-indicators.⁴ The indicator values provide a comparative picture of the state of play as of 30 June 2024.

The structure of the report mirrors that of the Principles. Each Principle contains a dedicated overview of associated indicator(s) and a summary analysis of the main strengths and weaknesses. Analytical findings and the most relevant recommendations are provided to guide reform efforts and inform the policy dialogue and discussions within the government administration and between the European Commission and the Government.

SIGMA provides an executive brief and summaries for each of the six thematic areas to facilitate understanding at different levels of detail and insight. While the monitoring report shows overall indicator values only, the SIGMA data portal⁵ offers a detailed criteria-level analysis.

SIGMA wishes to thank the Government for its collaboration in providing the necessary administrative data and documentation, as well as for its active engagement during the validation process to ensure the factual accuracy of all information used. We also thank the experts who contributed to this report. Finally, EC partnership and support has enabled SIGMA to prepare this comprehensive long-term focus on public administration reform.

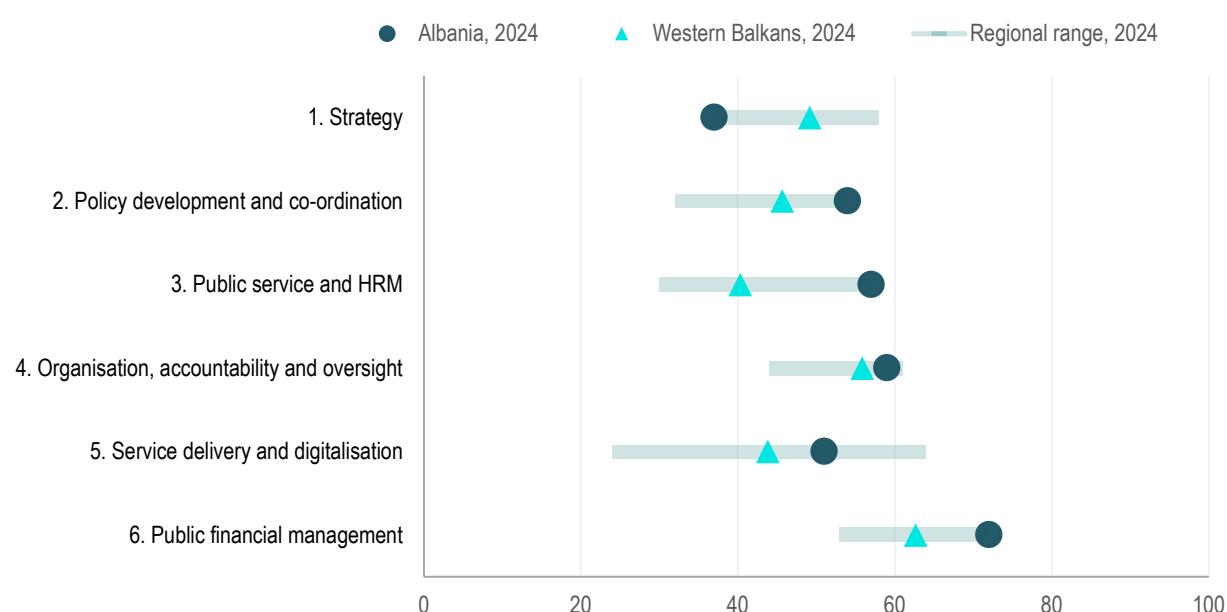
⁴ Point conversion tables can be found in the *Assessment Methodology*.

⁵ <https://par-portal.sigmaweb.org/>

Executive brief

Albania remains the regional leader in the functioning of public administration in several thematic areas, notably public financial management (PFM), public service and human resource management, and policy development and co-ordination. In recent years, Albania has made progress in the path towards EU accession. The negotiation process was officially launched in July 2022 and as of November 2024 five chapters of the *acquis* have been opened for negotiation. The appointment of a dedicated Minister of State for Public Administration and Anti-Corruption in January 2024 represents another important development that clarifies political responsibility for public administration reform (PAR).

Figure 1. Overall state of play in the functioning of public administration



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

The legal framework and institutional set-up for a well-functioning public administration is mostly in place across all areas (Figure 2). A strategic framework exists for reforms in the area of PFM, but is currently being finalised for all other areas. The main shortcomings appear in practice, regarding the implementation of the legal framework and achievement of results. For example, full implementation of the 2013 Law on Civil Servants regarding the recruitment of top managers is still pending and the once-only principle envisaged in the 2016 Code of Administrative Procedures is implemented inconsistently. The regulatory impact assessment (RIA) system was due to be fully implemented by 2020, but in 2023 only 61% of laws were accompanied by an RIA and no secondary legislation. A more consistent implementation of the RIA system could help determine the potential consequences of legal acts well ahead of adoption, in order to better ensure that the administration itself is able to implement the requirements stemming from the legal framework.

Figure 2. State of play in public administration by type of criterion



Notes: The results are split. The first combines points from legislation, strategy and guidance, and institutional set-up. The second aggregates points scored from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

The strategic framework for PAR is incomplete

The Cross-cutting Public Administration Reform Strategy and the Public Financial Management Strategy both expired in 2022. In December 2023, as part of the screening process for EU accession negotiations, the Government adopted the Roadmap for Public Administration Reform, which outlines reform plans until 2030. The new PFM Strategy, adopted in June 2024, further specifies the objectives and measures for PFM. As of October 2024, the new strategic framework for other thematic areas of PAR is still being finalised. Due to the gap between the previous strategic framework and its successor, which lasted for 2023 as well as parts of 2024, it was not possible to analyse the success of implementation or the achievement of intended results, even though standalone reforms were implemented (e.g. increase in civil service salaries, amendments to public procurement legislation, etc.). Innovation is actively promoted across the public sector through special events, with the majority of civil servants (62%) confirming the sharing of good practices. However, the cost for implementing reforms is highly dependent on donors, with 93% of the additional cost of the PFM Strategy to be covered by sources external to the Government, creating risks for the long-term sustainability of reforms.

Better regulation tools are being applied, but quality of analysis shows room for improvement

Critical functions have been assigned to institutions at the centre of government, and policy development is largely supported by relevant guidelines. More draft laws are accompanied by RIAs (61% in 2023) and undergo public consultations (67%) than in 2021, but there is still room to improve consistency in the application of these better regulation tools (including by introducing impact assessments of secondary legislation). Additional effort to engage in more meaningful discussions with stakeholders during policy development could also improve the quality of analysis supporting draft laws. At present, the quality and relevance of central planning documents is undermined by the large share of approved draft laws that do not originate from any policy plan (Government Annual Work Plan or sector strategy). At the same time, the implementation of planned commitments is suffering. Finally, parliamentary oversight of policy implementation remains weak and trust in Parliament is low.

The civil service is supported by a strong institutional framework, but the top management system envisaged in law has not yet been implemented

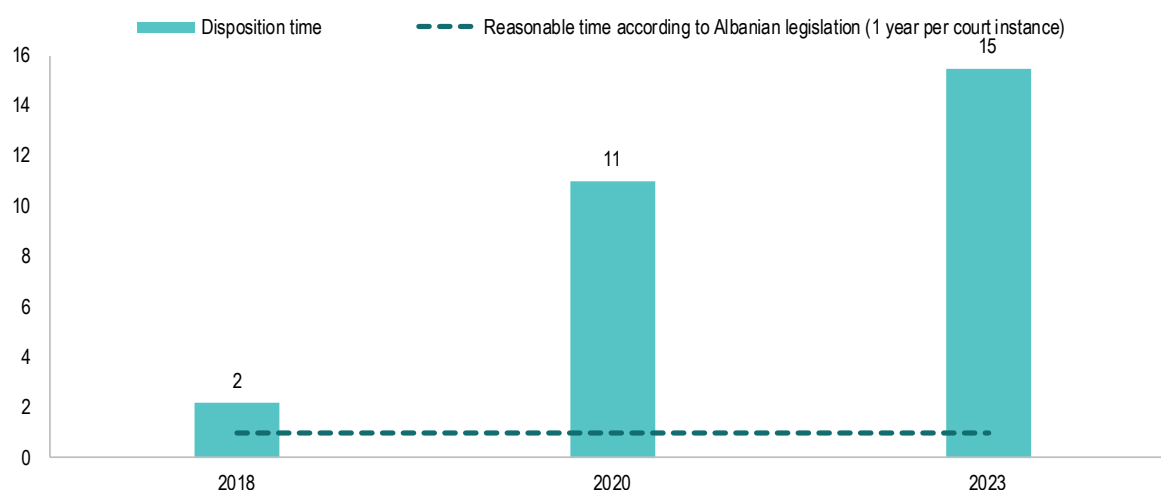
Albania's civil service management system, underpinned by the 2013 Civil Service Law, is mature and stable by regional standards, and is supported by effective co-operation between the Department of Public Administration (DoPA), human resources units and other institutions. Recent salary increases have improved the attractiveness of civil service positions, and there has been progress in expanding the Human Resource Management Information System (HRMIS). However, challenges persist, including limitations in the scope of the civil service, incomplete salary reform and weaknesses in the merit-based selection process of top managers and its politicisation due to the non-implementation of a specific framework enshrined in the Albanian law. While recruitment is centralised and digital, the associated methods could

be improved and a competency framework for middle-level managers introduced. Despite these issues, public trust in civil servants stands at 40%, comparable to regional averages and significantly higher than trust in other government institutions.⁶

Accountability is undermined by flaws in organisational set-up and limited access to administrative justice due to excessive duration and delays in enforcement

The organisational set-up of the public administration, with a large number of bodies reporting directly to the Office of the Prime Minister or even to the Parliament, as well as lack of clear objectives and targets in working plans, hinder accountability and the performance management of public administration bodies. While independence and sufficient powers are in place for effective oversight of the public administration by the People's Advocate and the State Supreme Audit Institution (SSAI), implementation of their recommendations remains low and the Parliament does not provide adequate support to these bodies in their roles. Lengthy administrative court proceedings (15.5 years in appeal instance, see Figure 3) and the non-enforcement of judgments by the public administration undermine effective access to administrative justice, while the public sector continues to struggle with high perceptions of corruption. On the positive side, Albania's public administration has made progress in establishing a solid legal framework for access to information, with the Information and Data Protection Commissioner proving effective in ensuring that requests for information are eventually addressed.

Figure 3. Duration of procedures at the Administrative Court of Appeal (in years)



Note: The reasonable duration of a court procedure per court instance is one year in administrative disputes according to Article 399/2 of the Code of Civil Procedure.

Source: Data collected from the annual reports of the High Council of Justice.

⁶ Trust is an important indicator of how people view and evaluate their government institutions. The OECD has developed a comprehensive framework to understand what drives trust in public institutions and applies this framework in the biennial OECD Trust Survey (OECD, 2021), which up to now has been implemented in OECD member countries and Brazil. The OECD Trust Survey examines what affects trust by measuring people's perceptions of government competence (reliability and responsiveness) and values (integrity, fairness, and openness), then connecting these factors to trust levels across various institutions. More information can be found here: https://www.oecd.org/en/publications/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results_9a20554b-en.html

Recognising trust as a valuable indicator of public governance performance, the SIGMA Survey of Citizens on public administration—while distinct from the OECD Trust Survey—includes specific questions about trust in public institutions to complement existing indicators from the Assessment Methodology.

Progress in digitalisation is significant, but service quality and accessibility require more attention

Albania has made significant progress in digitalising public services, with 95% of services now available through the e-Albania platform, resulting in improved online access of services for citizens and businesses. The integration of registries and the interoperability of systems represents a major achievement, simplifying procedures and reducing administrative burdens. However, challenges remain, particularly in ensuring accessibility for those with limited digital skills and addressing gaps in user-centricity, such as proactive services and integrated life-event solutions. While satisfaction rates for some services (e.g. ID card renewal) are high, there is room for improvement in other areas (e.g. social security and support for vulnerable groups). Albania's digitalisation efforts have established a strong foundation for future steps to ensure inclusivity and continuous improvement in service quality.

Despite strong results in PFM, including public procurement, challenges remain in budget management

Albania's PFM system has made progress in aligning its budget preparation and internal control and internal audit framework with international standards. The annual budget is formulated within a medium-term framework, public debt management and monitoring of fiscal risks have improved in recent years, cash management is relatively effective and capital expenditure reporting has been enhanced. Internal audit functions are well-established, and the independence of the SSAI is ensured. However, challenges remain, including the weak credibility of medium-term forecasts, a high level of tax arrears (42%) and inconsistent compliance with commitment controls, leading to payment arrears in many government bodies. Managerial accountability shows room for improvement, as well as reporting and managing fiscal risks, particularly concerning state-owned enterprises (SOEs). Additionally, while both internal and external audit recommendations are accepted, the implementation rate remains low.

The Public Procurement Law (PPL) is largely aligned with EU directives, with further amendments adopted in 2024 enhancing transparency, competition and the use of digital tools such as e-procurement. The establishment of the Central Purchasing Operator (CPO) has improved centralised procurement, while the Public Procurement Commission (PPC) has significantly reduced the time required for handling complaints, despite the increase in the number of appeals. Importantly, the share of complaints to the court regarding PPC rulings has fallen significantly. Going forward, key challenges include the underuse of modern procurement tools, over-reliance on the price-only criterion, and the continued need for harmonisation of concession and public-private partnership (PPP) legislation. Additionally, a significant percentage of businesses surveyed expressed the opinion that procurement processes are tailored for specific bidders.

While the legal framework and organisational set-up ensure autonomy of local governments, efforts are needed to minimise financial inequalities

Albania's multi-level governance framework meets key European standards, particularly following the 2015 territorial administrative reform, which significantly strengthened local government capacity. The legal framework provides the necessary guarantees for local autonomy, while the consolidation of local government associations has improved their role in policy discussions with central authorities. The potential of inter-municipal co-operation remains underutilised, however, and significant disparities in fiscal capacity have persisted over the past years, with local governments facing high levels of payment arrears. While there is formal co-ordination between levels of government, public trust in local authorities is low, and financial equalisation mechanisms have so far not been effective in addressing inequalities in service delivery.

The way forward

Drawing on comparative weaknesses in the functioning of public administration and understanding the potential of the administration of Albania to implement reforms, the following recommendations merit attention and support at the highest level:

- The Government should propose and implement a new concept of top management in the civil service, including for recruitment.
- The Government and the Judiciary should focus on reducing the duration of administrative court procedures at the appeal court level, which currently does not ensure effective access to justice.
- The ongoing initiatives for deregulation and simplification of administrative procedures should be institutionalised and maintained to ensure that public services are not only digitally accessible, but also user friendly and conducted efficiently. The Government should establish an organisational set-up for public administration that follows a clear typology, enables effective ministerial steer, and ensures accountability as well as efficiency.



Strategy

The government ensures a strategic **vision and leadership** for an agile, innovative and continuously improving public administration responsive to new challenges.

The Principles of Public Administration

- Principle 1** A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

Summary and recommendations

The previous strategic framework for public administration reform (PAR) expired in 2022 and the new framework is – nearly two years later – still only partially in place. The PAR Roadmap 2023-2030 was adopted in December 2023 and provides priority measures for all PAR areas without clarifying institutional responsibilities or costing. In June 2024, the Government adopted the Public Finance Management (PFM) Strategy 2023-2030, and plans to finalise the new Cross-Cutting Public Administration Reform Strategy (CCPAR) in the autumn. The PFM Strategy and the upcoming CCPAR Strategy together constitute the main PAR planning documents and are intended to specify reform commitments outlined in the PAR Roadmap.

The establishment of the position of Minister of State for Public Administration and Anti-corruption is a positive development for clarifying the political level leadership of PAR. PAR is considered a priority in key horizontal planning documents like Government Programme, National Strategy for Development and European Integration, also Medium-Term Budget Programme. However, the co-ordination bodies supporting the implementation of reforms are currently in place partially, only for the PFM Strategy. Furthermore, these bodies have not been used meaningfully to support the implementation of reforms, e.g. to discuss challenges or to take decisions on relevant corrective measures. Their role has been limited to the approval of annual implementation reports. The high dependency on donor funding for covering the additional costs associated with reform measures (e.g. 93% for PFM Strategy) can undermine sustainability of reforms in the longer term.

Innovation is promoted across the public administration through special events. The majority of civil servants that responded to the SIGMA Survey of Public Servants on the functioning of public administration 2024 confirmed that good and innovative practices are shared throughout the public administration.

The existing institutional set-up, strategies and related guidance for reform planning and implementation are moderately in line with the Principles of Public Administration. However, day-to-day implementation and results in the area include gaps and inconsistencies that limit the effectiveness and impact of the PAR agenda.

Figure 4. State of play by type of criterion in the area Strategy and continuous improvement of public administration



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Government should consult with external stakeholders on the new Cross-Cutting Public Administration Reform Strategy. Based on feedback, it should be finalised, adopted and implementation started.
2. The Department of Public Administration (DoPA) and the Ministry of Finance (MoF) should improve the effectiveness of monitoring of the implementation of PAR plans, by ensuring that annual reports are prepared at the beginning of the following calendar year.
3. The DoPA and the MoF should reactivate co-ordination mechanisms for new PAR plans and ensure that they are used to support the implementation of reforms as well as to address implementation challenges.
4. The Government should increase domestic funding to PAR to ensure that reform is sustainable.

Analysis

Principle 1: A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

Re-establishment of the strategic framework for PAR since the expiration of previous strategies in 2022 has been delayed. Political level leadership for PAR has been clarified through the appointment of a Minister of State for Public Administration and Anti-Corruption. High dependency on donor funding for covering the additional costs of PFM reforms can undermine their sustainability.

Indicator 1. Quality of public administration reform (PAR) agenda		2024 indicator value	37/100
Sub-indicators		Points	
1.	Prioritisation of PAR in key horizontal planning documents	4/8	
2.	Scope and comprehensiveness of PAR agenda	12/23	
3.	Reported implementation rate of PAR agenda	0/30	
4.	Management and co-ordination of PAR agenda	9/12	
5.	Monitoring implementation of PAR agenda	2/10	
6.	Stakeholder involvement and communication	6.4/9	
7.	Promotion of innovative practices	3.4/8	

The Government prioritises PAR at the level of horizontal planning documents such as the Government Programme 2021-2025 and the National Strategy for Development and European Integration 2022-2030 (NSDEI). Both documents include objectives and reforms in PAR areas, for example increasing the salaries of public sector employees, digitalisation and enhancing the transparency of public administration. However, there has been a delay in the adoption of the specific planning documents covering PAR areas since the latest CCPAR Strategy and PFM Strategy expired in 2022.

The Government approved a Roadmap for PAR in December 2023, which contains an overview of selected priority measures for all PAR areas until 2030. However, as the Roadmap was mainly prepared as a part of the screening process for European Union (EU) accession, it lacks the key elements of a comprehensive planning document for reforms: a situation analysis, outcome level objectives and targets, clear allocation of institutional implementation responsibilities and deadlines as well as costing. The Roadmap is intended as the basis for more detailed PFM and CCPAR Strategies, which are to form the core of the strategic framework for PAR.

The new PFM Strategy⁷ was adopted in June 2024; it covers reforms in the PFM area, including public procurement and external audit, and meets most of the content-related requirements. However, one of the few but notable shortcomings of the strategy concerns deficiencies in outcome-level indicators: more than half (52%) of these indicators lack baseline values and several do not have a clear target. Instead, the target is often described as a trend (either positive or negative). Without baseline values it is not possible to ascertain the feasibility of achieving the targets or their ambition level. In addition, lack of targets undermines the effectiveness of monitoring as a source of clear managerial information. Donors will provide 93% of the additional funding for implementing the PFM Strategy, with only 7% coming from the domestic budget. Such a high dependency on external funding for additional reform costs can undermine the sustainability of reforms.

The upcoming CCPAR Strategy is being finalised during the drafting of this report, hence its content could not be assessed. Its scope is envisaged to include policy development and co-ordination, public service

⁷ Public Financial Management Sectoral Strategy 2023-2030 (including the Action Plan covering 2023-2026), approved by Council of Ministers (CoM) Decision No. 390 dated 12 June 2024.

and human resource management (HRM), and service delivery as well as organisation, accountability and oversight. Due to delays in the finalisation of the key strategies, there will be a nearly two-year gap in the proper planning and monitoring of reforms in the area of public administration. As there were no PAR plans in force in 2023, it is not possible to assess the success of the Government in implementing reforms (even though standalone reforms were implemented, e.g. increase in civil service salaries, amendments to public procurement legislation, etc.). Based on the monitoring cycle of PAR for 2022, the timely finalisation of the annual reports remains a challenge, which limits their usefulness as the basis for managerial decisions and corrective measures.

The Minister of State for Public Administration and Anti-Corruption (established in January 2024) and the MoF are in charge of PAR and PFM reforms at the political level. The DoPA⁸ and the MoF⁹ co-ordinate the PAR and PFM agendas at the administrative level, including development of the new PAR plans. DOPA is institutionally subordinated to the Office of the Prime Minister, but everyday functioning is managed by the Minister of State for Public Administration and Anti-Corruption and her cabinet. The PAR Roadmap does not describe the arrangements for co-ordinating and monitoring its own implementation as the upcoming CCPAR and PFM Strategies are intended to outline more specific reform commitments as well as the mechanisms for supporting their implementation. The co-ordination bodies at political and administrative levels exist and are functional at a basic level for the new PFM Strategy, but these do not cover areas of PAR, which are covered by the CCPAR.

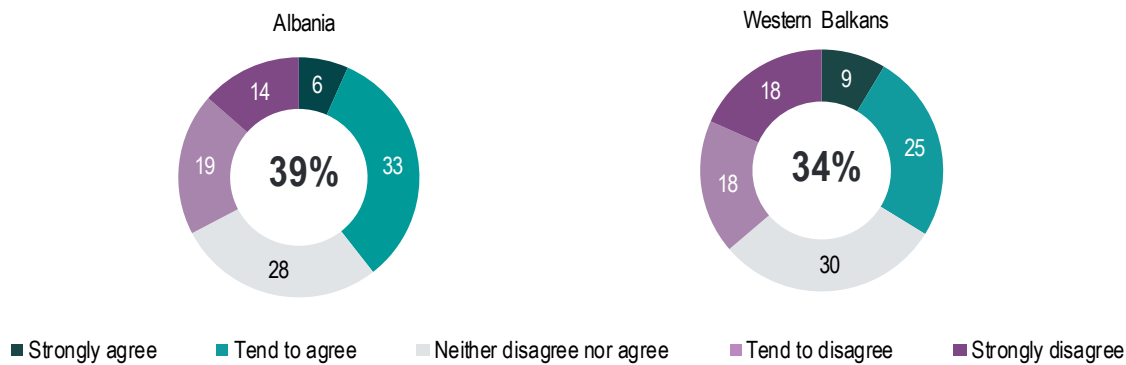
Implementation of the previous CCPAR Strategy at both political and administrative levels was formerly co-ordinated by the Integrated Policy Management Groups (IPMG) and corresponding Thematic Groups, whose structure has been under revision since autumn 2023. Based on experiences from the 2022 PAR monitoring cycle and previous years, the co-ordination bodies do not provide sufficient support for implementation of the strategies; they convene usually only to approve the annual implementation reports and refrain from useful discussion of implementation challenges and possible measures to overcome them.

Stakeholders from civil society have been involved in the discussions during development of the PAR Roadmap, and both the draft PAR Roadmap and the draft PFM Strategy have been disclosed for online public consultation. All strategies and implementation reports (based on the practice for previous strategies) are published online. However, there is room to improve the overall transparency of the PAR agenda as information about meetings of the co-ordination bodies (e.g. agendas and decisions) is not yet available online. Nevertheless, 39% of respondents to the SIGMA Survey of Citizens on public administration 2024 confirmed that they are aware of reforms implemented in the public administration and their results, a percentage above the regional average.

⁸ More specifically, the Directorate of Programming of Reform for Public Administration with the Department of Public Administration.

⁹ More specifically, the Directorate for Managing the Economic Reform, Public Finances and Sector Budget Support.

Figure 5. Citizen awareness of public administration reform initiatives



Notes: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statements?” “During the last six months, you have seen government information related to improvement of work of public administration”. The percentage in the middle is the share of the respondents who answered: “strongly agree” or “tend to agree”.
Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

While innovation and the use of new approaches in public administration is not explicitly encouraged in existing PAR plans, the concept itself has been promoted through special events. An event in April 2024 was organised to share information about the possible uses of artificial intelligence in the public administration, and the Forum of Innovation was organised during Public Administration Week in May 2024 to share innovative practices from employment in the private and public sector. In January 2024, the Government established the Agency of Innovation and Excellence under the Ministry of Economy and Culture, but its activities are still in the early stages. When surveyed, 71% of respondents among civil servants confirmed that good practices and innovative approaches are encouraged, and 62% stated that these practices are actually shared throughout the public administration.¹⁰

¹⁰ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.



Policy development and co-ordination

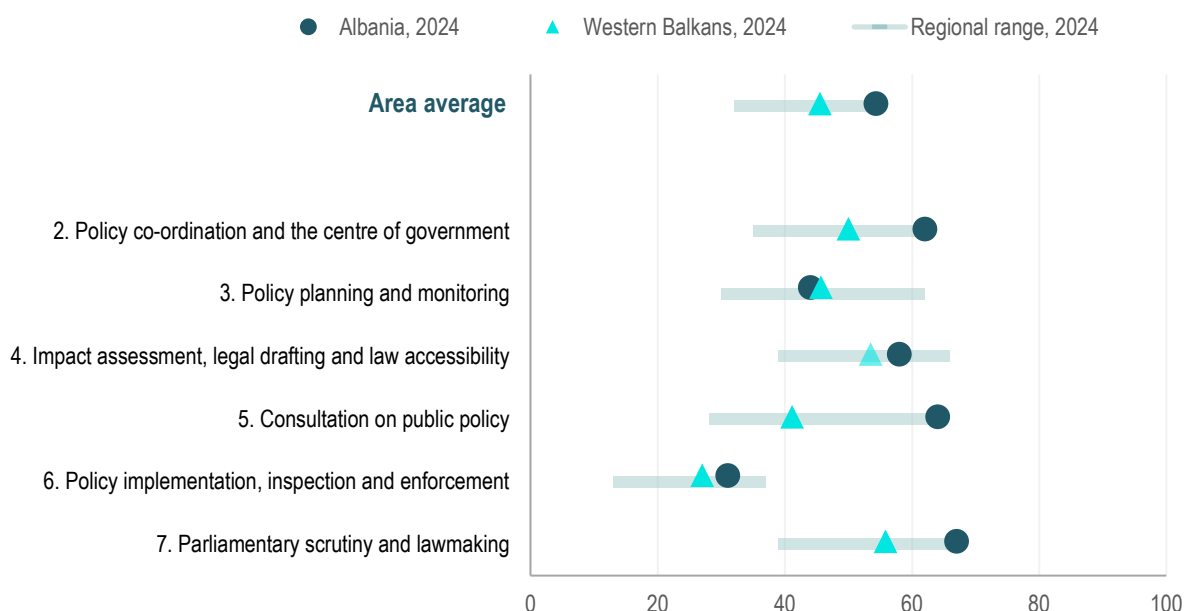
The government ensures that **policies and budgets are harmonised**, effectively planned, co-ordinated across the whole-of-government, implemented, monitored and evaluated against clearly defined policy objectives. Ministries develop coherent public policies through an open and participatory process, informed by sound evidence and analysis.

The Principles of Public Administration

- Principle 2** Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.
- Principle 3** The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.
- Principle 4** Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.
- Principle 5** All key external and internal stakeholders and the general public are actively consulted during policy development.
- Principle 6** Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.
- Principle 7** The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

Summary and recommendations

Figure 6. The overall indicator values in the policy development and co-ordination area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

The procedures and requirements for a well-functioning policy development system are present for the most part in Albania. Centre-of-government (CoG) functions are largely established and a clear hierarchy of policy plans is in place. Draft legislative proposals must be accompanied by relevant analysis as well as consulted with affected stakeholders. In practice, the share of draft laws accompanied by regulatory impact assessment (RIA) is gradually increasing year by year (reached 61% in 2023). The consistency in conducting public consultations has improved as well as all draft strategies and 67% of draft laws were made available for online consultation in 2023. In addition, all procedural preconditions for effective parliamentary scrutiny over government's decision making have been established. **Last but definitely not least, the Government has made significant progress in EU accession as the screening process was successfully completed in 2023 and, as of October 2024, negotiations have been opened in five chapters.** Nevertheless, there is still room to improve the overall effectiveness of the policy development system.

The main shortcoming is that the **key elements in support of the policy development process are mainly conducted to fulfil formal procedural requirements or specific institutional responsibilities but not necessarily with the overall objective of preparing and implementing the best possible policy for the public.**

- Strategies are prepared as well as reviewed to ensure compliance with methodological requirements for strategy development, but not with a view to supporting the achievement of overall priorities or contributing to growth and general well-being. **At the moment, no institution verifies the coherence of proposed policies with the Government's general policies.**
- The Government Annual Work Plan (GAWP) is intended to guide the legislative work of the Government, and is prepared and carefully aligned with other political commitments (including with the National Plan for European integration [NPEI]). However, 80% of draft laws that the Government approved in 2023 originated outside of the plan. **This indicates that the GAWP is not actually guiding legislative work and that the Government's priorities are elsewhere.**

- The objective of the RIA process should be to contribute to the quality of legislation. **However, RIA reports are prepared largely to justify the chosen policy option and not as a tool to identify the best policy to address existing challenges and to help develop the best legal text for all laws.** Challenges with legislative quality are evident also from the high share of laws that had to be amended within a year (11%).
- The Rules of Procedure of the Council of Ministers established the requirement for secondary legislation to be accompanied by RIA since 2020. However, in December 2023 the Government decided that the RIA requirement for secondary legislation will be implemented in 2030 at the earliest. As secondary legislation is the main source of administrative burdens, **the limited scope of evidence-based policymaking may undermine the successes the Government has actually achieved in administrative simplification and digitalisation.** Thereby, the positive one-off benefits of burden reduction may easily be overshadowed by new and even larger burdens created through other regulations not supported by robust analysis and evidence, including on admin burden creation.
- Consultations with stakeholders – though more frequent every year – are not yet fully effective for obtaining genuine feedback from affected stakeholders or for collecting data for making better decisions. **Accordingly, the public perception of participatory decision making is low.**

In addition, there is room to improve the transparency and openness of decision making by the Government. Neither the agendas of government sessions nor the reports on implementation of annual work plans are publicly available. Only 47% of reports on the implementation of strategies are published.

Weaknesses and gaps in policymaking procedures and practice contribute to poor results in policy implementation. Less than half of planned commitments (44%) were implemented and below one-third (28%) of objectives were achieved in a sample of sector strategies analysed. Sublegal acts necessary for implementing the relevant laws are adopted with a significant delay, thereby limiting the effectiveness of policy implementation and contributing to legal uncertainty. The Parliament is not holding the Government accountable for this lack of implementation; it has not undertaken any evaluations or reviews on the implementation of policies. Public trust in the Parliament is low.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are to a large extent in line with the Principles of Public Administration, while implementation practice and results include weaknesses and inconsistencies that limit effectiveness of the government policymaking system.

Figure 7. State of play in policy development and co-ordination by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Government should ensure that the centre of government carries out checks on the policy content of proposals and their alignment with government priorities before each proposal is finalised and submitted for approval.
2. The Government should ensure the agendas of government sessions, as well as monitoring reports on the implementation of government planning documents (GAWP, NPEI, strategies), are published online in order to increase the transparency and openness of decision making.
3. The Government, under the leadership of the Office of the Prime Minister (OPM), should ensure that the GAWP contains the majority of draft laws to be approved by the Government, thereby increasing the relevance of the plan in guiding the legislative activities of the Government and justifying the efforts put into its preparation and monitoring.
4. The Government, under the leadership of the OPM, should enhance the scope and quality of RIA and public consultation. The Government should start implementing the RIA requirement on secondary legislation, if needed, by prioritising regulations that influence administrative burdens.
5. The OPM and ministries should ensure that all ministerial orders of a normative nature are published and available free of charge through the Official Gazette.
6. The Government, under the leadership of the OPM, should take steps to enhance the active participation of stakeholders in public consultation (e.g. by requiring lead ministries to notify the public and affected stakeholders in advance of upcoming consultations) and ensure genuine dialogue.
7. The Government, under the leadership of the OPM, should establish a sufficient minimum duration for interministerial consultation to enable the affected ministries to review the drafts proposed by other ministries and provide comments, where needed.
8. All draft laws initiated by Members of Parliament (MPs) should be shared with the Government for opinion. The Parliament should also strengthen internal capacities for enhancing analysis and external consultations on MP-initiated draft laws.
9. The Parliament should establish the practice and criteria for conducting ex-post evaluations on the implementation of selected laws and policies, in order to assess their effectiveness and impact, support their implementation and hold the government to account.

Analysis

Principle 2: Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.

Critical CoG functions are largely assigned. However, the effectiveness of the CoG is undermined by limited co-ordination between the OPM and other CoG bodies. The high share of proposals submitted to the Government for approval immediately before a session limits the CoG's ability to ensure effective quality control. In addition, the relevant OPM units are not tasked with verifying the alignment of policy proposals with the Government's priorities. Key tasks for co-ordinating EU accession, including planning, monitoring and quality control of *acquis* transposition are fulfilled and the country has made significant progress with the screening process for all chapters completed and negotiations opened for five chapters.

Indicator 2. Effectiveness of the centre of government (CoG), policy co-ordination and government decision-making		2024 indicator value	62/100
Sub-indicators		Points	
1.	Assignment of critical functions to CoG institutions by legislation	8/9	
2.	Internal co-ordination between CoG institutions	0/6	
3.	Preparation of government sessions and openness of decision making	18/28	
4.	Central quality check on procedural compliance	17.9/30	
5.	Co-ordination of government communications	0/6	
6.	Co-ordination of risk and crisis management	5/5	
7.	Assignment of EI-functions to CoG institutions by legislation	4/4	
8.	Availability of guidelines on EI processes	4/4	
9.	Effectiveness of EI co-ordination in practice	5/8	

Critical functions have been assigned to CoG institutions by the Law on the Organisation and Functioning of the Council of Ministers (CoM),¹¹ the Rules of Procedure (RoP) of the Council of Ministers¹² and the Regulation on the organisation and functioning of the OPM.¹³ The main developments regarding the institutional set-up since the 2021 SIGMA Monitoring Report include the establishment of the State Agency for Strategic Programming and Aid Coordination (SASPAC) in 2021. SASPAC is subordinate to the OPM and is tasked, among other functions, with co-ordinating the preparation of the Government's strategic priorities and leading the drafting and monitoring of the National Strategy for Development and European Integration (NSDEI). Additionally, all tasks related to co-ordination of EI were transferred from the Ministry for Europe and Foreign Affairs to the OPM in 2022 to be performed under the political leadership of the Minister of State and the Chief Negotiator. The Department of Policies and European Integration (DPEI) within the OPM is now in charge of planning for EI, monitoring the implementation of these plans and reviewing the content of EI-related policy proposals (e.g. drafts acts for transposition of the *acquis*).

The Department of Regulatory Legal Acts (DRLA) of the OPM continues to co-ordinate the preparation of government sessions; the Ministry of Justice (MoJ) ensures the legal conformity of proposals; and the Department of Priority Legal Acts (DPLA) of the OPM leads the preparation of the GAWP and monitors its implementation. SASPAC and the DPLA review the content of draft strategies and the quality of impact assessments accompanying draft laws, respectively. Meanwhile, the MoF is responsible for resource

¹¹ Law No. 9000-2003 on the Organisation and Functioning of Council of Ministers.

¹² Decision of the Council of Ministers (DCM) No. 584 of 28 August 2003 on the Approval of Rules of the CoM.

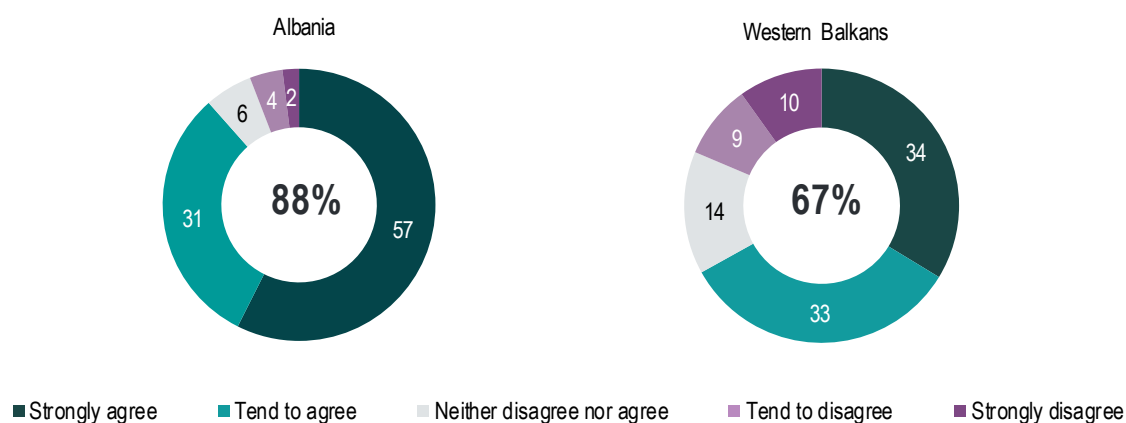
¹³ Order No. 74 of 9 June 2023 about the Approval of the Internal Regulations on the organisation and functioning of the Prime Minister's Office.

planning and for verifying the affordability of policies. The Minister of State for Relations with Parliament manages the relationship between the CoM and the Assembly. The Media and Information Agency (MIA), subordinated to the Prime Minister's Office, co-ordinates government communications. The National Civil Protection Agency (NCPA), under the responsibility area of the Minister of Defence, is in charge of risk and crisis management. The only function not clearly assigned in the regulations is the co-ordination and facilitation of smooth government transition after elections. Indeed, recent elections show that central guidance and co-ordination were not provided during and after the change in governments.

Internal co-ordination between CoG institutions during policy planning and review of draft proposals is not fully functioning. The DPEI and DPLA co-ordinate during the preparation of the GAWP and the National Plan for European Integration, but the MoF and the SASPAC, for example, are involved in the process of annual legislative planning only as ordinary line institutions. This practice creates various risks such as undermining the financial affordability of measures planned in the GAWP, which would not be adequately checked and considered. Lack of co-ordination between various CoG bodies during planning also means that no adequate checks are carried out to ensure the alignment of planned legislative commitments with strategic priorities of the Government.

In 2024, the Government established a system of ministerial level consultative groups (called “blocks”) for collegial discussions on key reforms as well as draft normative acts (either as an advance discussion before interministerial consultation or for addressing any differences of opinion that emerged during interministerial consultation). Separate blocks have been established for economy, social cohesion and security. In addition to ministers and secretary generals, also heads of relevant institutions can be present upon invitation. However, the establishment of these consultative groups is not a substitute for a consistent review of proposals at administrative level, which is not yet fully effective. Administrative-level reviews of the actual policy content of proposals and their alignment with priorities are not in place, with SASPAC and the DPLA focusing on methodological aspects of strategy development and RIA, respectively. The DPEI, DPLA and SASPAC are also not co-ordinating internally during the review of draft proposals to ensure that the views of the key CoG units on the drafts are coherent. Nevertheless, 88% (highest share in the region) of surveyed civil servants deemed CoG bodies to be effective in terms of policy co-ordination.

Figure 8. Perceived effectiveness of the CoG in policy co-ordination by civil servants



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statements?” “The Prime Minister’s Office is adequately co-ordinating decision making at the government level to ensure its quality and coherence”. The percentage in the middle is the share of respondents who answered “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Clear rules and procedures are in place to guide the preparation of government sessions.¹⁴ The DRLA is tasked with preparing the government agenda and has the authority to check the completeness of the

¹⁴ Law 9000-2003 on the Organisation and Functioning of the Council of Ministers, Articles 13 and 14; RoP, Chapter VII.

packages of proposals presented for adoption. This review is largely functional, but not in full. Based on the evidence provided by the administration, some of the requirements from the RoP are not followed consistently when preparing draft policy proposals, but this has not stopped their submission to CoM or their approval. For example, according to Article 18 of the RoP, all draft legal acts transposing the *acquis* should be accompanied by the Albanian translation of the relevant EU legal act. The two draft laws transposing the *acquis*, which were analysed for the assessment¹⁵ were not accompanied by the relevant EU legal act nor the Albanian translation. In addition, one of the analysed draft laws¹⁶ underwent interministerial consultation without the RIA report, even though this is also a clear requirement from Article 18. It is also noteworthy that in 2023 about 15% of draft laws were submitted for approval less than three days before the meeting during which they were adopted.¹⁷ This practice undermines the standards and procedures for final quality control policy proposals, limits the effectiveness of the CoG's review process and creates risks for evidence-based policymaking. Still, according to information provided by the administration and the review of selected sample proposals, legal and financial quality scrutiny are systematically ensured by the MoJ and the MoF.

The decisions of the CoM are published online, but the overall transparency of the Government's decision making continues to be limited by the non- publication of agendas prior to each government session. The MIA co-ordinates the public communication of decisions, but a wider, forward-looking approach to government communication across ministries (in the form of a communication calendar) is not in place. Additionally, no periodic assessment is undertaken of the effectiveness of government communication activities, to further improve outreach and public information provision.

The NCPA co-ordinates risk and crisis management. Roles and responsibilities at all government levels are assigned to ensure, *inter alia*, the smooth functioning of government decision making in the event of a crisis, as well as the co-ordination of recovery and reconstruction efforts. In addition, periodic assessments are conducted of natural and human-created risks to populations and economic activity.

The State Committee for European Integration (SCEI), is the political-level co-ordination body for EI at the highest level, but its tasks are limited to the approval of negotiating positions. As the negotiations in five chapters were started only in October 2024, the SCEI did not meet during 2023 and 2024. However, the Negotiating Group comprising of ministers, deputy ministers and administrative level representatives of administrative authorities acts as the regular EI co-ordination body at both political and administrative levels and convenes regularly. The development of the National Plan for European Integration is centrally co-ordinated by the DPEI and is updated annually. Formal EI-related opinions are consistently provided on draft legal acts transposing the EU *acquis*. Guidelines supporting EI processes are in place. Screening has been completed for all chapters of the *acquis* and five chapters have been opened for accession negotiations as of October 2024.

¹⁵ Draft law on the account of payments with basic services and draft law on some additions and changes to law No. 9774 of 12 July.2007 on the evaluation and administration of noise in the environment.

¹⁶ Draft law on the powers to set salaries, other financial treatments and benefits of employees in public administration institutions, as well as the minimum basic salary at the national level.

¹⁷ Based on official information provided by the administration.

Principle 3: The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.

The legislative and institutional framework for policy planning and monitoring is largely in place, except for the requirement to publish the reports on the implementation of plans. However, the overall relevance of planning documents as sources for guiding the Government's work is limited as 80% of draft laws approved by the Government in 2023 did not originate from the annual plan for legislative commitments. As a consequence, a high share of planned commitments from both domestic and EI plans are not implemented on time and get carried forward.

Indicator 3. Quality of policy planning and reporting		2024 indicator value	44/100
Sub-indicators		Points	
1.	Adequacy of the legislative and institutional framework for policy planning and reporting	5/7	
2.	Availability of guidance to line ministries during the policy planning and reporting process	6/7	
3.	Alignment between central policy planning documents	2.1/10	
4.	Quality and transparency of policy planning documents	11/21	
5.	Financial sustainability of policy planning documents	2/7	
6.	Implementation of government commitments	7.2/15	
7.	Quality and transparency of policy reporting and monitoring	5.2/17	
8.	Quality and transparency of European integration (EI) policy planning	4/6	
9.	Implementation of European integration (EI) commitments	0/6	
10.	Quality and transparency of EI monitoring and reporting	1.5/4	

The policy planning system consists of various long, medium and short-term planning documents. The NSDEI establishes longer-term priorities and higher-level objectives for all sectors, while strategies provide specific objectives, targets and commitments at the sector level. The Government's programme is approved by the Assembly upon the proposal of the Prime Minister for the duration of the Government's term (four years as a rule). The GAWP is co-ordinated by the OPM and used for annual planning of legislative work. The annually revised three-year NPEI is the planning document for EI-related commitments. For resource planning, each year the Government adopts a Priority Policy Document (covering a three-year period) based on the priorities of the NSDEI, strategies in force, the Government's programme and the NPEI. The Priority Policy Document subsequently forms the basis of the Medium-Term Budget Programme and the annual budget.

Institutionally, SASPAC is in charge of preparing the NSDEI and co-operates with the MoF on the preparation of the Priority Policy Document. The MoF is in charge of preparing the MTBP and the budget. The DPEI and DPLA, both OPM units, co-ordinate the preparation of the NPEI and the GAWP, respectively. The Strategic Planning Committee (SPC), chaired by the Prime Minister, is the dedicated political body determining the country's development priorities and ensuring alignment between different policy plans. The SPC approves the NSDEI, the Priority Policy Document, the budget limits in the MTBP and the proposals for development of sector strategies.

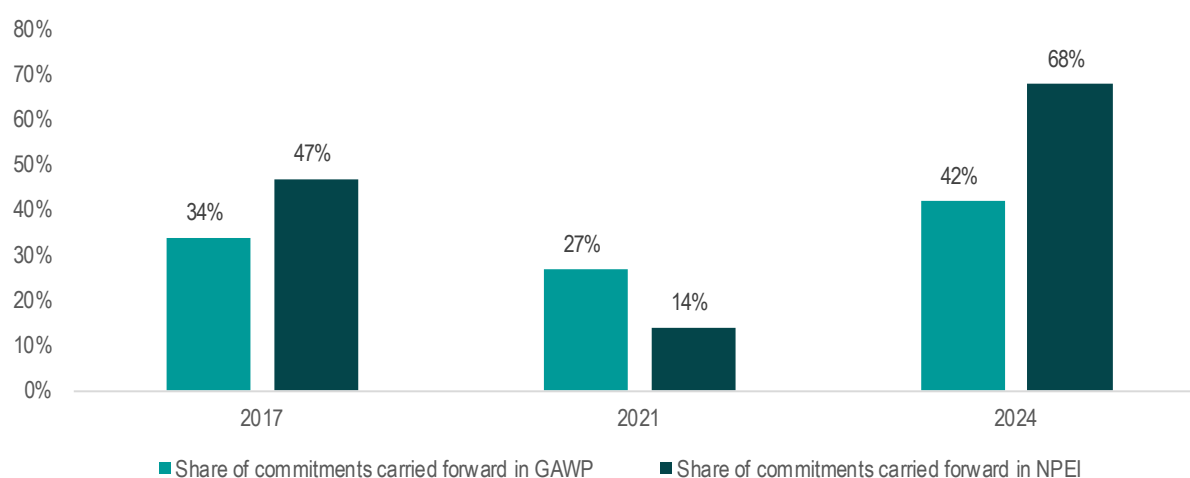
The procedures and standards for the development of sector strategies are in place. SASPAC is responsible for quality control of sector strategies, but focuses mainly on methodological aspects in its review. In addition, based on the analysis of selected strategies, this review is not carried out

consistently.¹⁸ The IT system designed for supporting the strategy development process (IPSIS) is not yet operational and no guidance is available on how to prepare the actual content of sector strategies, including situation analyses, objectives and targets. Nevertheless, despite these gaps in formal guidelines, 90% of civil servants that responded to the SIGMA survey are satisfied with the availability of guidance and support for the development of policy planning documents.

Based on the review of selected strategies, the documents usually contain a situation analysis and objectives, but outcome-level indicators and targets for monitoring the implementation of objectives are not consistently in place. The effectiveness of subsequent monitoring is further undermined by the frequent absence of clear deadlines in the majority of reviewed strategies. Usual practice establishes long implementation periods for most commitments (e.g. 2023-2030), which makes it difficult if not impossible to determine the existence of annual progress in implementation. As a rule, the action plans of strategies do not specify the additional resources needed for each separate activity, instead providing the cost of implementation for the action plan as a whole.

Alignment between the GAWP and the NPEI has improved to 93% (from 64% in 2021), but a fundamental drawback remains: the GAWP – the annual legislative plan of the government – is not actually leading the work of the CoM. In 2023, 80% of draft laws approved by the Government did not originate from the GAWP of the same year.¹⁹ Hence, the alignment between plans is not really indicative of alignment of planning in practice. As the Government focuses more on the approval of unplanned draft laws, this negatively affects implementation of the GAWP as 42% of legislative commitments were carried forward to the 2024 plan. The same applies to the NPEI, where 68% of planned commitments were carried forward from 2023 to 2024, while the reported annual implementation rate of EI-related measures was only 32% in 2023.

Figure 9. Share of legislative commitments carried forward



Source: SIGMA analysis based on the plans for 2023 and 2024.

Both the GAWP and the NPEI focus on legislative measures and do not contain outcome-level objectives or indicators. Their annual monitoring is also restricted to the output level. In addition, reports on sector

¹⁸ No opinion was provided on the draft National Strategy of the Water Supply and Sewerage Sector 2023-2030. The other drafts reviewed include the National Strategy for Disaster Risk Reduction 2023-2030, the National Food Security Strategy 2023-2027, the National Strategy for Employment and Skills 2023-2030, and the National Strategy for Scientific Research, Technology and Innovation 2023-2030.

¹⁹ To some extent the high share of draft laws approved outside of the annual plan is caused by the high number of non-planned draft laws on ratification of international agreements. Nevertheless, even by excluding the draft laws ratifying international agreements, the share of draft laws approved outside of the plan remains very high at 61%.

strategies do not provide information on the achievement of outcomes in a consistent manner. Another systemic challenge affecting the functional monitoring of policy plans is limited transparency. Less than half of the monitoring reports on sector strategies (47%) are publicly available, and the reports on the GAWP and the NPEI are not published at all.

Principle 4: Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.

The institutional set-up, procedures and guidelines for evidence-based policy making are in place and the share of draft laws accompanied by RIA has increased in recent years. Still, the requirement for RIA on secondary legislation is not yet implemented and several draft laws with potentially significant impacts are exempted from RIA. In addition, shortcomings persist in the quality of analysis as RIA reports focus on highlighting the benefits of the preferred policy option rather than providing a realistic comparison of key alternatives. Quick amendments to recently adopted laws indicate problems with the quality of legal acts and undermine legal certainty. The process for online publication of consolidated versions of primary legislation is functioning well, but some secondary legislation has yet to be published.

Indicator 4. Use of evidence and impact assessment during policy making, and quality and accessibility of laws		2024 indicator value	58/100
Sub-indicators		Points	
1.	Strength of the national policy framework for better regulation	3/3	
2.	Effectiveness of internal co-ordination and procedures for evidence-based policymaking in ministries	2.8/5	
3.	Comprehensiveness of the regulatory impact assessment (RIA) system, and consistency and quality of implementation	12.9/33	
4.	Effectiveness of regulatory oversight, central guidance and support for RIA	8.9/9	
5.	Predictability, coherence and consistency of legislation	9.5/17	
6.	Accessibility and availability of laws	9.6/17	
7.	Effectiveness of the regulatory framework and special procedures and tools for evidence-based EU law transposition	11/16	

The DPLA of the OPM and the MoJ are leading government regulatory policy: the DPLA co-ordinates RIAs and public consultation processes and the MoJ is in charge of quality control of legal drafting. The PAR Roadmap 2023-2030 is the only policy plan in force that contains measures aimed at promoting better regulation. However, the plan does not specify institutional responsibilities for the implementation of measures and the overall level of ambition remains low. For example, the requirement to conduct RIAs on secondary legislation, which already effectively exists according to the RoP of the CoM since 2020, is planned for implementation starting from 2030 at the earliest.

Ministries are responsible for policy development. However, the internal rules governing policymaking at the ministry level (e.g. stipulating requirements for internal consultations with other sector and budgetary departments) are not yet established. Nevertheless, 82% of civil servants are satisfied with the level of internal consultation and co-ordination within the sponsoring ministry during the drafting of legal acts and strategies.²⁰

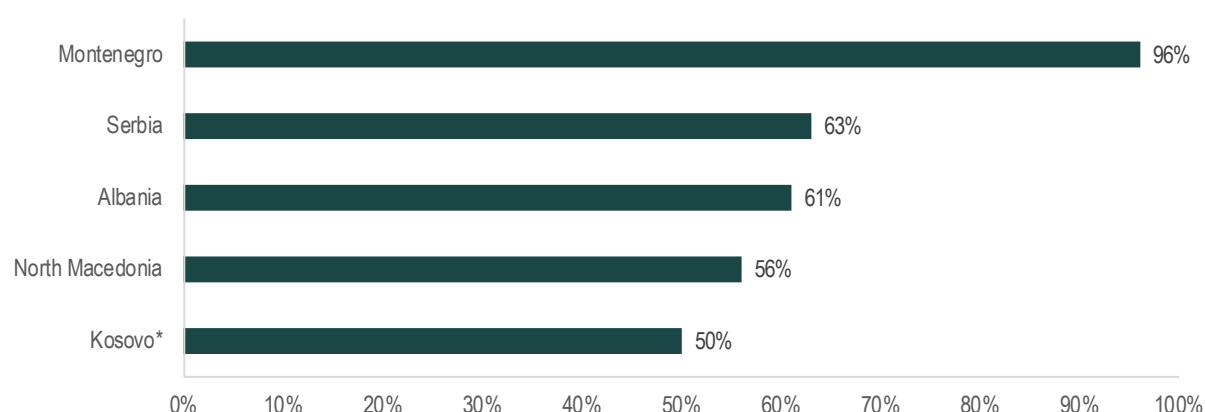
Comprehensive requirements for analysing all relevant impacts of primary as well as secondary legislation, including impacts on budget, and for preparing a RIA report are in place,²¹ but continue to be applied only for primary legislation. Even here, the RoP of the CoM allows for some exemptions, which further limit the use of impact assessments in practice. Accordingly, draft acts regulating taxes and customs, as well as

²⁰ SIGMA Survey of Public Servants 2024.

²¹ RoP, Article 16. Also Articles 44 and 45. Annex 2 of the RoP presents the template of the Impact Assessment Report.

criminal procedure, do not have to be accompanied by any analysis of impacts (no tools other than RIAs are in place for analysing the impacts of these proposals). Overall, 61% of draft laws approved by the Government (excluding the annual budget law and ratifications of international agreements) were accompanied by RIAs in 2023.²² Draft laws approved without RIAs in 2023 include six laws amending tax and customs legislation, one amending the criminal procedure code, but also amendments to the law on finances of local self-governments, the law on salaries, rewards and structures of constitutional institutions and several others, none of which should be exempted from RIAs, even according to the RoP of the CoM.

Figure 10. Share of laws accompanied by RIA, 2023



Note: The share of laws is calculated by taking the number of draft laws approved by the Government which were accompanied with an analysis of impacts and dividing it with the total number of draft laws approved by the Government in 2023. Data on Bosnia & Herzegovina is not included due to the different practices at different levels of government. Kosovo*

Source: SIGMA calculations based on official data provided by the administration.

The RIA and Regulatory Acts Programming Unit in the DPLA co-ordinates the Government's activities related to the RIA process²³ and consistently reviews RIAs accompanying draft laws prior to their submission to the Government for approval. The RIA process is supported by guidelines, which 85% of surveyed civil servants consider to be adequate and sufficient.²⁴

Nevertheless, similar challenges related to the quality of RIAs persist, as in 2021. Nearly all of the reviewed sample RIAs²⁵ contain a basic analysis of the problem and the justification for government intervention, but in cases of challenges stemming from the existing legal framework, the analysis remains rather general

²² The overview of laws adopted in 2023 shows 101 laws adopted. Of these, 38 are ratification acts. An additional 12 include draft laws developed for the adoption or amendment of the budget, and draft laws approving strategies, which are not accompanied by RIAs. This leaves 51 laws, which – at minimum – would have to be accompanied by analysis of impacts. For 29 laws, it was confirmed that RIAs were prepared, indicating that RIAs were prepared for 56.9% of all laws approved by the CoM.

²³ Prime Minister Order No. 24 of 3 March 2023 on the approval of the structure and staff of the Prime Minister's Office.

²⁴ SIGMA Survey of Public Servants 2024.

²⁵ The sample reviewed included the following five draft laws with accompanying RIAs: 1) Draft law on the powers to set salaries, other financial treatments and benefits of employees in public administration institutions, as well as the minimum basic salary at the national level; 2) Draft law on the management of state guarantees and unreturned loans; 3) Draft law on some additions and changes to Law No. 9774, dated 12 July 2007 on the evaluation and administration of noise in the environment, as amended; 4) Draft law on the account of payments with basic services; and 5) Draft Law on Electronic Government.

and rarely specifies how the existing legal acts (or their absence) are provoking the problems. Accordingly, it is difficult to ascertain whether the cause of the problem is indeed the existing legislation, its absence or perhaps poor implementation. Regarding the analysis of alternatives, the systemic challenge identified in 2021 remains a persistent issue: the option of amending an existing law and that of preparing a completely new law are considered as two different alternatives, even though the policy impacts would be identical (with the only difference being the use of the particular legal drafting technique). Hence, in practice, RIAs do not actually cover alternatives other than the status quo and the preferred option. RIA reports identify affected groups, but usually focus on the benefits rather than referring to possible negative impacts or risks. For most reviewed cases, the analysis confirmed that budget impacts would occur, but did not estimate their extent. In one case, the RIA report confirmed the existence of budget impacts and included associated calculations, but the accompanying explanatory note to the same draft law concluded that there would be no impacts on the budget.²⁶ RIAs developed for transposing *acquis* do not contain references to analysis or evidence produced by the European Commission and/or other EU Member States when developing and/or transposing the same directive in their respective administration.

The MoJ is responsible for checking the quality of legal drafting²⁷ and consistently provides opinions on draft laws. Guidelines are available to support the legal drafting process²⁸ and 85% of civil servants that responded to the SIGMA survey are satisfied with the availability of this guidance and support.²⁹ Nevertheless, 11% of new laws adopted in 2022 were amended within a year, the highest share in the region. The frequent amendments undermine legal certainty and indicate problems with either the quality of the accompanying analysis or with the quality of legal drafting. Therefore, it is not surprising that only 50% of respondents to the SIGMA Survey of Businesses consider that legal acts are clearly written, not contradictory and do not change too frequently.³⁰

Figure 11. The share of laws amended one year after adoption



Note: Percentage in the middle represents the share of laws amended during the first year after adoption.

Source: SIGMA calculations based on official data provided by the administration.

All primary and secondary legislation needs to be published online in consolidated versions and free of charge.³¹ The requirement is fulfilled for primary legislation, but ministerial orders of a normative nature are not consistently published online. This limits access to secondary legislation. The website of the Official

²⁶ The RIA and Explanatory Note for the Draft Law on the Management of Guarantees and Unreturned Loans.

²⁷ Law No. 8678 of 14 May 2001 on the Organisation and Functioning of the Ministry of Justice; RoP, Article 22.

²⁸ https://drejtesia.gov.al/wp-content/uploads/2022/06/Xerox-Scan_02062022000129.pdf

²⁹ SIGMA Survey of Public Servants 2024.

³⁰ SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

³¹ <https://qbz.gov.al/eli/akte>

Gazette provides otherwise relatively easy access to legal acts in force. The only shortcoming is that it is not possible to search for legal acts according to the date of entry into force, or by the date of taking legal effect. This limits the ability to search for legal acts that have been adopted, but are yet to enter into force or take legal effect (e.g. in order to acquaint oneself with requirements entering into force in the near future). Nevertheless, 62.9% of businesses – above the regional average – consider information on laws and regulations affecting their firm easy to obtain.³²

The DPEI is in charge of checking the quality of transposition. Domestic policy proposals and proposals seeking alignment with EU law are subject to the same requirements for impact analysis, interministerial consultation and public consultation. The only additional requirements for EI-related proposals include the preparation of a table of concordance with EU *acquis* and the prior translation of the relevant EU legal act into Albanian (both have to accompany the draft legal act when submitted to the CoM for decision).³³ While the tables of concordance are prepared consistently, the sample proposals transposing the *acquis* in 2023³⁴ were not accompanied by the required translations and the administration did not provide all of the requested translations of the *acquis* planned for transposition in 2024. Delays in the translation of the *acquis* can undermine the quality of the transposition process as has been highlighted also in the EC screening report.³⁵

Principle 5: All key external and internal stakeholders and the general public are actively consulted during policy development.

Requirements for conducting public consultations on draft laws and strategies are in place. The share of draft policy proposals undergoing online public consultations has increased compared to 2021, but there is still room for improvement in this regard. When consultation is conducted, it usually complies with the substantive requirements. Nevertheless, the number of comments submitted by external stakeholders is relatively small and public perception of the consultation practices of the Government is low. The procedures for interministerial consultation are also established and largely functional.

Indicator 5. Functioning of consultations during policy development		2024 indicator value	64/100
Sub-indicators		Points	
1.	Effectiveness of procedures for public consultation and stakeholder engagement during policy development	24.2/35	
2.	Quality and effectiveness of public consultation practices in selected cases	15.2/25	
3.	Procedures for an effective interministerial consultation process	13/15	
4.	Quality and effectiveness of interministerial consultation practices in selected cases	12/25	

The Law on Public Notification and Consultations³⁶ continues to regulate the public consultation process. Public consultation is mandatory for draft laws and strategies but not for draft secondary legislation adopted by the CoM or by ministers. The minimum duration for public consultation is set at 20 working days and can be extended to 40 days. Relevant supporting documents – such as the Explanatory Memorandum and the RIA – need to be published alongside the draft legislation under consultation. Ministries are required to report on the outcome of public consultations.

³² SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

³³ RoP, Articles 12/1, 18.a and 25.

³⁴ Draft law on the account of payments with basic services and draft law on some additions and changes to law No. 9774 of 12 July 2007 on the evaluation and administration of noise in the environment.

³⁵ https://neighbourhood-enlargement.ec.europa.eu/screening-report-albania_en, p. 27.

³⁶ Law No. 146-2014 of 30 October 2014 on Public Notification and Consultations.

The RIA and Regulatory Acts Programming Unit of the DPLA at the OPM monitors and oversees the overall process of public consultation, including by carrying out quality control for reports on public consultation.³⁷ Guidelines have been produced to support the consultation process but have not been made available to civil servants conducting the procedures.

Public consultations are carried out using a central consultation portal.³⁸ As a positive development, the share of draft policy proposals undergoing public consultation has increased compared to 2021, but still a relatively high share of draft laws does not undergo public consultation. While all 11 strategies that were adopted in 2023 underwent public consultation, only 67% of draft laws were the subject of public consultations, resulting in an overall share of 75%. Additionally, there is no formal requirement to consult on secondary legislation. According to the law, in addition to draft laws and strategies, also policies of high public interest need to be consulted with the public, but in practice this has not been interpreted systemically to cover secondary legislation.

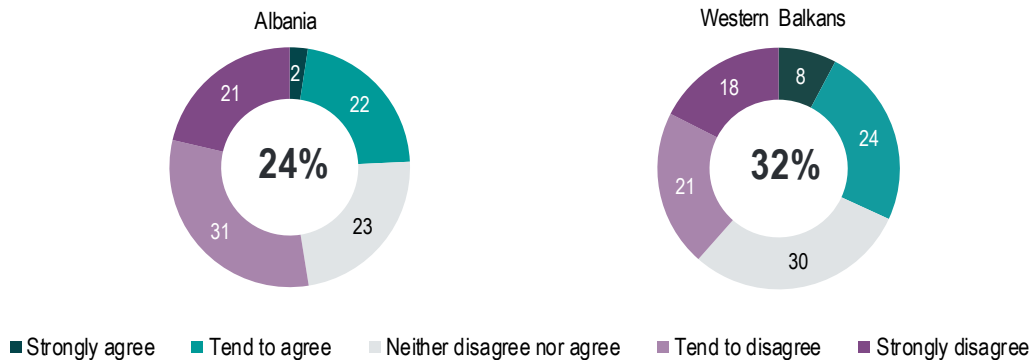
However, when consultations are conducted, the legal requirements are usually complied with.³⁹ Online public consultation is nearly always complemented with other consultation activities, and the minimum duration requirement is respected. The online consultation portal enables the interested stakeholders to register their e-mail addresses at the portal in order to receive automatic notifications on the launch of a consultation process for a draft proposal. Lead ministries report on the outcome of the public consultation, address all comments received and publish the consultation reports online. Relevant supporting documents are also published alongside the draft legislation under consultation. Nevertheless, consultation reports of the reviewed sample of draft laws indicate a very limited number of comments submitted by stakeholders. According to views expressed during a focus group discussion with representatives of civil society organisations, they would participate in consultations more actively if there would be advance notification of upcoming public consultations, which would enable the interested parties to plan ahead and ensure their availability for reviewing draft proposals. The results of the SIGMA Survey of Citizens on public administration 2024 indicate that only 24% of respondents agree that the Government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents.

³⁷ Prime Minister's Order No. 114 of 11 November 2023 for the approval of the new Organisational Structure of the Prime Minister's Office.

³⁸ <https://konsultimipublik.gov.al>

³⁹ Based on the review of consultation practices for five draft laws and five draft sector strategies: 1) Draft law on the powers to set salaries, other financial treatments and benefits of employees in public administration institutions, as well as the minimum basic salary at the national level; 2) Draft law on the management of state guarantees and unreturned loans; 3) Draft law on some additions and changes to Law No. 9774, dated 12 July 2007, on the evaluation and administration of noise in the environment", as amended; 4) Draft law "On the account of payments with basic services"; 5) Draft Law "On Electronic Government"; 6) Draft National Strategy of the Water Supply and Sewerage Sector 2023-2030; 7) draft National Strategy for Disaster Risk Reduction 2023-2030; 8) draft National Food Security Strategy 2023-2027; 9) draft National Strategy for Scientific Research, Technology and Innovation 2023-2030; and 10) draft National Strategy for Employment and Skills 2023-2030.

Figure 12. Perception of government consultation practices in the Western Balkans



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statements?” “The government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents.” The percentage in the middle is the share of respondents who answered: “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

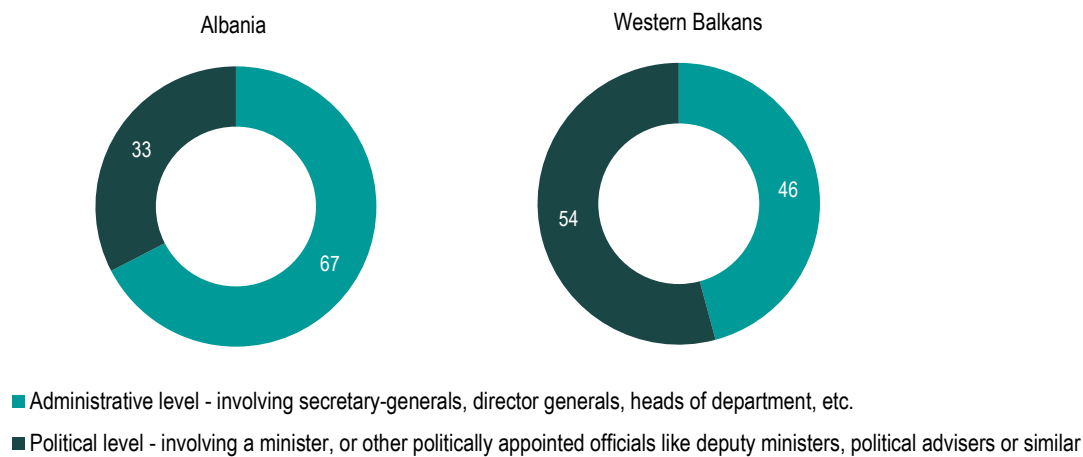
Requirements for interministerial consultation of laws and sub-legal acts adopted by the Government are established in the Law on the Organisation and Functioning of the Council of Ministers as well as the RoP of the CoM.⁴⁰ All affected government bodies must be consulted before submission of the draft proposal to the Government for approval. Additionally, the lead ministry is expected to inform the Government about the outcomes of the interministerial consultation through the Explanatory Memorandum accompanying the draft act. However, there is no requirement to consult on ministerial secondary legislation with other ministries, e.g. at minimum with the ministries that could be affected by the proposed legal act. In practice, interministerial consultations take place via the IT system used for submission of proposals to the CoM. The MoJ and the MoF as CoG bodies have ten working days for providing feedback, the other line ministries have seven working days. The period is rather short, but based on review of sample interministerial consultation practices, the consulted ministries are usually able to respond within the deadline. The opinions, especially of the MoJ and the MoF, are often raising substantive issues and occasionally several rounds of consultations are needed, indicating that the interministerial consultation process is taken seriously and is used to improve the quality of proposals. However, the Explanatory Memorandums contain limited or no information about comments received or how these were addressed. Hence, the CoM is not informed of the outcomes of the interministerial consultation in a summarised manner.

In the event of conflicting opinions between ministries regarding the contents of the proposed draft legal acts and strategies, a weekly meeting of secretaries general functions as a conflict resolution mechanism at the top administrative level.⁴¹ In addition, three thematic interministerial consultative groups (blocks) were established in April 2024, comprising ministers, deputy ministers and secretaries general, as the forum for discussing cross-cutting policy proposals affecting several ministries (and for resolving potential differences in opinions). According to SIGMA Survey of Public Servants on the functioning of public administration 2024, conducted before the establishment of the three interministerial committees, the majority of respondents (67%, highest share in the region) confirmed that differences between ministries are mostly resolved at the administrative level.

⁴⁰ Law 9000/2003 on the Organisation and Functioning of the Council of Ministers, Article 24; RoP Chapter VI.

⁴¹ RoP, Articles 33-40 and 48/1.

Figure 13. Perception of the role of civil servants in resolving differences of opinion between ministries



Note: Percentage of valid responses to the question: "In case of differences of opinion between different line ministries during the development of policy proposals, such as new laws or strategies, at which level are most disagreements resolved?".

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Principle 6: Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.

Longer-term and one-off initiatives have been carried out to promote administrative simplification and digitalisation, but the overall effectiveness of policy implementation has been limited. This is evident from the poor implementation of sector strategies as well as from the non-adoption of secondary legislation to ensure the implementation of laws. Basic preconditions for conducting inspections in a proportional manner are in place, and there is evidence of regulatory co-operation with regional neighbours, but international examples or experiences are not referred to for substantiating domestic policy proposals.

Indicator 6. Effectiveness of policy implementation, evaluation and simplification		2024 indicator value	31/100
Sub-indicators		Points	
1.	Effectiveness of policy implementation	5.1/30	
2.	Timeliness of adoption of mandatory by-laws	0/10	
3.	Monitoring and evaluation of policy implementation	0/20	
4.	Application of administrative simplification measures	20/20	
5.	Preconditions for conducting inspections in a proportional manner	3/5	
6.	Perceived availability of tools promoting regulatory compliance by businesses	3.1/5	
7.	Application of international regulatory co-operation	0/10	

The effectiveness of policy implementation is limited. Based on a review of reports covering the implementation of sample strategies in 2023,⁴² only 44% of planned activities were actually implemented and only 28% of established objectives were achieved. In addition, none of the bylaws enacted to implement new laws from 2022 were in fact adopted by the time the laws took legal effect. This situation is a consequence of a common practice whereby laws usually enter into force and take legal effect 15 days from publication without a reasonable transitional period (during which the sub-legal acts for implementing the law could be drafted and adopted). Bylaws are adopted only later when the provisions of the law should already be applied in practice. Such circumstances create legal uncertainty and confusion for both officials implementing the policy and businesses and citizens required to comply with the rules. In addition, they hamper effective implementation of the policy. However, there are also laws that stipulate more realistic implementation mechanisms in their transitional provisions, such as Law No. 86/2022 on Viticulture and Wine, which foresees a two-year transitional period (after publication), during which the necessary bylaws must also be adopted. The sufficiency of the transitional period in this particular case could not yet be assessed as the period is still ongoing.

The practice of ex-post evaluation of strategies and laws is not established in Albania. There is no guidance in place and no organisation is mandated to support the process. The monitoring of results at the ministerial level is also not a consistent practice. Even if some ministerial work plans contain outcome-level objectives, they do not specify targets and reports on the implementation of plans focus on describing the implemented activities but provide no information on achievement of the planned outcomes.

The Minister of State for Entrepreneurship and Business Climate and the Agency for Dialogue and Co-Governance are responsible for steering administrative simplification, and focus on services for businesses and citizens, respectively. The National Agency for Information Society (NAIS) is in charge of all digitalisation initiatives, which also contribute to administrative simplification. Digitalisation was already an established priority, but in 2023 an interinstitutional working group was created to analyse the regulations on administrative procedures and to develop simplification proposals by spring 2024.⁴³ The working group was co-chaired by the Minister of State for Entrepreneurship and Business Climate and the Minister of Justice (as the lead ministry for co-ordinating the amendment of legal acts for implementing the simplification proposals). According to the information provided by the administration, the deregulation process has already been completed for three ministries, with 81 of 151 services simplified and 134 of 379 requirements (e.g. for the submission of documents) eliminated, though improvements to existing IT systems are still required to comply with the recent changes to legislation and ensure full implementation. Several examples of simplification have also been provided from the last two calendar years, including improvement in online registration to schools, simplified certification processes for tourism operators, online application for unemployment benefits, and so on. The only potential risk with such one-off simplification and deregulation initiatives stems from the lack of impact assessments required for secondary legislation, which are the main sources of regulatory burdens. This may lead to new burdens being established without any central control, potentially undermining the effectiveness of individual, successful admin burden reduction initiatives.

Inspection authorities are required to co-ordinate inspection activities in order to avoid duplication.⁴⁴ All sectorial inspection authorities – that are currently institutionally subordinated to the relevant ministries – are expected to submit monthly inspection plans to the Central Inspectorate (subordinated to the OPM), which should review them and address all possible duplication risks. However, this mechanism is not yet operational – inspections are submitting their plans but the Central Inspectorate is not carrying out its co-ordination function. The maximum number of days per year any company can be subject to inspections is

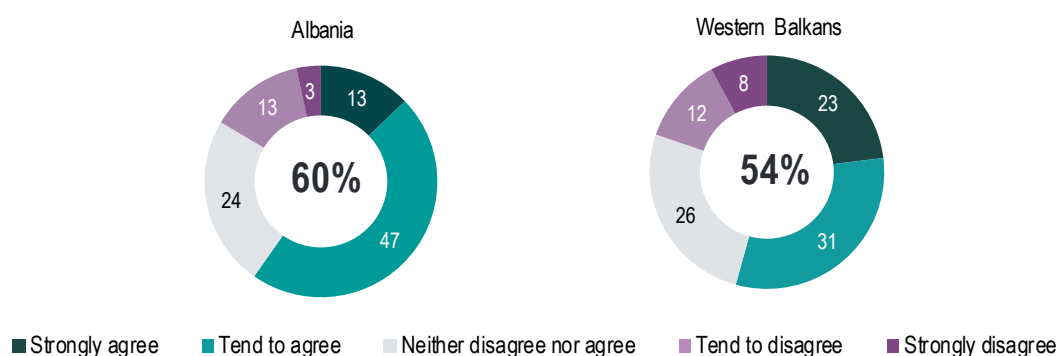
⁴² The sample of reports covered in the assessment include reports on the following strategies: 1) the Strategy against organised crime 2021-2025; 2) the Cross-cutting strategy for community safety 2021-2026; 3) the Strategy on control of SALW, explosives and ammunitions 2019-2024; 4) the National strategy on gender equality 2021-2030; and 5) the National Strategy on youth and action plan 2022-2029.

⁴³ Prime Minister's Order No. 209 of 7 December 2023 for the Establishment of the Inter-institutional Working Group for the Regulation of Administrative Procedures in the Function of Public Services Offered to Citizens and Businesses.

⁴⁴ CoM Decision No. 696 of 16 August 2013 on determining the procedures for exercise of the competences of Central Inspectorate and rules for content and administration of the unique "e-Inspection" portal.

15.⁴⁵ Inspectorates cannot keep the fines they collect in order to avoid any undue incentives.⁴⁶ Annual inspection plans in the area of food safety and labour are already prepared based on an assessment of risks, but risk-based planning is not yet applied consistently across all inspections. In the case of environmental inspections, no plans have yet been made based on risk assessments. There is also no single information point where businesses could learn about the principles and procedures of inspections.⁴⁷ Nevertheless, 60% of business respondents (above the regional average) indicated that, in general, guidance on the successful application of regulatory requirements was easy to obtain from the authorities.

Figure 14. Business perception on the availability of tools promoting regulatory compliance



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement? Guidance on the application of regulatory requirements affecting my company is easy to obtain from the authorities". The percentage in the middle is the share of the respondents who answered: "strongly agree" or "tend to agree".

Source: SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

The application of international regulatory co-operation measures remains at a basic level. Examples exist of regional regulatory co-operation to simplify border crossings or to recognise different professionals across borders,⁴⁸ but based on the review of sample RIA reports, the analysis accompanying regulatory proposals does not refer to international experiences when justifying the chosen policy options or when estimating their impacts.

⁴⁵ Law No. 10 433 of 16 June 2011 on inspection in the Republic of Albania, Article 26.

⁴⁶ Law No. 10 279 of 20 May 2010 on administrative offenses, Article No. 41; Law No. 10 433 of 16 June 2011 on inspection in the Republic of Albania" follows this principle.

⁴⁷ The website <https://e-inspektimi.gov.al> does not contain the required information at present, but during interviews it was confirmed that the website will be updated with this information in the future.

⁴⁸ It is not possible to confirm the practice and actual impacts of the ratification laws as part of this assessment.

Principle 7: The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

Procedural preconditions for effective parliamentary scrutiny of policymaking are in place. However, the majority of citizens perceive that the Parliament does not hold the Government accountable. Drafts initiated by MPs are not consistently shared with the Government for opinion, the accompanying quality of analysis is limited and external stakeholders are not consistently consulted on the drafts. The Parliament has not established a practice of reviewing or evaluating the implementation of policies.

Indicator 7. Effectiveness of parliamentary scrutiny of policymaking		2024 indicator value	67/100
Sub-indicators		Points	
1.	Regulatory framework for parliamentary scrutiny of policymaking	8/10	
2.	Government participation in parliamentary discussions	8/8	
3.	Openness and transparency of the legislative work of the parliament	8.7/14	
4.	Planning and co-ordination of legislative activities between government and parliament	8/12	
5.	Timeliness of parliamentary processing of draft laws submitted by the government	9.3/10	
6.	Completeness of supporting documentation for draft laws submitted to the parliament	10/10	
7.	Use of extraordinary or shortened proceedings for the adoption of government-sponsored draft laws	11/12	
8.	Quality of law making by members of parliament (MPs)	4/16	
9.	Parliamentary review and evaluation of the implementation of policies	0/8	

The requirements for enabling the Parliament to scrutinise government policymaking are regulated in the Rules of Procedure of the Assembly.⁴⁹ Debates are foreseen at both the committee and plenary stages, and MPs have the right to ask written and oral questions of representatives of the executive. The Government is consistently represented during the plenary and committee sessions of the Assembly. The Government submits draft laws to the Parliament with all necessary supporting documents, including an Explanatory Memorandum, a Table of Concordance and an accompanying RIA report, to enable MPs to fully evaluate government policymaking. However, only 15% respondents to the public perception survey agree that parliamentary scrutiny of the Government is effective and ensures its accountability to citizens.

Rules for adopting certain type of draft laws through non-standard (accelerated) procedure are clear; the accelerated procedure can be initiated based on a proposal of the Government or one-fifth of MPs (including all ministers). Laws requiring the support of a three-fifths majority of MPs for adoption and laws transposing the EU *acquis* cannot be adopted in accelerated procedures.⁵⁰ In practice, 7% of draft laws were adopted in accelerated procedures during 2023. The share has increased marginally compared to 2021 (6%), but remains below that of regional peers.

Almost all (98%) government-sponsored draft laws are processed within a year, indicating that ordinary proceedings are also working efficiently, and minimising the potential need for accelerated ones.

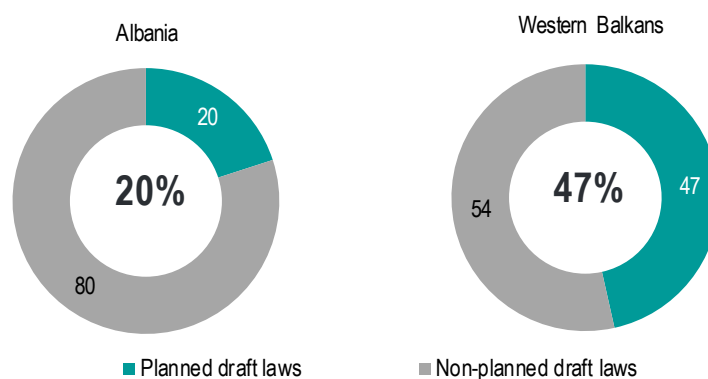
The Minister of State for Parliament Relations ensures the co-ordination between the executive and legislative branches on the part of the CoM. The Parliament is consulted on the draft legislative plan of the Government (GAWP), and the Minister of State provides input to parliamentary planning, based on the GAWP, in regular meetings conducted to plan the work of the Assembly. However, the effective co-ordination of legislative planning between the two branches is undermined by the low share of

⁴⁹ Regulation of the Assembly, approved by Decision No. 166 of 16 December 2004, including most recent amendments from 2021 (Decision No. 86/2021) and 2023 (Decision No. 126/2023).

⁵⁰ Constitution of Albania, Article 101; RoP of the Parliament, Articles a/74, 26, 28, 70 and 78-85.

governmental draft laws originating from the GAWP. In 2023, only 20% of draft laws that the Government submitted to the Parliament for approval originated from the GAWP during the same year.

Figure 15. Share of planned draft laws submitted to the Parliament by the Government



Source: SIGMA calculations based on official data provided by the administrations.

Conversely, the Parliament is not consistent in its sharing of draft laws initiated by MPs with the Government for opinion. According to the RoP of the Assembly, it is necessary to submit an MP-initiated draft law to the Government for opinion only in cases where the law has an impact on the budget.⁵¹ In 2023, the government was consulted on only 44% of draft laws initiated by the Parliament.⁵²

Laws initiated by MPs must be accompanied by an Explanatory Memorandum that provides an overview of the impacts and benefits of the proposal.⁵³ MPs have access to research and legal drafting services to help them during preparation of draft laws. However, evaluation of Explanatory Memorandums of three MP-initiated draft laws⁵⁴ shows that the level of analysis is rather basic; none of the supporting documents for the analysed samples contained a clear description of the affected stakeholders or the manner in which they are impacted. Moreover, consultation with affected stakeholders for MP-initiated draft laws is not mandatory based on the RoP of the Assembly and is not carried out in practice.⁵⁵ External consultation with stakeholders can be initiated if requested by one-third of members of the responsible committee.⁵⁶

The Parliament's website provides relatively comprehensive information about its work, including the overall work schedule, the status of individual draft laws under consideration, the conclusions of committee meetings and the voting results of individual MPs during plenary sessions. However, the information does not provide an overview of exact amendments to drafts that were proposed and agreed. While annual reports on legislative activities are published systematically, only 25% of survey respondents to the SIGMA

⁵¹ RoP of the Parliament, Article 68.

⁵² The Government was not consulted on five (out of a total of nine) MP-initiated laws in 2023. This is confirmed in an overview provided by the administration regarding all laws approved by the Parliament in 2023.

⁵³ RoP of the Parliament, Article 68.

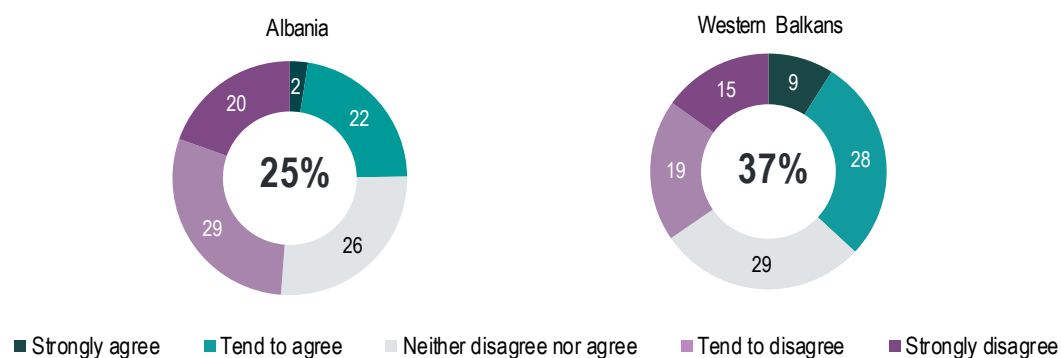
⁵⁴ 1) Draft law on some additions and changes to Law No. 8378 of 22 July 1998, Road Code of the Republic of Albania, amended; 2) Draft law on some changes in Law No. 9917 of 19 May 2008 on the prevention of money laundering and the financing of terrorism; and 3) Draft law on some additions and amendments to the Bylaw No. 9244/2004 on the protection of agricultural land.

⁵⁵ External stakeholders were not consulted on the draft law on some additions and changes to Law No. 8378 of 22 July 1998 on the Road Code of the Republic of Albania, amended.

⁵⁶ RoP of the Parliament, Article 36 and Article 68.

survey of Citizens (well below the regional average) regard the legislative process in the Parliament as transparent and open.

Figure 16. Citizen perception of openness and transparency of parliamentary law-making



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement?” “The legislative process, how laws are made in Parliament is open and transparent for the public”. The percentage in the middle is the share of the respondents who answered: “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The process of review and evaluation of the implementation of policies is not in place yet. Ex-post assessments of the implementation of legal acts are only foreseen for legislation that approximates the EU *acquis*,⁵⁷ not for any other policies. However, no reviews on the implementation of domestic or EI-related policies were completed in 2023.

⁵⁷ RoP of the Parliament, Article 103.3.



Public service and human resource management

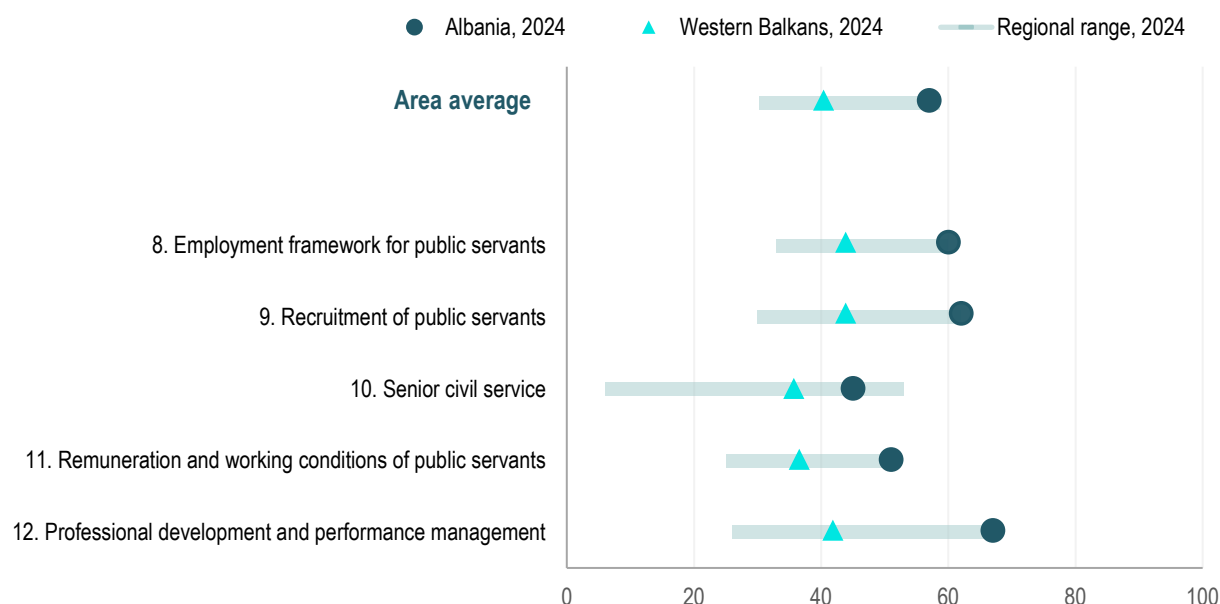
Public servants act with **professionalism, integrity** and **neutrality**. They are recruited and promoted based on merit and equal opportunities and have the right competencies to deliver their tasks effectively.

The Principles of Public Administration

- Principle 8** The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.
- Principle 9** Public administration attracts and recruits competent people based on merit and equal opportunities.
- Principle 10** Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.
- Principle 11** Public servants are motivated, fairly and competitively paid and have good working conditions.
- Principle 12** Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

Summary and recommendations

Figure 17. The overall indicator values in the public service and human resource management area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

With the advent of the Civil Service Law (CSL) in 2013 and all secondary legislation in place, **the Albanian civil service system can be considered mature and stable by regional standards**. A limited number of legislative and organisational changes have taken place since the previous assessment in 2021, but several weaknesses persist as the necessary reform attempts were modest, ineffective and – until January 2024 – lacked political leadership. While the civil service is professional and stable up to the level of middle management, a serious risk of politicisation at the level of senior management remains a matter of concern.

As defined by the CSL, **the scope of the civil service is large. However, exceptions to the vertical scope of the civil service persist**, with the heads of certain bodies subordinate to ministers not appointed according to CSL procedure. The **fragmentation of horizontal scope continues**, with a number of bodies accorded the status of service delivery units and placed under the Labour Code. **Additionally, consolidated information is still lacking on human resource (HR) policies and practices in public administration bodies** not covered by the CSL.

The appointment of the Minister of State for Public Administration and Anti-Corruption (Minister of State) in January 2024 put an end to the lack of clarity about political responsibility for the civil service, but a proper strategy outlining planned objectives and targets for PSHRM-related reforms is not yet in place.

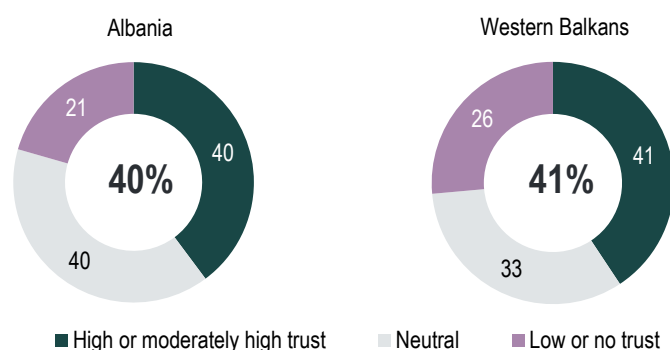
The Department of Public Administration (DoPA), reporting to the Minister of State, remains a key institution for civil service management, responsible for the co-ordination of policy development and implementation. **Communication between the DoPA and human resource management (HRM) units is institutionalised and fluid, as is co-operation between the DoPA and the Commissioner for the Oversight of the Civil Service (CoCS)**. Further progress has been made in populating the Human Resource Management Information System (HRMIS) and extending access to all public institutions, but rollout has not yet been completed. Interoperability of HRMIS with the Treasury System to enable automatic payroll calculation is partially in place. However, the integrated platform *administrata.al*, which enables the unification and digitalisation of HR procedures, has been suspended following a serious IT incident and replaced by manual processes.

Current legislation is aligned with the core principles of merit-based recruitment. The majority of recruitment to entry-level positions is conducted through group competitions, made possible by harmonised job descriptions. The attractiveness of the civil service as an employer has increased, paralleled by satisfaction with salaries, following a 46% pay raise across the public sector. However, changes in the salary system did not tackle persistent issues. Work conditions affecting employee well-being (remote and flexible work arrangements, consultations with representatives, satisfaction surveys) are receiving greater attention within the civil service.

Non-implementation of the senior civil service management system, as designed by the CSL, continues to be the most consequential weakness of the Albanian civil service. Flexibilities offered by the system are in use (discretionary appointments and releases from top managerial positions), but the necessary pre-requisites are not in place (a career system with in-depth training for middle-managers followed by an examination). Numerous vacancies for top managerial positions in the administration persist despite a sufficient number of available candidates, confirming that the system does not work as intended and requires a complete overhaul.

Results of the SIGMA Survey of Citizens on public administration show that 40% of respondents trust civil servants, similar to the Western Balkan average.

Figure 18. Trust in civil servants in Albania and the Western Balkans



Notes: Percentage of aggregated responses to the survey question. "How much trust do you have in the civil servants? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Overall, the existing legal framework, institutional set-up and related strategies and guidance in public service and human resource management are mostly in line with the Principles of Public Administration. However, day-to-day implementation and results in the area include more gaps and inconsistencies.

Figure 19. State of play in public service and human resource management by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. Following a consultation process and after securing broad political agreement, the Government should propose a new concept of top management in the civil service, including recruitment of top managers.
2. The Government should ensure that all public servants, including those who provide administrative services, are covered by the civil service legislation, that the concept of direct service delivery units is not abused and that temporary contracts in state administration institutions are regulated.
3. The Government should ensure that salary increases in the civil service are accompanied by a substantive reform of the remuneration system addressing systemic weaknesses related to job classification, salary progression and special allowances.
4. The DoPA should finalise implementation of the HRMIS in the central government administration, ensuring its completeness and the payroll calculation, and restore the administrative platform to ensure that national HR policies are based on data and evidence. The DoPA should also collect basic HR data on all public servants.
5. The Government should adopt a strategy covering HRM development to implement the Public Administration Reform (PAR) Roadmap 2023-2030, based on a comprehensive HR analysis. The DoPA should operationalise it in annual planning going beyond the numerical recruitment plan.
6. The DoPA should introduce a competency framework for low and middle-management positions in order to improve the associated selection methods.
7. The Government should create conditions and take proactive measures to allow and encourage trade unions to play their role by consulting on legislative changes and engaging with representatives of staff when their work conditions are discussed within individual institutions.

Analysis

Principle 8: The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.

A clear and complete regulatory framework for civil servants exists but excludes some public administration bodies. Political responsibility for the public service and technical co-ordination of HR policies are in place, and the roles and the relations between key institutions are institutionalised and effective. Shortcomings related to data collection and data analysis in the HRMIS are affecting strategic and operational decisions.

Indicator 8. Adequacy of the policy, legal framework and institutional set-up for a professional and accountable public service		2024 indicator value	60/100
Sub-indicators		Points	
1.	Existence of political responsibility for the public service	5/5	
2.	Clarity and implementation of public service policy	1/10	
3.	Clarity and adequacy of the material, horizontal and vertical scopes of public service legislation	8.8/10	
4.	Protection of neutrality and professionalism of public servants against undue influence	7.1/10	
5.	Quality of the disciplinary system	9/10	
6.	Objectivity and fairness of dismissal and demotion of public servants	7.8/14	
7.	Grounds and limits for temporary employment in the public service	1/5	
8.	Existence of central and capable co-ordination bodies	10.5/12	
9.	Capacities for professional HRM in public administration bodies	5.4/12	
10.	Existence of an effective HRM information system	4.1/12	

The legislative framework is clear and provides the foundation for a sound, balanced and stable employment system for civil servants. Only a few legal changes to this general framework have been adopted since 2021, with marginal impact on overall employment relations. All secondary legislation is in place, except for a government decision regulating salary structure according to Article 34 of the CSL (see Principle 11). The vertical scope of the civil service is well-established with clear demarcations between political appointees, public servants and support staff. However, persistent exceptions mean that heads of certain bodies subordinate to ministers and covered by the CSL are not appointed according to CSL procedure, but rather follow special laws and decisions of the Council of Ministers (CoM).⁵⁸

Civil service legislation regulates the status of three categories of employees: state administration institutions, independent institutions and local government units. However, it does not cover all employees of central government administration: employment relations in several institutions reporting directly to the government, to the prime minister or ministers, are regulated by the Labour Code and not by the CSL.

⁵⁸ For example, employees of the General Department for Anti-Corruption fall under CSL but special provisions of the CoM decision regulate the appointment and dismissal of the General Director. CoM Decision No. 436/26 June 2024, <https://qbz.gov.al/eli/vendim/2024/06/26/436/935ab224-1765-4aa2-95d8-7d00fbc02dbb>

Furthermore, the concept of direct service delivery units⁵⁹ is wrongly used to displace civil servants outside the CSL framework – a situation already described in 2017 and 2021 reports – which challenges the consistency of the system. For these institutions, the provisions related to recruitment, career advancement and disciplinary measures of employees are not systematically aligned with the Principles of Public Administration through the CSL. Moreover, these institutions do not fall under the DoPA's co-ordination mechanisms and are not overseen by the Commissioner for the Civil Service or by the administrative courts. As a result, basic data on their HR management and processes (number of staff, recruitments, dismissals, etc.) is not centrally collected.⁶⁰ Consequently, information on the wider public service available to the DoPA and presented in this monitoring report is incomplete.⁶¹ A uniform framework for all public administration employees, ensuring the constitutional principle of access to public employment based on competition, is still missing, despite SIGMA's 2021 recommendation, and work relations continue to be regulated by pieces of legislation such as the CSL, the Labour Code, specific sectoral legislation or collective agreements or contracts.

The legislative framework, including secondary and tertiary legislation on recruitment, performance appraisals, professional development, and disciplinary procedures and dismissals, ensures that civil servants have the necessary basis to perform their duties with professionalism, neutrality and accountability, and limits political interventions in HR processes. Only 14% of civil servants participating in the SIGMA survey stated that their day-to-day work is subject to interference by politicians, or people with political links – the lowest value in the region.⁶² However, a few issues are not sufficiently clear or lack additional guidance on implementation. Such is the case of financial consequences in the event of the acquittal of a suspended civil servant after a disciplinary procedure, and regulatory provisions governing temporary labour code contracts when a civil service position is to be occupied.

Throughout the period 2017-2023 political responsibility for the civil service was not clearly attributed.⁶³ This situation came to an end in January 2024 with the creation of the position and subsequent appointment of a Minister of State for Public Administration and Anti-Corruption, to sit on the CoM.⁶⁴ The Minister of State has the mandate to co-ordinate policies and actions on HRM for the central public administration, specifically in areas regarding: 1) the management and motivation of human resources; 2) building state administration institutions; 3) training public administration employees; and 4) fulfilling the dual principles of good governance and partnership for open governance.

⁵⁹ CSL Article 4-1 dh) states that "Public direct service units are the administrative units delivering directly to the citizens public service of pre-university and university education, health care, culture, sports, arts, social assistance and other social services". Article 8.1 of Law 90/2012 on the organisation and functioning of the state administration also states that: "Direct service delivery units shall be administrative structures, through which a ministry or a subordinated institution delivers public services, directly to third parties in the areas as explicitly provided for by law".

⁶⁰ The DoPA possesses comprehensive data on civil servants in central administration institutions, while for other public servants, data are currently limited to the number of approved job positions according to organisational structures. Until the middle of 2022, detailed data (e.g. the number of appointments, dismissals, disciplinary measures, the number of management positions, etc.) for institutions not under the CSL were collected by the DoPA, through the administrative platform (currently unavailable).

⁶¹ Similarly, unless marked otherwise, data presented in this report relate to civil servants and do not include employees of public administration bodies not covered by the CSL.

⁶² SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, conducted in April 2024.

⁶³ OECD (2021), *Monitoring Report, Albania*, OECD, Paris, <https://sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf>.

⁶⁴ CoM Decision No. 29 of 17 January 2024 on the mandate of the Minister of State for Public Administration and Anticorruption.

At the technical level, the DoPA has a consolidated and recognised role as the central co-ordination body within the civil service management ecosystem.⁶⁵ The DoPA reports to the Minister of State and performs well the functions prescribed by the CSL, including the preparation and approval of secondary and tertiary legislation on HRM, general guidance regarding HRM in the central government administration,⁶⁶ and strategic decision making on the content of centralised training.

The DoPA is also entitled to conduct inspections,⁶⁷ but in practice this function is exercised by the Commissioner for the Oversight of the Civil Service (CoCS), who reports directly to the Parliament.⁶⁸ The Commissioner is an independent legal entity elected by the Assembly, in charge of monitoring the legality of all aspects of civil service management in all institutions that employ civil servants. The Commissioner conducts administrative investigations, delivers written “warning decisions” to institutions in situations of concern and may impose fines if corresponding measures are not taken. In 2021, the DoPA and the CoCS signed a Memorandum to ensure smooth collaboration between the two institutions. Subsequently, in 2023, the Commissioner carried out general and thematic oversight of 16 institutions, encompassing 1 422 civil service positions, and monitored 700 competition procedures. The implementation of warning decisions was assessed in 47 institutions, with 83% of recommendations found to be implemented.⁶⁹

Adoption of the new strategic framework for PSHRM has been delayed, following the expiration of the previous public service policy⁷⁰ at the end of 2022. The new PAR Strategy has also not been adopted yet. The Roadmap for Public Administration Reform 2023-2030, adopted by the Government in December 2023, includes selected measures in the area of public service management, but lacks a situation analysis, objectives (except for salary increases), indicators, costing and clearly assigned responsibilities, and therefore cannot serve as a basis for a comprehensive development of public service. The PAR Strategy, envisaged to provide a more detailed framework for implementing the reforms indicated in the Roadmap, is planned for adoption in the autumn of 2024.

Temporary employment is not foreseen by the CSL. Nevertheless, in 2019 the Government defined the conditions for temporary activities in central government units through secondary legislation,⁷¹ and each year it determines the number of temporary positions for institutions that request them.⁷² In 2023, a total number of 2 176 positions were established, mostly for support jobs (e.g. sanitation workers, technicians, operators, guards, maintenance workers, etc.). However, 355 of those positions are categorised as “specialist” and are paid in accordance with existing civil service salary categories for similar functions. Although these labour law contracts cannot be converted into permanent civil service appointments, they allow for employment in civil service positions without merit-based recruitment (on a fully discretionary basis without verification of competencies nor formal requirements) and can be annually renewed an indefinite

⁶⁵ CSL 152/2013, Article 7.2 appointed the DoPA as the central co-ordination body and enumerated its responsibilities.

⁶⁶ www.dap.gov.al/legjislacioni/udhezime-manuale

⁶⁷ CSL, Article 7, point 2c and 3b.

⁶⁸ CSL, Articles 11-16 establish the rules applicable to the status and competences of the CoCS (nomination, responsibilities, competences and procedures to be applied in case of violation of the law).

⁶⁹ 2023 Annual report of the Commissioner for the Oversight of the Civil Service.

⁷⁰ The Cross-cutting Public Administration Reform (CCPAR) Strategy 2015-2020 was extended to 2022 through the adoption of a new action plan covering an additional two years. The plan did not change the established reform objectives of the strategy, which consisted of four main pillars. Pillar III was dedicated to “Civil Service Human Resource Management”.

⁷¹ CoM Decision No. 109/2019 on the establishment of standards in the performance of certain activities with temporary employees, in the central government units.

⁷² In 2023, this was legislated through DCM No. 56, of 1 February 2023 on the determination of the number of employees with temporary contracts, for the year 2023, in the units of the central government.

number of times.⁷³ Moreover, no central monitoring and reporting is undertaken on the use of temporary employment in the public service as these positions are not covered by the DoPA's co-ordination function.

The HRMIS continues to be developed and populated with personal data. Technical issues were solved for all institutions under civil service legislation and now payroll can be generated with data from HRMIS, confirming their completeness and accuracy. According to the DoPA, payroll is already generated in this manner for half of entities. For the remaining positions, HRMIS data need to be completed and verified, followed by a thorough financial process with positive validation checks. Upgrades are needed to extend the system to other parts of the public sector. The HRMIS also interoperates with the Civil Registry, and interoperability with the tax administration and social security is under development. Some HRM processes that were fully digital via administrative have been conducted via email or on paper since 2022, following a cyberattack on official governmental platforms.

HR staff from the central administration participate periodically in HRM training, professional HR networks and other activities organised by the DoPA or the Albanian School of Public Administration (ASPA), on occasion with the support of technical assistance projects. Several of these training and capacity-building activities have focused on the procedural and administrative aspects of HR processes. However, HR units need to improve the provision of analytical and qualitative data for decision making. Important HR processes are conducted by low and middle managers, as reflected in their standardised job descriptions, but these managers are not adequately supported in the performance of these tasks: dedicated training is delivered only sporadically and is not obligatory. In 2023, only one newly appointed manager participated in a training session on people management.

⁷³ For example, 46 contracts foreseen were for the "specialist" function in the Office of the Prime Minister (OPM) for 2023, at 8 hours per day throughout the budget year, with the level of salary for these employees equivalent to category III-b (low-level management category/chief of sector). The total number of employees in the OPM was 203 (116 civil servants and 81 political positions).

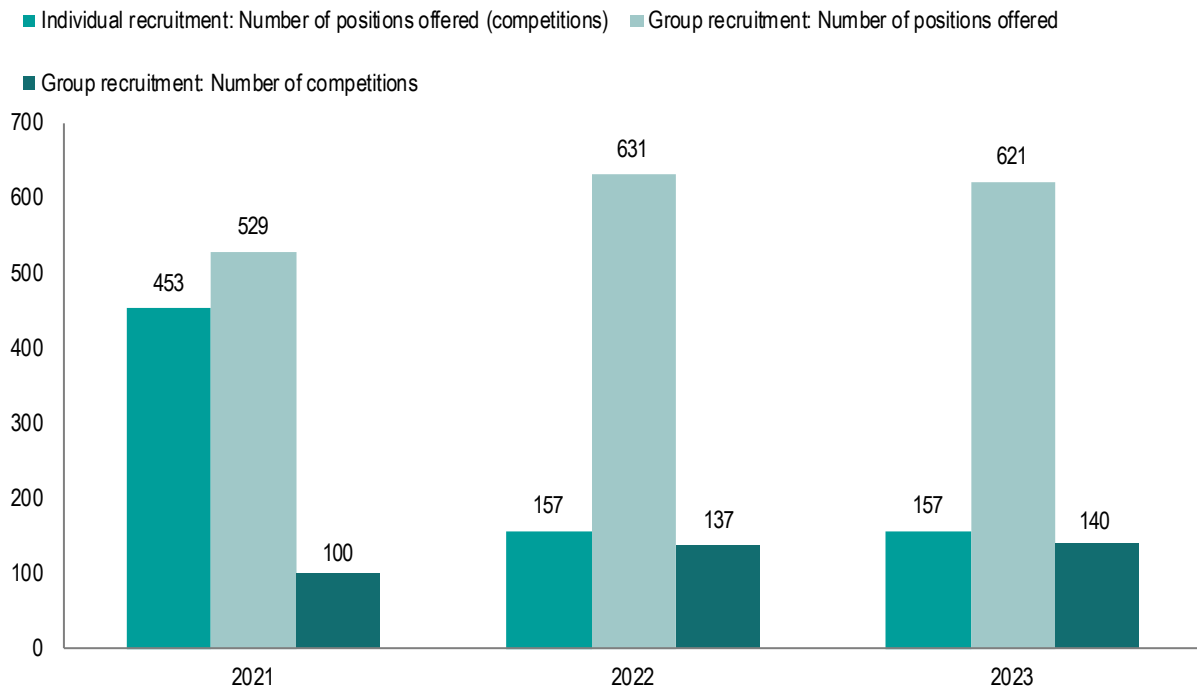
Principle 9: Public administration attracts and recruits competent people based on merit and equal opportunities.

The recruitment system is well established by the legal framework and by practices that have not changed in substance since 2015. The DoPA uses various methods to promote the civil service in general and to attract candidates to vacant positions. The legislation ensures safeguards to protect recruitment processes from political influence. Qualitative HR analyses and strategic workforce planning needs to be strengthened and selection methods and tools require better alignment with competency-based selection.

Indicator 9. Transparency, professionalism, and effectiveness of recruitment of public servants		2024 indicator value	62/100
Sub-indicators		Points	
1.	Quality of human resource (HR) planning	1.5/10	
2.	Competitive and non-discriminatory recruitment	6/10	
3.	Transparency of recruitment	6/8	
4.	Inclusiveness of recruitment	0.7/6	
5.	Attraction of qualified candidates	4.4/8	
6.	Recruitment based on job profiles	8/8	
7.	Professionalism of the selection committees	11.5/14	
8.	Adequacy of selection methods	8.5/14	
9.	Efficiency and timeliness of recruitment procedures	5.6/10	
10.	Right to information on results and appeal	4.5/6	
11.	Quality of onboarding	4.9/6	

The system introduced by the CSL is highly centralised, with pooled recruitments at entry level (the so-called “executive level”) organised by the DoPA for groups of positions. However, in practice, recruitment is still carried out also for individual positions as not all job descriptions can be harmonised sufficiently to allow for grouping. In 2023, at the entry level, the majority of candidates (370) were hired through group competitions, with 126 candidates hired in individual competitions. The figures were similar for 2022, and both years show a noticeable increase in comparison to 2020. In line with the CSL, recruitments to low and middle managerial jobs are always carried out individually.

Figure 20. Number of group recruitments and recruitments to individual positions at the executive level in 2020, 2022 and 2023



Source: DoPA.

The CSL obliges the central public administration to prepare and adopt an HR admission plan.⁷⁴ The Government adopts this recruitment plan annually,⁷⁵ opening up a number of positions for recruitment per job group for the upcoming year in institutions covered by the CSL. However, this process is hindered by the absence of a thorough, clear and properly developed periodic analysis presenting the HR characteristics of the public service and civil servants, and identifying gaps and skills needs for future jobs. The annual report of the DoPA does not meet these requirements as the content is limited mainly to developments in the previous year, without more granular description and data on the number and structure of staff over the years, the attributions and demographic dynamics of employees, and data and analyses on medium-term needs and gaps regarding skills and competencies.

The HR plan for 2023 included 1 158 vacancies. Subsequently, 1 082 positions were opened and 838 were filled successfully through various procedures. All vacant positions are opened initially to current civil servants for application through parallel movement procedures or promotion (in the case of managerial positions). If no candidates are selected from among the body of civil servants, the procedure is opened up to external candidates (additional limitations apply to low and middle managerial positions, where only 20% can be opened up to external candidates). To speed up the process, all these procedures are announced simultaneously.⁷⁶

⁷⁴ CSL, Article 18 and CoM Decision No. 243/18 March 2015, Chapter II: Admission to civil service, point 4.5.

⁷⁵ For 2024, CoM Decision No. 62-2024 on the recruitment plan for 2024.

⁷⁶ As explained in the vacancy announcements: "The above positions are initially offered to civil servants of the same category for the parallel movement procedure. Only if, at the end of the parallel movement procedure, there are still vacant positions, they are valid for competition through the procedure of admission to the civil service for the executive category".

This centralised recruitment process requires that state administration institutions submit their vacancy needs to the DoPA. These are incorporated into the admission plan, grouped where relevant and launched. Each procedure involves two or three consecutive steps: a) lateral movement, b) promotion and c) external recruitment for interested candidates. The recruitment procedures organised by the DoPA, after the adoption of the annual HR admission plan, are considered by other institutions as timely and efficient – they last on average 63 days.⁷⁷ A recruiting module is used to manage all aspects of the recruitment and selection process, allowing the DoPA to post job announcements, receive applications (online only), track candidate progress and manage the entire recruitment workflow.

The criteria for access to civil service jobs are clear and non-discriminatory.⁷⁸ In 2023, all newly appointed civil servants (permanent positions based on the CSL) entered the recruitment process through competitive processes.⁷⁹ However, these data, provided by the DoPA, are limited to institutions covered by the CSL and do not include public administration bodies governed by the Labour Code or special legislation where competitions may not be mandatory.

Job announcements include limited information for the external public on job conditions and remuneration. They are published and disseminated on the central recruitment portal, based on the approved job description,⁸⁰ and as their format is predetermined by the regulatory framework no adjustments are made.⁸¹

The evaluation of candidates is conducted by a permanent admission committee established by the DoPA⁸² for a group of general positions (including those that relate to administrative responsibility in all institutions and whose exercise requires knowledge of general administration) and for groups of special positions, including those that deal with specific responsibilities in one or more institutions, the exercise of which requires special knowledge of a particular profession or similar. The committees are composed of five members⁸³ with one representative from the DoPA as chair, two civil servants of middle management category from state administration institutions and two experts from the relevant field.

In 2023, as many as 259 permanent admission committees were established. Limited training opportunities were organised for their members to ensure that the procedures and selection methods were aligned and clearly understood.

The selection methods are established through secondary legislation and include the verification of professional and educational background, knowledge tests and structured oral interviews. According to existing instructions, the written test can consist of multiple-choice questions (MCQ), case studies, open questions or essays (optional). In practice, the written tests consist of knowledge-based MCQs. Such methods have a limited capacity to test skills and attitudes, especially given that they are not based on a competency framework (even for middle-level managers). There is little evidence that the instruments used during the selection process have been developed with the support of experts in recruitment methods.

⁷⁷ This average was calculated based on procedures from a sample of central public institutions and was calculated as the average number of calendar days that elapse between the date of the announcement of a vacancy and the date of publication of the results of the selection process.

⁷⁸ CSL Article 21.

⁷⁹ In 2023, appointments implementing final court decisions (and not resulting from the competitive recruitment process) amounted to ten for the executive category and eight for low and middle management.

⁸⁰ CoM Decision No. 243/2015, Chapter II, point 9 and CoM Decision No. 142/2014, as amended, Annex 4.

⁸¹ The standard statement in job announcements reads as follows: *"the specialist realizes the objectives of his work positions under appropriate and optimal conditions and guarantees the productivity to fulfil the organizational purpose. When necessary, he might be asked to stay over the regular schedule to fulfil urgent tasks"*. No reference is made to more specific details such as regular schedule, requirements to work in shifts, information on the base salary value, etc.

⁸² CoM Decision No. 243 of 18 March 2015 on admission, lateral transfer, probation period and appointment to the executive category.

⁸³ CoM Decision No. 243 of 18 March 2015, Chapter III, point 3.

The DoPA uses various methods to promote the civil service. In 2023, it organised job fairs, presentations in universities and webinars, and disseminated messages via social media. Despite these efforts, the number of candidates per vacancy dropped in 2023 in comparison to 2022, in terms of absolute number of candidates (from 17.9 to 13.5) and when only eligible candidates are concerned (from 8.9 to 6.1).⁸⁴ The proactive approach to building positive employer branding has been boosted by the appointment of the new Minister of State as well as by personal appearances at events by the Prime Minister.

In 2019, the Government established a specific programme to attract young people to the public administration. The “Students of Excellence” scheme⁸⁵ is aimed at graduates with very good results, and its admission procedure respects the principles of transparency, competition and merit. The scheme introduced the possibility to recruit excellent students⁸⁶ for temporary employment in the public service. The related CoM Decision establishes a selection and evaluation methodology and specifies that at the end of a one-year contract those wishing to become part of the civil service must participate in a competitive process, in accordance with civil service legislation.⁸⁷ In 2021, two additional CoM decisions were approved to establish relations between this programme and the “Ready for Albania” programme.⁸⁸ In 2022, 42 qualified candidates of the “Ready for Albania” programme and 57 “Students of Excellence” were selected for job positions and employed under one-year contracts in civil service positions. In 2023, their contracts were extended until the conclusion of the employment process for 2023.⁸⁹ Although the “Excellent students” scheme proved very successful in attracting high-quality candidates to the civil service, their temporary employment in civil service positions still does not have an appropriate legal basis in the CSL, despite SIGMA’s 2021 recommendation.⁹⁰

General legislation⁹¹ foresees an obligation for public institutions to respect the rights of disabled persons. Although there are no specific provisions, protocols or instructions clarifying the obligations to provide reasonable accommodation for disabled candidates during recruitment processes, the DoPA, at the request of applicants, has made ad-hoc adaptations in several cases. However, no proactive actions have been undertaken to increase inclusiveness: the actual obligations of the administration have not been clarified, no disability awareness training has been offered and no specific forms of encouragement exist to attract disabled candidates to civil service jobs. This situation is reflected in the very low rate of persons with disabilities employed in the civil service (0.004% in 2023).

⁸⁴ Value calculated by SIGMA based on the data provided by the DoPA. A value of 5.9 is given in the 2023 DoPA annual report.

⁸⁵ CoM Decision No. 586 of 30 August 2019 “On temporary employment of excellent students in state administration institutions”.

⁸⁶ The eligibility criteria for qualified applicants include: 1) the average grades of their academic years, and 2) graduation year (not earlier than three years prior to the calendar year in which the call is launched).

⁸⁷ CoM Decision No. 586 of 30 August 2019, Article 12.

⁸⁸ CoM Decision No. 665 of 10 November 2021 provides priority of placement to those who were selected via the “Ready for Albania” platform for positions foreseen for excellent students. This decision envisages that the selected candidates from the platform should fulfil the same criteria as those set for the excellent students and that their selection procedures will be based on the same methodology. This decision stipulates that for the year 2021 only (making it an exceptional procedure), the positions dedicated to students of excellence will be offered initially to the selected candidates through the platform “Ready for Albania”. Based on this provision, in April 2022, the process of selecting positions dedicated to excellence from candidates of the “Gati për Shqipërinë” (Ready for Albania) platform began, starting with the candidates with the highest marks within the respective group.

⁸⁹ An exception resulting from CoM Decision No. 237 of 20 April 2023.

⁹⁰ OECD (2021), *Monitoring Report, Albania*, OECD, Paris, p. 79, <https://sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf> which included a recommendation to establish a legal basis for the admission of participants of the scheme to the civil service.

⁹¹ Law No. 93/2014 for the inclusion and accessibility of people with limited abilities.

Principle 10: Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.

The concept of top public management as foreseen in the CSL has not been applied in practice. Despite the high level of flexibility of appointments it offers, and the numerous available candidates, there were vacancies at 30% of positions. The system does not attract sufficient candidates to ensure the competitiveness of admission to the pool. Professional development opportunities targeted at senior managers are very limited in their availability and performance management is not consistently implemented.

Indicator 10. Professional top managers		2024 indicator value	45/100
Sub-indicators		Points	
1.	A specific category and scope of the Top Public Management (TPM) system	6/11	
2.	Attractiveness of top management positions	2/7	
3.	Merit-based and competitive recruitment of top managers	17/47	
4.	Diversity and gender parity in top management positions	3/5	
5.	Management by objectives and performance evaluation	4/4	
6.	Managerial autonomy	1.7/2	
7.	Training and professional development	1.7/4	
8.	Stability of top managers	9.7/20	

Civil servants in senior-level management within state administration institutions are referred to as the Top Management Corps (TMC). The CSL states that only TMC members may be appointed to one of about 100 senior civil positions. Regulations established in the CSL and specific by-laws take into account their specificity and differ from those set for other managerial positions. Recruitment to the TMC (the pool) should take place through a national competition open to selected civil servants and other individuals meeting specific requirements, followed by an in-depth training programme organised by ASPA, only after passing the final exam. Members of the TMC (the pool) can be appointed to any senior managerial position without further selection and released from such positions at will.

However, this coherent concept established by the CSL has never been implemented. Direct appointment to the TMC via pool recruitment (without an in-depth training programme at ASPA), allowed “exceptionally” and in specific circumstances, open not only to civil servants of middle-management category, but also “exceptionally” to external candidates, have become the norm, fundamentally altering the original concept and compromising its integrity. Successful candidates become members of the pool with the right to be appointed without any further competition or assessment of position-specific competencies to any available senior positions. This is enabled by an inaccurate assumption that all TMC positions are identical and can have the same job description. While this may be true for general secretary positions in ministries, it is not the case for directors of general directorates (e.g. General Director of DoPA, ASPA or directors of bodies subordinate to ministers).

The concept of admission to the pool and not to a specific position is also, at least in part, a fiction – in practice candidates know which TMC positions are vacant and apply aiming at those specific positions.⁹² Moreover, with pool recruitment, there is no need for applicants to be the best candidate (or even shortlisted, if such a concept was employed), as many candidates are admitted as there are

⁹² Although not allowed by legislation and not confirmed by the DoPA, SIGMA was informed about cases of TMC members rejecting an appointment to a position they did not accept.

vacant positions in the pool⁹³ – provided that they are assessed over the 70% of the total available points. Their substance-related competencies (in particular for positions of directors general) are not verified. This is because, according to the CSL, they are being recruited to the TMC (the pool), and not to a specific senior management position, therefore no position-specific skills or competencies can be identified and checked. Furthermore, no comprehensive, in-depth training is delivered to TMC members, although its completion – followed by a successful examination prior to admission to the TMC – represents the cornerstone of the entire system.

Despite this flexibility with discretionary appointments and sufficient available candidates in the pool, a significant number of senior managerial positions remain unfilled, some for an extended period.⁹⁴ In fact, about 30% of positions are not staffed with a TMC member. Law 90/2012 "On the organisation and functioning of the State Administration" provides for their substitution, by virtue of law, in the event of short-term absence or incapacity, by the highest-ranking director of the same general directorate/department. Yet in practice, in four cases "acting officials" were formally appointed at the discretion of the Minister or the Prime Minister, although the legislation does not provide any legal basis for such appointments.

Table 1. Senior management positions at state administration institutions

	31 December 2020	31 December 2021	31 December 2022	31 December 2023
Number of positions in senior management category (regular TMC positions)	102	116	115	116
Number of TMC members	103	103	109	112
Number of TMC positions filled with regular appointment	71	69	68	69
Number of TMC members in the pool (not appointed)	32	34	41	43
Number of TMC positions vacant/filled with acting official	31/-	47/2	47/3	47/4

Source: DoPA.

The formal explanation of the TMC situation consistently presented by the authorities is as follows: the CSL provides for an exceptional procedure (direct admission) applicable until the first group of TMC members complete their training through the ASPA, or when the number of TMC members provided through ASPA is insufficient. However, after ten years, the justification that the in-depth training programme for TMC at ASPA is not yet available (despite European Union support provided through twinning and Instrument for Pre-accession Assistance (IPA) projects to define the curricula and pilot the modules) can no longer be used as a legitimate excuse.

Recruitment and performance appraisal procedures are conducted by the National Selection Commission (NSC), which is composed of nine members headed by the Director of the DoPA. The structure of the

⁹³ The number of positions in the pool (TMC members) is set by Article 27.2 of the CSL at the number of regular positions of the existing senior management category, plus a reserve of 15%. In 2021-2024, the number of such positions was between 115 and 117.

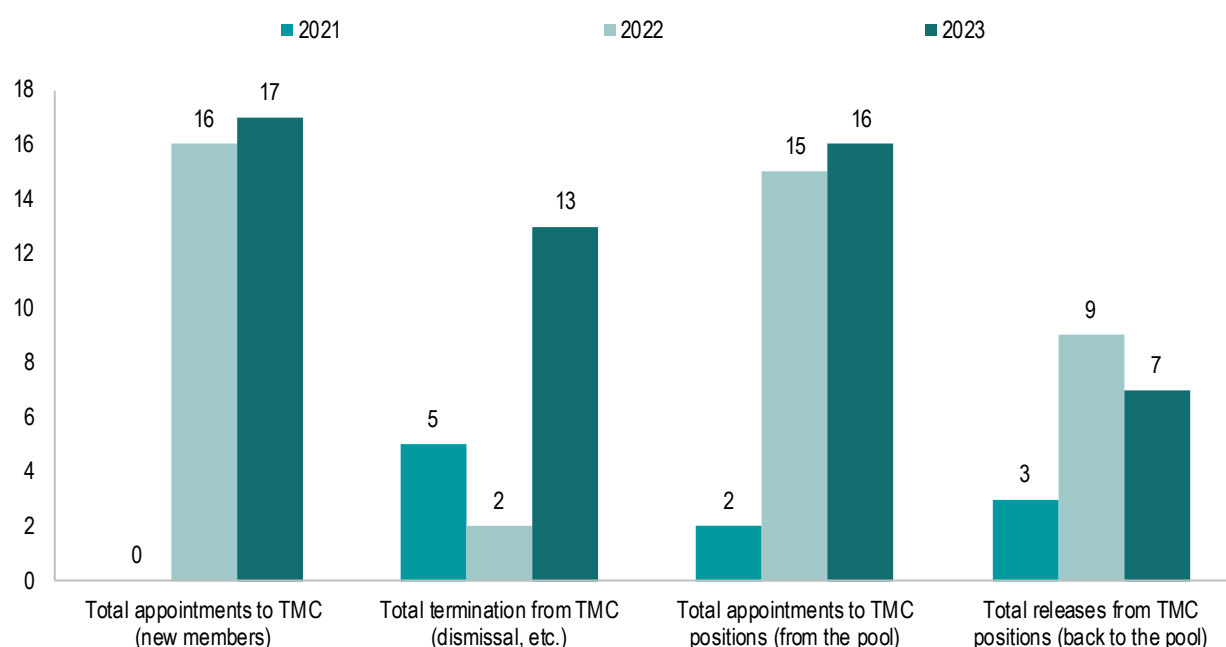
⁹⁴ Director of Albanian School of Public Administration, a TPM position, remained vacant for almost two years (since 19 May 2022). Similar cases were presented in OECD (2021), *Monitoring Report, Albania*, OECD, Paris, p. 84, footnote 253, <https://sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf>.

selection process and the methods used include an assessment of experience, a written test and an oral interview.⁹⁵ Members of the NSC decide jointly on the questions, which should be aligned to test the competencies defined for this civil service category.⁹⁶ However, in practice, the selection methods do not verify the behaviours or indicators assigned to each competency.

There were two recruitment procedures for the TMC (the pool) during the period 2021-2023. For the first, there were 16 vacant positions and 35 eligible candidates; for the second, in 2023, there were 18 positions and 37 candidates. None of these procedures ensured competitiveness as there were only two candidates per position, and both procedures allowed admission to the pool – and subsequently to the senior management positions – candidates who were ranked, respectively, 16th and 17th.

TMC members appointed to regular positions can only be dismissed from the civil service for reasons explicitly indicated in the CSL;⁹⁷ however, they can be released to the pool at any moment. Decisions to release and appoint TMC members to top-level management positions are made at the request of heads of institutions,⁹⁸ with the DoPA responsible for the administrative part of the process. Released officials remain in the TMC (pool) without salary, waiting to be appointed to another position.⁹⁹

Figure 21. Fluctuation in TMC membership and appointments



Source: DoPA, 2024.

⁹⁵ CoM Decision No. 118/2014, Chapter IV, point 11.

⁹⁶ CoM Decision No. 118/2014, Chapter III, point 2.

⁹⁷ Article 66, point 2 of the CSL. The reasons for dismissal are the same as for other for civil servants, with the additional provisions: “when a senior-level management civil servant becomes member to a political party” and “the member of the TMC is discharged from the civil service when not assigned to a regular position for at least 8 months in a five-year period”. There were 13 such cases in 2023.

⁹⁸ The head of the institution is the Prime Minister for the Office of the Prime Minister or any institution subordinate to the Prime Minister, and can be a minister for any position in the ministry or institution subordinate to the ministry. It can also be a Deputy Prime Minister for the position of co-ordinator.

⁹⁹ Article 30, point 4, letter c of the CSL and Chapter VII, point 5 of DoCM No. 118/2014.

At the end of 2023, the total number of TMC members included in the pool was 112, of which 61 were men and 51 were women. The appointments to regular positions were equally split between women and men.

The performance appraisal system for TMC members appointed to regular positions is also not fully implemented. Senior managers should be appraised with the same frequency as other civil servants, every 6 months, which – in the case of formal procedure involving ministers and NSC – is too often. As a consequence, in 2023, similarly to previous years, not all senior managers underwent performance appraisal.

ASPA's offer of continuous training and dedicated professional development for TMC members is very limited and not aligned with the competencies needed for this category.¹⁰⁰ This is of particular importance when exceptions to the recruitment process are used (e.g. TMC applications are not limited to experienced managers (civil servants in the middle-management category) and when there is no mandatory in-depth training for TMC candidates.¹⁰¹

Finally, numerous heads of agencies are not members of the TMC and are appointed through other procedures, on which centralised information is not available.

¹⁰⁰ For example, ASPA training plans for 2023 and 2024 do not include continuous training dedicated to TMC members.

¹⁰¹ A Leadership Development Programme was started at ASPA only in July 2024.

Principle 11: Public servants are motivated, fairly and competitively paid and have good working conditions.

Although the level of remuneration has become more attractive following recent increases, more substantive reform has not taken place and recognised flaws persist. A work conditions allowance is offered to various groups of civil servants on the basis of a discretionary government decision that distorts the logic of the pay system. Data on salaries are not regularly monitored and reported, including the gender pay gap. Some actions have been taken to improve performance and working conditions.

Indicator 11. Attractiveness of employment and work conditions		2024 indicator value	51/100
Sub-indicators		Points	
1.	Attractiveness of employment in public administration	10.8/20	
2.	Fairness in the allocation of base salaries and allowances	12.1/23	
3.	Predictability of the wage budget of the public service	0/6 ⁱ	
4.	Availability and transparency of salary information	2/8	
5.	Salary progression opportunities	4/8	
6.	Performance-related pay and other incentives	6.1/8	
7.	Work conditions and well-being of public servants	11/13	
8.	Availability of flexible work arrangements	3.8/7	
9.	Social dialogue with the public sector employees	1/7	

Note: i = data not available or not provided.

There is a significant and persistent discrepancy between the salary structure defined by the CSL and standard practice.¹⁰² According to Article 34 of the CSL, civil servants' salaries should consist of a basic salary dictated by the category, a supplement related to the class of the position and an allowance for working conditions. Within each class, salary steps ensure the progression of remuneration towards upper salary levels, in accordance with three criteria: seniority in the civil service, performance appraisal results and successful completion of training programmes defined for each step.

In practice, the salary system is established by a Decision of the CoM¹⁰³ that defines categories, classes and components of monthly salaries and the value of each element. However, the established transparent salary table presented in Annex 1 of the Decision, with a single value for each of the 14 grades, is accompanied by Annex 3, which introduces a long list of institutions and individual positions benefiting from a supplementary "work conditions allowance". The value of this allowance is defined in nominal values and varies from ALL 5 000 to ALL 70 000 per month. Rather than a tool used in exceptional cases, this allowance is used frequently by many institutions without thorough scrutiny, based on political intervention. Reliance on this allowance instead of integrating the value of these positions into their base salary weakens the coherence and fairness of the system, as noted in previous monitoring reports. It also undermines the transparency of the system, as job announcements only provide a salary grade rather than specific information on offered salaries.

¹⁰² OECD (2021), *Monitoring Report, Albania*, OECD, Paris, p. 86, <https://sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf>.

¹⁰³ CoM Decision No. 325 of 31 May 2023 on approval of the salary structure, salary levels and other supplements for deputy ministers, cabinet officials, prefect, deputy prefect, civil servants and employees in public administration institutions.

Moreover, in order to fulfil the terms of the “equal pay for equal work” principle, the relative value of each position should be assessed across the public administration, so that jobs can be properly classified. Comprehensive criteria for job classifications and an accompanying methodology and process are defined in the CoM Decision,¹⁰⁴ but have not been implemented. Instead, the following imprecise, general criteria are used to classify jobs and determine salary grades: 1) institutional hierarchy relating to whether the position evaluated and classified belongs to a subordinated institution or a ministry; and 2) the importance of the job position in relation to the mission of the associated institution.

Insufficient data are available to contrast the salaries of comparable positions in the private and public sector (or at least the salaries of tertiary educated workers), but the level of dissatisfaction with salaries among civil servants was significant. In 2022, only 13% of civil servants were satisfied with their salary, as revealed in a survey measuring the perceptions of civil servants on attitudes and behaviours in the workplace, including their motivation, commitment and interactions, and their experience of HRM practices.¹⁰⁵

In April 2023, the Government announced a broad intervention in the salary system for civil servants and for the public administration in general. For the civil service, the Government introduced a significant salary increase, albeit with only very limited changes to the salary structure itself. Salaries were increased on average for executive positions from 19% to 41%, for low management level from 28% to 34%, and for management from 25% to 35%.¹⁰⁶ The seniority supplement, which is calculated based on the “position supplement” and represents around 80% of the overall salary,¹⁰⁷ also increased. The increase in weight of seniority in the overall salary was used to compensate for the lack of salary steps (which are foreseen in the CSL but not applied). This approach aimed to reward individuals with longer tenure in public service and to address wage disparities by enhancing the decompression of the wage structure.¹⁰⁸ Specifically, the compression ratio in the civil service was increased from 1:3.3 to 1:4, comparing the base salary of the General Secretary of the CoM – the most senior level in the civil service – to the salary of specialists at the lowest level.¹⁰⁹ This was made possible by the adoption of Law No. 34/2023 in May 2023, which raised the highest salary in the country (that of the President) by 60% and made room for other changes.¹¹⁰ In addition, the government announced its objective to raise the average salary for public administration employees to EUR 900 by 2024.¹¹¹ A SIGMA survey conducted in April 2024 revealed that 47% of civil servants were satisfied with their salary, while only 27% were satisfied with other benefits.¹¹² A comparison

¹⁰⁴ CoM Decision No. 142 of 12 March 2014 on the description and classification of job positions in state administration institutions and independent institutions", Chapter V.

¹⁰⁵ The DoPA in collaboration with the Regional School of Public Administration (ReSPA) and the University of Nottingham.

¹⁰⁶ CoM Decision No. 737 of 13 December 2023 on approval of the PAR Roadmap 2023-2030, <http://qbz.gov.al/eli/vendim/2023/12/13/737>.

¹⁰⁷ CoM Decision No. 325/2023 of 31 May 2023 on the approval of the structure and salary levels of civil servants, deputy ministers, and cabinet officers in some public administration institutions.

¹⁰⁸ IMF Country Report No. 24/7, Albania, 2023 Article IV Consultation – Press Release and Staff Report, www.elibrary.imf.org/view/journals/002/2024/007/article-A000-en.xml.

¹⁰⁹ Compression ratio increases to 1:5,4 if typical remuneration of a TPM is taken into account (with allowances and other elements).

¹¹⁰ Law No. 34/2023 on some changes in Law No. 9 584 of 17 July 2006 on salaries, rewards and structures of independent constitutional institutions and other independent institutions, created by law, as amended, <http://qbz.gov.al/eli/ligj/2023/05/25/3..4>.

¹¹¹ CoM Decision No. 737 of 13 December 2023 on approval of the PAR Roadmap 2023-2030, <http://qbz.gov.al/eli/vendim/2023/12/13/737>.

¹¹² SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, conducted in April 2024.

of salaries of employees with higher education in the public and private sectors conducted in 2024 by INSTAT, at the request of DoPA, indicated that average salaries in the private sector are only 4% higher than in the public administration.

Actual salaries and data on the gender pay gap are not regularly monitored and there is no publicly available information on this area. Equally, the annual report on the civil service does not provide any statistical information on salaries and their change over time.

In its 2023 annual report, the DoPA indicated that the improvements in the salary situation led to 15% fewer resignations compared to 2022 (221 in 2023, versus 260 in 2022). However, voluntary turnover is not measured systematically at the level of individual institutions, leading to difficulty in identifying institution-specific problems. Similarly, although data on absences due to illness should be available at every institution, there is no methodology for measuring this key performance indicator and conclusions are not drawn.

The modified legislative framework allows for the introduction of bonuses for performance, but these have not yet been applied. Salary steps and salary progression beyond seniority allowance have also not been introduced, and there are only a very limited number of grades in the salary scale. The only means to offer a higher salary to a well-performing civil servant remains promotion or modification of the position within the civil service regulatory structure, but in practice this operation requires the approval of the Prime Minister. In this context, non-financial rewards acquire additional relevance and, indeed, become more common. For example, in 2023 ministries selected the five best employees through a popular vote of all employees, upon the proposal of line managers. The winners were awarded a certificate or other form of public recognition. These initiatives while praiseworthy are not institutionalised by any form of regulation, instruction or set of guidelines.

Regulations are also non-existent regarding the implementation of teleworking procedures, which were used during the COVID-19 pandemic, but not since. Working hours used to start at 8.00 and end at 16:00 (14:00 on Fridays) with no provision for modification at the request of an employee until a change of legislation in August 2024 introduced a flexible daily schedule.¹¹³

Although an adequate framework for formal social dialogue exists and civil servants can freely unionise, social partners are not invited to discuss proposed regulatory changes. Similarly, within individual institutions there is no dialogue on work conditions with representatives of civil servants.

In 2024, when asked whether they would recommend their organisation as a good place to work, as many as 86% of surveyed civil servants who responded to the question agreed – the highest result in the region.

¹¹³ CoM Decision No. 568 of 6 October 2021 on the adoption of the rules for the duration of work and rest, overtime hours and their compensation in institutions of state administration, independent institutions and units of local self-government, modified by CoM Decision No. 530 of 1 August 2024. This change took place after the cut-off date (of 30 June 2024) and has not been reflected in the value of sub-indicator (11.1.8).

Figure 22. Employee Net Promoter Score (eNPS) of public servants in the Western Balkans



Note: The percentage of valid responses to the question: "To what extent do you agree or disagree with the following statements?" "I would recommend my organisation as a good place to work". The percentage in the middle is the share of respondents who answered, "tend to agree" or "strongly agree".

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Principle 12: Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

A professional development system is in place with DoPA, ASPA and HR units collaborating along well-established procedures. Horizontal and vertical mobility is regulated and embedded in the recruitment process. ASPA's performance is challenged by the lack of its own premises and regularly appointed director. The quality of performance management has not improved and measures for diversity and inclusion are limited.

Indicator 12. Professional development and performance management of public servants		2024 indicator value	67/100
Sub-indicators		Points	
1.	Professionalism of performance assessment	11.8/21	
2.	Existence of training plans adapted to government priorities	7/8	
3.	Implementation and results of training	8.7/16	
4.	Regulation and use of horizontal mobility	16/16	
5.	Professionalism of vertical promotion	15.5/26	
6.	Support of professional development practices for diversity and inclusion	8/13	

The regulatory framework on professional development, promotion, mobility and training has not changed since 2021. Vocational and continuous training are a right as well as an obligation for all civil servants,¹¹⁴ and the Albanian School of Public Administration (ASPA) is the main training institution in charge of their professional development, with its own budget and academic authority. While the DoPA is responsible for drafting and approving recommendations for civil servants' training policies, ASPA delivers training for civil servants at all levels and ensures the central co-ordination of continuous public service training.

Procedures related to the training cycle, starting from needs identification up to training delivery, are established by primary and secondary legislation and are consolidated in practice. ASPA collaborates well

¹¹⁴ CSL, Article 38 development as a right, and Article 42 development as a duty.

with HR units, conducting training needs analysis (TNA) on a yearly basis with the support of the institutions concerned and proposing training plans for the upcoming year. HR units apply ASPA's methodology to gather information on training needs, centralise the data and report back to ASPA. During the year, HR units also monitor the implementation of training plans for their own institutions, fill in feedback forms and provide reports to ASPA on delivered training. For sectoral training needs, HR units work closely with ASPA on tailoring the training programme.

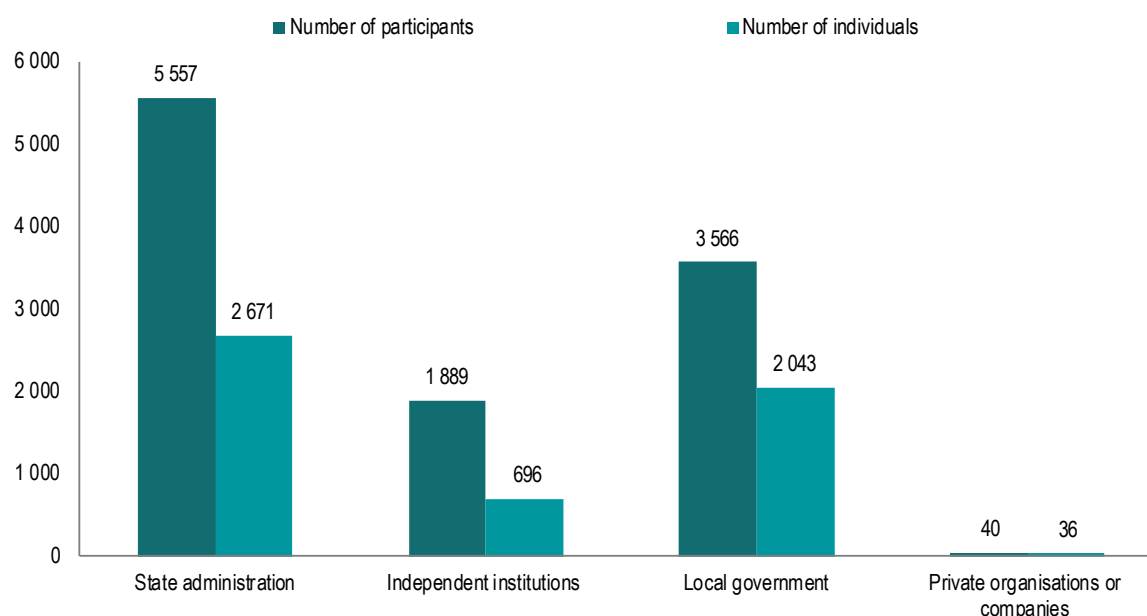
While these training plans are detailed and ambitious, they fail to prioritise and differentiate between the strategic and operational needs of the public administration. In addition, they are not well aligned with the performance management cycle, neither fully reflecting individual development needs nor institutional strategic objectives.

Training plans also have a low rate of implementation (67%). While mandatory induction training for the public administration is delivered as planned, implementation lags significantly for online courses and webinars (42 out of 110 online courses and 115 out of 290 webinars delivered).

The training plans focus on a large number of courses, themes and target groups. In 2023, a total of 2 671 public servants from the central government administration participated in training courses (online or onsite) financed by the state budget. Total expenditure for training amounted to ALL 71 million, significantly below 1% of the wage bill, although this number excludes numerous training sessions offered by technical assistance projects and donors.¹¹⁵

ASPA uses a standard form to collect feedback and piloted a specific methodology for impact evaluation of the training offered. The perception of relevance and usefulness of training among participants was slightly higher than among their managers.¹¹⁶

Figure 23. Number of participants and individuals trained in 2023 according to type of institution



Note: Individual public servants can participate in several training sessions (number of individuals refers to the number of public servants who attended at least one training) and can be counted several times as participants may attend to more than one training.

Source: ASPA Annual Report 2023.

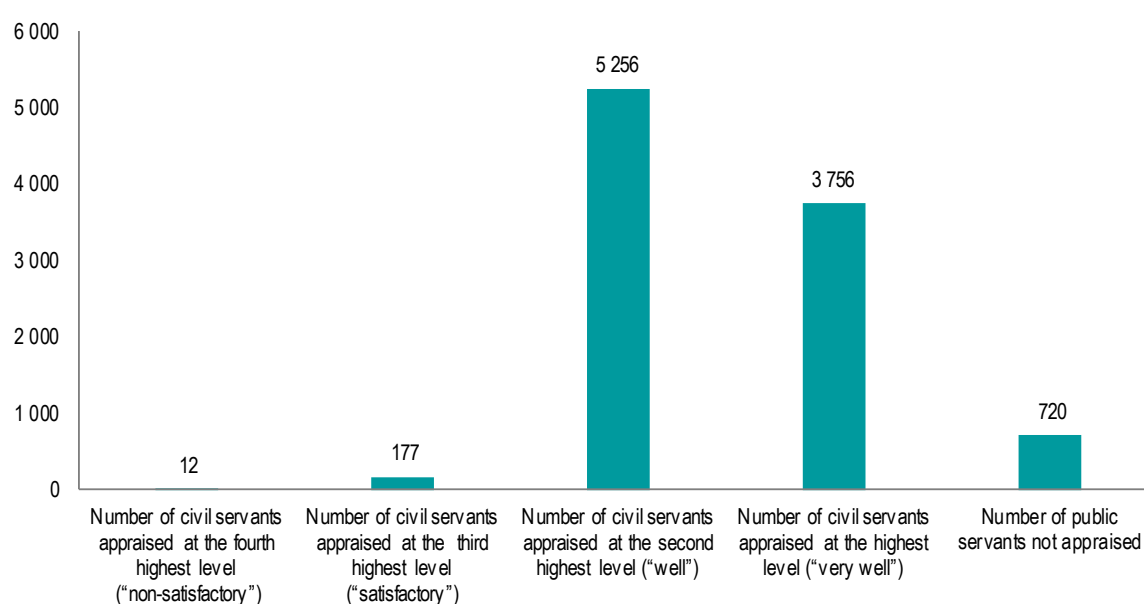
¹¹⁵ In 2023, 1902 participants were trained in co-operation with partners (ASPA annual report 2023).

¹¹⁶ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, conducted in April 2024.

Two factors affected ASPA functioning in 2023: lack of premises and lack of a properly appointed director. Following the earthquake of 2019, ASPA was forced to leave its well-equipped premises and had to deliver training sessions mainly online or hosted by other public or private institutions. In May 2022, the former head of ASPA was dismissed and, since then, the position of General Director remained vacant until July 2024, although the possibility exists to appoint a candidate immediately from the TMC.¹¹⁷

Performance appraisal is regulated¹¹⁸ and formally implemented every six months (two performance appraisals per year). However, the limited HRM skills of the managers make this process ineffective. In 2023, 92% of civil servants eligible to be assessed were evaluated, but almost all civil servants were assessed as higher than average (94%), which is cited as a reason for not introducing salary steps. Plans for modifying the scale from 4 to 5 levels were announced but have not yet been implemented. A centrally administered procedure for acquiring and updating information on the area and functions of civil servants,¹¹⁹ which in previous years provided a more balanced distribution of results, was discontinued.

Figure 24. Distribution of performance appraisal grades, 2023



Source: DoPA.

In 2023, two civil servants were dismissed due to inadequate performance (0.5% of all involuntary dismissals).¹²⁰ When surveyed, in the SIGMA Survey of Public Servants, only 26% of respondents stated that poor performers in their organisation remain in position and continue to underperform, while the majority believe that they stay and improve their performance over time.¹²¹

¹¹⁷ As of July 2024.

¹¹⁸ Civil Service legislation, Article 62, and CoM Decision No. 109/2014 on performance evaluation.

¹¹⁹ CSL Article 62 and CMD No. 1 037 of 16 December 2015 on the evaluation procedures of civil servants for the acquisition and updating of additional knowledge.

¹²⁰ DoPA 2023 Annual Report.

¹²¹ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, conducted in April 2024.

Positive performance appraisal results are among the formal prerequisites for horizontal transfers,¹²² a procedure common in the civil service, with 19% of all vacancies filled this way in 2023. Information about vacancies is available at DoPA's dedicated website and is accessible to all interested stakeholders, with horizontal transfers having priority (over promotion and open recruitment).

Internal promotion to low and middle management is possible and also requires a positive performance appraisal. The evaluation of candidates is carried out by the Promotion Admission Committee and includes both written and oral competitive procedures, however no competency model for low and middle managers exists. Almost 70% of vacancies in the low management category and 42% in the middle-management category were filled by the promotion of existing civil servants. Promotion within the executive category does not take place – only lateral transfers are available.

Although only very limited tools are available to promote gender balance in mobility procedures (candidates must have equal points and priority is given to the least represented gender in the group for which it is competing),¹²³ the level of gender parity in middle-level managerial positions is good (59% women, 41% men).

¹²² CoM Decision No. 243, of 18 March 2015 on recruitment, lateral transfer, probation period and appointment in executive positions, Chapter VII.

¹²³ CoM Decision No. 242, of 18 March 2015 on filling vacancies for low and medium management positions.



Organisation, accountability and oversight

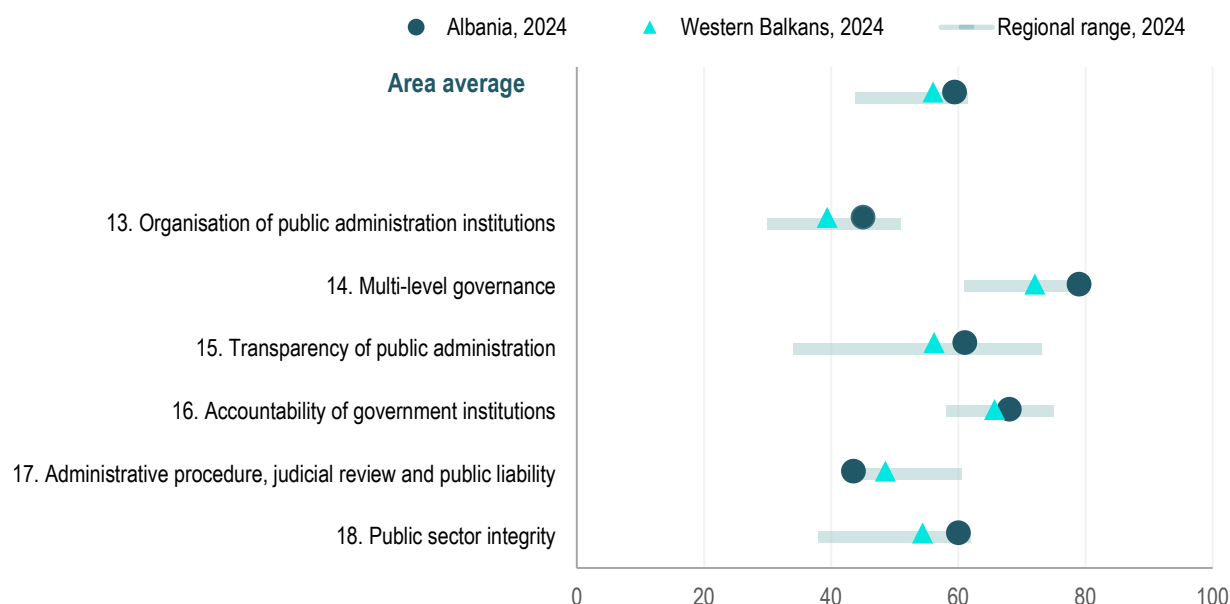
The organisation of the public administration is **efficient** and **effective** across all levels of government. Public administration bodies are **open** and **transparent** and apply clearly defined internal and external accountability mechanisms. Strong oversight bodies protect the rights of citizens and the public interest.

The Principles of Public Administration

- Principle 13** The organisation and management of public administration foster accountability, effectiveness and efficiency.
- Principle 14** Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.
- Principle 15** Public administration is transparent and open.
- Principle 16** The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.
- Principle 17** The right to good administration is upheld through administrative procedure, judicial review and public liability.
- Principle 18** A coherent and comprehensive public sector integrity system minimises the risks of corruption.

Summary and recommendations

Figure 25. The overall indicator values in the organisation, accountability and oversight area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

The organisational set-up of the executive does not sufficiently support accountability and performance. A significant number of bodies with executive functions are reporting to the Parliament and do not form part of the central government organisation. Within the executive, several bodies answer directly to the Office of the Prime Minister (OPM) and not to the responsible ministry. The ability of the Department of Public Administration (DoPA) to maintain a coherent and rational organisational set-up is limited. Work plans and reports are prepared by ministries and their subordinate institutions, but these are not consistent in setting clear objectives and targets, and do not provide information on their achievement. Furthermore, as a rule, these plans and reports are not made publicly available. **Ministers and secretaries-general continue to take technical decisions which could be delegated to middle managers** (e.g. approval of business trips and annual leave, responding to requests for information, etc.).

The legislative framework for multi-level governance in Albania meets the required standards, which is to a large extent a consequence of the ratification and implementation of the European Charter of Local Self-Government. The 2015 territorial-administrative reform created space for relatively even capacity of local governments to deliver local public services and the recent merger of two local government associations strengthened the position of municipalities in their dialogue with the central level. However, **inter-municipal co-operation (IMC) could still improve capacity to deliver local services**, and although the legal framework allows for various forms of IMC, the potential benefits of co-operation have not yet been sufficiently utilised.

The legal framework for ensuring access to public information is mostly in place. The Information and Data Protection Commissioner (IDPC) has proven rather effective in handling appeals against first instance decisions on requests for information, as well as against administrative silence. **However, there is room to improve the ease of access to information as information holders often respond to requests as needed only when the applicant has had to submit an appeal to the IDPC.** Availability of basic information on ministerial websites such as contact details, work plans and reports is limited.

The preconditions for effective scrutiny of public authorities by the Parliament and the Ombudsperson (People's Advocate) as well as by the State Audit Institution (SAI) are mostly in place. **However, public**

perception of their ability to hold the government accountable is rather low and in practice less than half of the recommendations by the Ombudsperson and the SAI are implemented. The Parliament is not providing adequate support to either office, and has not issued any statements calling on authorities to implement their recommendations. Instead, the Parliament is using the annual reporting cycles of the Ombudsperson and the SAI to provide guidance to these independent oversight bodies.

The rules for conducting administrative procedures according to the key standards of good administrative behaviour – the right to be heard and the right to appeal – are in place. However, the application of concepts which would further simplify the proceedings for applicants, like the once-only principle, remains limited (as also evidenced in the service delivery and digitalisation section of the report). Data on the actual functioning of procedures, including their duration, results of procedures as well as of appeals and complaints to court, are limited. **The perception of the lawfulness and impartiality of procedures is low.** The public liability regime is comprehensively regulated and there is evidence of its functioning in practice (e.g. court cases and compensation payments made). **However, the administration is not capitalising on the possibility for pre-judicial settlements to minimise costs for all.**

Access to administrative justice is significantly undermined by the extremely long duration of court proceedings (e.g. 15.5 years at the level of the Administrative Court of Appeal) as well as by systemic delays in the enforcement of court judgments by the administration. **Delays in the enforcement of final judgments are generating additional costs for the state in the form of interest payments and bailiff's fees, and are significantly undermining the rule of law in general.**

The legal framework for promoting integrity in the public sector is mostly in place. The acts punishable by disciplinary as well as criminal sanctions are comprehensively defined, and the law provides safeguards for the protection of whistleblowers. The only aspect not yet comprehensively regulated is lobbying activities. Nevertheless, despite the relatively well-advanced legal framework, public willingness to report corruption is low. **The perception of corruption in the public sector is the highest in the region.**

Overall, the existing legal framework, institutional set-up and related strategies and guidance are largely in line with the Principles of Public Administration for most Principles included in this area. Implementation practice and results include more gaps and inconsistencies, hindering the development of an effective accountability and oversight system in public administration.

Figure 26. State of play in organisation, accountability and oversight by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Government should establish a clear typology of central government bodies and ensure its consistent implementation, if necessary by reorganising existing bodies to align them with the new rules and by avoiding duplication in the functions of central government bodies.
2. Line ministries, with the guidance and support of the DoPA, should establish transparent mechanisms for work planning and reporting for the ministries as well as the subordinate institutions. Work plans and reports should contain clear objectives and targets as well as information on their progress.
3. Taking into account the large size of local government units as well as general support for decentralisation and local autonomy, the Government should continue delegating additional functions and autonomy to local governments (together with appropriate increases in revenue) .
4. The Government, under the leadership of the Agency for the Support of Local Self-Government, should continue developing policies to strengthen inter-municipal co-operation in vital functions performed by local governments (e.g. waste management) to improve efficiency of service delivery.
5. The Information and Data Protection Commissioner should focus on increasing proactive access to information, if necessary by sanctioning bodies that do not comply with requirements or that systemically fail to respond to information requests.
6. The Parliament should provide support to the independent oversight authorities (People's Advocate and the State Audit Institution) in their work, for example by calling on authorities that systemically fail to respond to and implement their recommendations.
7. The Government should establish a central or institutional system for collecting key data on the functioning of administrative procedures, including their duration, the number of appeals and complaints to court as well as their outcomes with the aim to enable identifying challenges in implementation and the required means for addressing them.
8. The High Judicial Council should prioritise the filling of all judicial vacancies and consider a temporary increase in the number of judges in courts with the most extensive backlogs. With the aim to enhance the attractiveness of a judicial career for experienced lawyers, the requirements for preparatory service should be relaxed without reducing the requirements for professionalism and integrity of candidates.
9. The new Anti-Corruption Strategy should include activities that effectively address challenges to the integrity of public sector, for example by promoting reporting on corrupt behaviour, broadening the capacities of authorities responsible for investigations and, if necessary, increasing sanctions.
10. The Parliament and the Government should regulate the activity of lobbyists, so that lobbying within the executive branch is comprehensively covered as well, and establish a transparent system equipped to effectively monitor lobbying in both the executive and the legislative branches.

Analysis

Principle 13: The organisation and management of public administration foster accountability, effectiveness, and efficiency.

The organisational set-up and accountability mechanisms of the central administration do not fully enable the ministries' steering of implementing agencies. A high number of governmental bodies are directly accountable to the OPM and several executive authorities are reporting to the Parliament. Existing accountability mechanisms for ministries and subordinate bodies designed to ensure performance, such as work plans and reports on objectives and their achievement, are not used in a consistent manner. The delegation of day-to-day decision making to appropriate managerial levels is scarce.

Indicator 13. The organisation and management of public administration foster accountability, effectiveness and efficiency		2024 indicator value	45/100
Sub-indicators		Points	
1.	Clarity and coherence of official typology of central government bodies	2/10	
2.	Effective mechanisms for keeping the organisation of public administration rational	5/10	
3.	Strength of basic accountability mechanisms between ministries and subordinated bodies	7/8	
4.	Strength of the accountability framework for promoting performance	3.3/15	
5.	Number of public bodies subordinated to the parliament	0/8	
6.	Autonomy of regulatory bodies according to the legislation	10/10	
7.	Effective internal organisation	4/6	
8.	Effective performance of public administration	3.1/6	
9.	Delegation of decision-making authority within ministries	6.9/15	
10.	Horizontal co-ordination in PAR areas	3.2/4	
11.	Use of Total Quality Management (TQM) tools	0.1/4	
12.	Level of focus on reducing the environmental footprint of public administration bodies	0/4	

The organisational set-up of the state administration is regulated by the Law on the Organisation and Functioning of State Administration (LOFSA). The central administration consists of ministries, subordinated institutions to the Prime Minister or to ministers, direct service delivery units and autonomous agencies. Management, subordination schemes and decrees of autonomy are regulated for all, but the typology of bodies continues to be flawed as the functional criteria for establishing different types of bodies are not based on clear standards. For example, the difference between subordinated institutions and autonomous agencies is not clear.

The DoPA, under the OPM, is accountable to the newly created position of the Minister of State for Public Administration and Anti-Corruption, and is in charge of review and development of the organisation of central government administration. While there is no publicly available comprehensive inventory of all administrative bodies, the DoPA has prepared a table with a basic list of institutions and their subordination schemes. However, the list does not contain information on the type or function of the body. Based on the available information, some systemic challenges are evident in implementation of the LOFSA:

- The organisation of central administration includes several bodies with overlapping or similar functions. Examples include the Territorial Development Agency (under the OPM) and the National Territorial Planning Agency (under the Ministry of Infrastructure and Energy).
- The organisational setup is rather centralised. Currently, 26 authorities/agencies are directly subordinate to the OPM. Several agencies subordinated to the OPM cover areas of activity linked to the responsibilities of an existing ministry, thus limiting the possibilities for ministerial steer and

accountability of this sector. For example, the Civil Society Support Agency is under the OPM, while the Ministry of Health and Social Protection co-ordinates co-operation with civil society. Similarly, the Water Resources Management Agency is under the OPM and is tasked with policy development functions in the area of water resources, while there is also the Ministry of Infrastructure and Energy that is responsible for natural resources such as water. Furthermore, the two agencies implementing the policy in the area of water resources (the National Water and Sewerage Agency and the National Agency of Natural Resources) are subordinated to the Ministry. Hence, there is no direct link between the policy developer and the implementing institution.

- A high number of bodies of an executive nature are reporting to the Parliament, undermining their accountability and effective governance. Of the 25 authorities currently under the Parliament, 11 are of an executive nature, including several of the regulatory agencies.¹²⁴

Procedures for establishing and reorganising central government bodies are in place and include the relevant authorities (the DoPA and the Ministry of Finance) as well as a requirement for proposals to be accompanied by an impact analysis. Most recent cases of reorganisation or establishment of new bodies were analysed to better understand the practice.¹²⁵ However, the analysis accompanying the proposals does not consistently explain the need for reorganisation, the associated costs or the estimated numbers of staff concerned. One of the three analysed reorganisation cases involved transferring the institution (Financial Intelligence Agency) from the civil service employment regime to the labour law regime. DoPA opinions on these proposals usually focus on technical aspects and do not address more substantive issues such as the justifications for the transfer of bodies to the labour law regime (which should be its main concern as the policymaker for the civil service).

The basic accountability mechanisms between ministries and subordinate authorities are mostly in place, but the arrangements do not sufficiently promote performance. Outcome targets are missing from the work plans of selected ministries and reports focus only on describing implemented activities (and are not publicly available). In terms of outputs, ministerial work plans often fail to stipulate the responsible unit, resulting in a lack of clarity (at least for external readers) as to who is ultimately accountable for implementation of a task. Regardless, 90% of civil servants consider their targets to be clear.¹²⁶

The work plans and reports of subordinated bodies are not consistently submitted to the superior ministry for approval. Equally, there is a lack of systemic dialogue on performance between ministries and subordinate authorities. The work plans of subordinate authorities contain information on planned outputs, but usually not on outcomes, and reports on these plans focus at best on outputs but are not consistently publicly available.

The autonomy of regulatory authorities as regards day-to-day functioning is ensured; however, they are reporting to the Parliament, which is not essential for maintaining their functional independence. Instead, their distance from the executive can undermine institutional accountability regarding their own overall performance.

The delegation of decision-making authority within ministries is scarce, with the majority of decisions of a technical nature (e.g. related to granting annual leave and business trips, and responding to information requests) taken by the competent minister or the Secretary General rather than being delegated to middle management. It is notable that 78% of civil servants responding to the SIGMA Public Servant Survey felt

¹²⁴ The Financial Supervisory Authority, the Commissioner for Civil Service Supervision, the Institute of Statistics, the Albanian Competition Authority, the Albanian Deposit Insurance Agency, the Authority for Information on Former State Security Documents, the Institute of Studies on Crimes and Consequences of Communism in Albania, the Audiovisual Media Authority, the Energy Regulator Authority, the Electronic and Postal Communications Authority, and the Regulatory Authority of Water Supply.

¹²⁵ Examples include: 1) The reorganisation of the General Directorate of Money Laundering Prevention, which became the Financial Intelligence Agency; 2) the reorganisation of the National Diaspora Agency, which became a subordinate institution of the Minister for Europe and Foreign Affairs; and 3) the reorganisation of the Credit Handling Agency, which became the Agency for the Management of Guarantees and Irreversible Loans.

¹²⁶ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

sufficiently empowered and enjoyed enough autonomy to take managerial decisions on operational/day-to-day issues, without political interference. This is the highest share in the region.

Table 2. Decision authority in selected ministries in Albania

Type of decision	Responsible official
Procurement of purchases below EUR 5 000	Secretary general or minister
Recruitment decisions and employment contracts of senior advisers and similar positions	Minister
Responding to requests for public information	Usually minister, in some ministries also secretary general
Approval of staff regular annual leave requests	Secretary general
Approval of staff business trip requests	Secretary general
Approval of staff training requests	Usually the direct superior, but in some ministries only the secretary general
Signing the order for the payments of salaries to the staff of the ministry	Secretary general

Note: Based on the practices of ministries responsible for economy, education, finance, justice and social affairs.

Source: Information provided by the administration.

Total quality management (TQM) tools are applied relatively rarely and inconsistently, with no designated authority as the central co-ordinator for TQM. The environmental footprint of public authorities is not yet monitored.

Principle 14: Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.

The legal framework establishes all key guarantees for the functioning and autonomy of local governments. Municipalities are relatively large and have therefore solid basic capacities for providing public services. Formal mechanisms for co-ordination with the central government are in place in the form of the Consultative Council. Legislation enables intermunicipal co-operation, but practice is limited. Trust in local governments is low.

Indicator 14. Multi-level governance		2024 indicator value	79/100
Sub-indicators		Points	
1.	Legal guarantees for the establishment and functioning of local governments ensuring multi-level governance across the public administration	7/7	
2.	Ensuring political autonomy of local governments and the right to organise their administration and establish local entities	13/16	
3.	Rules and procedures for the administrative supervision of local government activities and decisions	16/16	
4.	Rules and institutional set-up for resolving conflicts of competences among levels of government	6/6	
5.	Co-ordination and co-operation are ensured between the local governments and the central government	12/12	
6.	Co-operation between local governments	10/13	
7.	Functions for which local governments assume responsibility	15.4/30	

The defining contribution to the shape and status of multi-level governance in Albania was the ratification of the European Charter of Local Self-Government in 1999,¹²⁷ which inspired a large part of relevant legislation concerning local governments and central-local relations in the country.

An important factor in strengthening the capacity of local governments was the administrative-territorial reform of 2014-2015, which reduced the number of municipalities from over 350 to 61. Consequently, the average population size of Albanian municipalities is now among the largest in Europe, with none of them having less than 5 000 citizens, and only 3 below 10 000 citizens.¹²⁸ Since this approach to territorial organisation potentially allows for sufficient capacity to provide public services in all local government units, there are no elements of asymmetric decentralisation in Albania.

At the same time, the reform has strengthened the powers of local governments. Reforms implemented shortly after ratification of the Charter and during the 2015 territorial-administrative reform have also been reflected in the improvements of the value of the Local Autonomy Index (Table 3). However, the index for Albania remains lower than the average for European Union countries.

Table 3. Local Autonomy Index (LAI) in Albania

	2000	2010	2015	2020
Albania	9.5	18.2	19.3	19.3
EU average	22.2	22.5	22.9	22.8

Note: the maximum LAI score is 38.

Source: <http://local-autonomy.andreasladner.ch>, Ladner, A. et al. (2019), *Patterns of Local Autonomy in Europe*, Palgrave, London, <https://doi.org/10.1007/978-3-319-95642-8>; Ladner, A., N. Keuffer and A. Bastianen (2021), *Self-rule Index for Local Authorities in the EU, Council of Europe and OECD countries (1990-2020)*, Release 2.0, European Commission, Brussels.

The basic rights and autonomy of local governments are guaranteed by the Constitution,¹²⁹ especially in Article 13, which states that the “Republic of Albania is founded upon the basic principle of decentralisation”, and in Articles 108-117 which define the basic rights of local governments. The rights and competences of local governments are further specified in the Law on Local Self-Government,¹³⁰ including the principle of subsidiarity, consultation and collaboration among tiers of government (Article 10). The same Law specifies the duties of local governments in terms of transparency of operation (Article 15) as well as consultation with citizens and community participation (Article 16-20).

Local governments are free to choose tasks in addition to mandated responsibilities which have not been assigned to other levels of government (Article 108 of the Constitution).

Local governments also have significant organisational autonomy, however their right to regulate the professional conditions of administrative staff is limited, especially by very low ceiling rates of salaries (dependent on population size).¹³¹ A recent Government decision on local government salary increase is alleviating some of the existing pressures and is part of a broader reform in local government, which also includes restructuring the way municipal staff is organised and standardising salary levels across all municipalities with the salary levels of civil servants in the state administration.¹³²

¹²⁷ Law 8548/1999 on the Ratification of the European Charter of Local Self-Government.

¹²⁸ Based on data available prior to the publication of the results of the 2023 census.

¹²⁹ Initially adopted by Law No. 8417/1998, with several amendments during the period 2007-2022.

¹³⁰ Law on Local Self-Government, No. 139/2015.

¹³¹ Decision of the Council of Ministers (DCM) 165/2016 “On grouping of local government units for payment purposes and determining the limits of salaries for elected and appointed officials, civil servants and administrative staff of local government units”.

¹³² DCM 503/2024.

Local authorities are democratically elected by all residents of the community. The election includes direct election of council members (elected through the proportional system) and direct election of mayors in a single round (under the “first past the post” principle). All elements of electoral law and the political system are regulated at the central level,¹³³ with no flexibility for municipalities.

In Albania, multi-level governance is steered by the Ministry of State for Local Government and the Agency for the Support of Local Self-Government. Local governments are represented by the Association of Local Autonomy (ALA).¹³⁴ Until recently, there were two competing (mostly on political party lines) associations of local governments, but since 2022, the ALA has been the only association representing all local governments.¹³⁵ The Association is actively involved in policy consultations with the central government and Parliament. The main forum of deliberation is the Consultative Council, which meets at least eight times a year.¹³⁶ The Chair of the Consultative Council is a permanent member of the Council, and mayors are invited to attend Council meetings. The role of the Consultative Council is to discuss not only draft laws but also strategies and policies concerning local governments. Similarly, permanent committees of the Parliament regularly invite representatives of the Association to attend their meetings. The role of the technical secretariat of the Consultative Council is played by the Agency for the Support of Local Self-Government. However, some interlocutors during conducted interviews suggested that actual deliberation during those consultations is poor, with local governments consulted only on final drafts of legislation, but not during the stages of policy development and preparation. In April 2024, the mandate of the Consultative Council was strengthened with more focus on earlier engagement with key stakeholders through specific consultative commissions.¹³⁷

According to Article 13 of the Law on Local Self-Government, supervision of local governments is limited to the principle of legality. The Law on Local Self-Government mandates sectoral ministries and the State Audit Office as the bodies responsible for the supervision of local governments. The same Law in Article 54 obliges local government units to implement internal controls. Potential conflicts between state and local government administrations are resolved by the Constitutional Court¹³⁸ and administrative courts.¹³⁹

Inter-municipal co-operation (IMC) is possible on the basis of the provisions of the Law on Local Self-Government (especially Article 10) and the Law on Local Self-Government Finance¹⁴⁰ (especially Articles 5 and 12). IMC as well as cross-border co-operation are also supported by the Law on Regional Development and Cohesion.¹⁴¹ However, there are no financial incentives offered to strengthen this instrument. In practice, involvement in various forms of IMC is very common, although only a small proportion of IMC institutions play a real role in delivering key infrastructural services (e.g. solid waste management) where co-operation would be most desired. According to a recent SIGMA study,¹⁴² only one case of IMC reported joint service delivery through the Joint Service Authority. Support for IMC is one of

¹³³ Rules of local elections are regulated by the Law on Local Self-Government (Art. 7, Chapters IX and XIII) as well as by the Electoral Code of Albania, No. 31/2015. For details see also: Feka, N., I.F. Wilson and A. Dakoli-Wilson (2022), “Albania: the path to decentralised local governance”, in Gendźwiłł, A., U. Kjaer and K. Steyvers (eds.), *The Routledge Handbook of Local Elections and Voting in Europe*, Routledge, London.

¹³⁴ www.shav.al/en/who-we-are/about-us

¹³⁵ Information from an interview conducted at the office of the ALA.

¹³⁶ Operating on the basis of Law No. 90/2012 on the Organization and Functioning of the Administration as well as DCM 910/2016 on the Consultative Council.

¹³⁷ DCM 244/2024.

¹³⁸ See Article 131 of the Constitution of the Republic of Albania.

¹³⁹ Law on Administrative Courts and the Adjudication of Administrative Disputes (Law 49/2012).

¹⁴⁰ Law on Local Self-Government Finance, No. 68/2017.

¹⁴¹ Law on Regional Development and Cohesion, No. 102/2020.

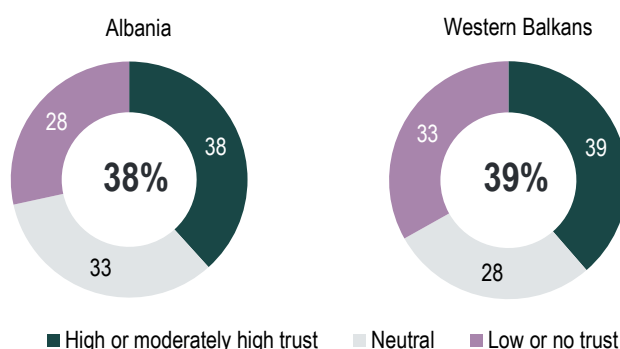
¹⁴² Kurian, M., P. Swianiewicz and F. Teles (2024), “Inter-municipal cooperation in the Western Balkans”, *SIGMA Papers*, No. 70, OECD Publishing, Paris, <https://doi.org/10.1787/a78a01e6-en>.

the priorities of the “Cross-cutting strategy on decentralisation and local governance 2023-2030”. As in other parts of the Western Balkans, financing of IMC, and to a greater extent cross-border co-operation, relies heavily on donor support, which does not provide a sustainable base for co-operation.

The scope of functions delivered by local governments is moderate, compared to other European countries. The most significant functions relate to technical infrastructure in areas of solid waste management, water provision and waste-water treatment. In all these areas, substantial investments are needed to upgrade the quality of services. Low level of local government revenues and limited equalisation of local governments’ financial potential (see Principle 32 for details) may be a barrier to positive change in this respect. As regards social services, the role of local governments is limited with no responsibility for health care, and are limited in the provision of education (e.g. managing pre-school education and maintenance of physical infrastructure for primary education). In 2024, the authorities of Albania started a pilot project to delegate additional competencies to local government in education, agriculture, and primary healthcare. Local autonomy in policymaking and the management of provided functions is relatively low.

While the legal framework for multi-level governance is basically sufficient, improvements in overall functioning are needed, as reflected in the results of the recent SIGMA Surveys.¹⁴³ Less than 40% of surveyed citizens in Albania expressed trust in local governments (Figure 27), of those, only about 4% responded that they trusted completely the local government and 34% responded that they tended to trust the local government.

Figure 27. Citizen trust in local governments



Notes: Percentage of valid responses to the survey question: "How much trust do you have in the local government? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

¹⁴³ SIGMA Surveys of Citizens and Public Servants on public administration in the Western Balkans 2024.

Principle 15: Public administration is transparent and open.

The legislative framework for access to public information is mostly in place. However, there is room to improve the ease of access to information as information holders often respond to requests as needed only when the applicant has had to submit an appeal to the IDPC. The proactive publication of information is inconsistent and public perception of government transparency is the lowest in the region.

Indicator 15. The public administration is transparent and open		2024 indicator value	61/100
Sub-indicators		Points	
1.	Strategic and institutional set-up for transparency	8.6/10	
2.	Individuals and legal persons who have the legal right to access public information	6/6	
3.	Definition of public information	6/6	
4.	Easiness of requesting access to public information	4/15	
5.	Effective remedies for denial to access public information	6.6/15	
6.	Effective supervisory authority of the right to access public information	7/9	
7.	Legislation about preservation and management of documents and data keeping	7/10	
8.	Open Data Portal and re-use of public information	8/15	
9.	Proactivity in disclosure of information and data by state administration bodies	6.2/10	
10.	Perceived government transparency of public information by the population and businesses	1.7/4	

The IDPC continues to be responsible for promoting access to information, open data and data reuse. With the expiry of the Cross-cutting Public Administration Reform Strategy in 2022, the expiry of the Cross-sectorial Strategy Against Corruption in 2023 and delays in the adoption of its successor, the only government plan in force outlining selected measures for promoting access to information is the PAR Roadmap 2023-2030, adopted by the Government in December 2023.¹⁴⁴ 67% of the planned transparency-related activities from the Cross-sectorial Strategy Against Corruption were implemented in 2023.

The legal framework for access to information is well established and meets EU and international standards. The definition of public information is broad with every individual enjoying the right to access information without justification. The standard deadlines for responding to information requests are reasonable (ten days) and the only fee is associated with reproduction (e.g. data storage on a CD). Amendments to the Law on Free Access to Information were adopted in the third quarter of 2023, addressing some of the challenges that emerged during implementation (e.g. limiting the possibility to rely on trade secrets as a basis for restricting access to info, introducing mechanisms for increasing the responsiveness of information holders by introducing sanctions, etc.).

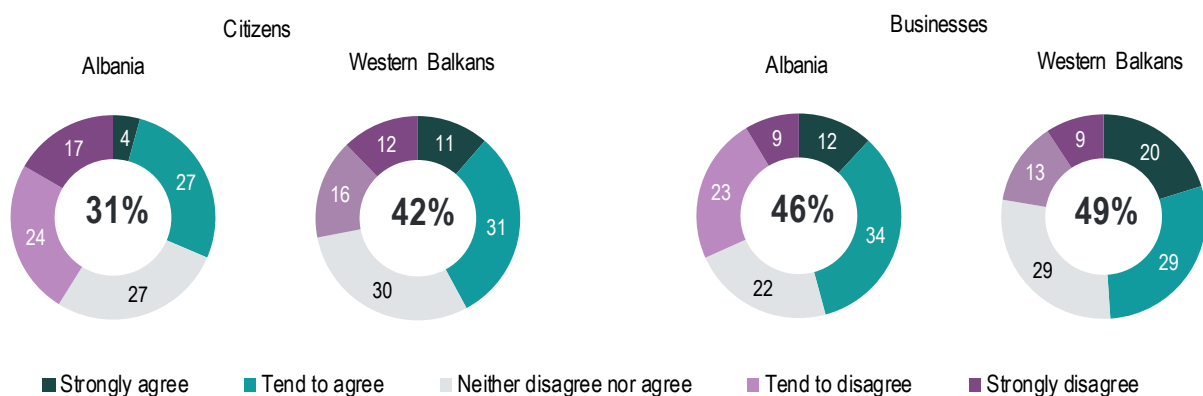
While the IDPC is collecting data on the handling of requests for information by public authorities and approximately 90% of authorities are providing this data. Comprehensive data on appeal procedures are available as these are conducted by the IDPC. The number of appeals against first instance authorities regarding the handling of information requests has remained stable, but a large share of appeals (66% in 2023) have been suspended because the information holder made the requested information available during the appeal procedure. On the one hand, this demonstrates the effectiveness of the appeal procedure; on the other hand, it highlights an issue with first instance information holders and overall ease of access to information. Were the information holders more responsive, such a high number of appeal procedures would not be necessary. Only 5% of reviewed appeals lead to the overturning of the decision of the first instance authority (i.e. denial of access to information), but together with the high share of suspended appeals, 71% of appeals end in favour of the appellant. The IDPC has 15 days to review the

¹⁴⁴ The plan contains measures such as improving internal procedures within authorities for open data and data re-use, and organising training for authorities on promoting transparency, among others.

appeal, and while no information is available on the share of appeals actually handled within the deadline, based on the calculated disposition time, the average duration of appeal proceedings is longer (34 days)¹⁴⁵. Relatively few appeal decisions are complained to the court, but in 39% of such cases the decision of the IDPC is overturned.

Proactive disclosure of information is limited. The requirement to keep a comprehensive document registry of the public authority is in place, but the registry is kept for archiving purposes, not for promoting transparency or public access to these documents. In addition, based on a review of ministerial websites basic information like organigrams, contact details, tasks, annual plans and reports are available only in less than half of cases (39%). Eight of the ten main datasets or documents (including consolidated versions of laws, election results, statistics on GDP and unemployment, annual government work plans and the budget, etc.) are published online, the notable exceptions being salary information on civil servants and the report on implementation of the Government's work plan (the Analytical Programme). Only 31%¹⁴⁶ of the general public and 46% of businesses¹⁴⁷ agree that the Government publishes information on its decisions, a share which is the lowest in the region for the general public and below the regional average for businesses.

Figure 28. Citizen and business perception of government publishing public information



Notes: Percentage of valid responses to the questions: "To what extent do you agree or disagree with the following statement?" 1. For citizens: "The government publishes information about government decisions (e.g., budget, tenders, policies, etc.)", 2. For businesses: "The public administration publishes information about government decisions and regulations relevant for the operation of your business in a helpful and accessible manner (e.g., budget, tenders, policies, etc.)". The percentage in the middle is the share of respondents who answered: "strongly agree" or "tend to agree".

Source: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

The legal framework regulating the reuse of public information is in place and compliant with EU Directives, (e.g. data are provided for reuse usually free of charge). An open data portal also exists¹⁴⁸ and provides data in open and machine-readable format for nearly all of the high-value datasets cited in Commission

¹⁴⁵ Calculated disposition time (CDT) is an indicator used for monitoring the performance of courts and appeal authorities. It indicates an estimated duration of the procedure based on the number of unresolved cases at the end of the year (X), the number of cases resolved during the calendar year (Y) and the number of days in the calendar year (i.e. 365). $X/Y \times 365 = CDT$. Eighty-six appeals remained unresolved at the end of 2023 and the IDPC resolved 918 in 2023, hence the CDT is $86/918 \times 365 = 34$ days.

¹⁴⁶ SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

¹⁴⁷ SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

¹⁴⁸ <https://opendata.gov.al>.

Implementing Regulation (EU) 2023/138 of 21 December 2022.¹⁴⁹ Access to real-time and dynamic data are provided only in the domain of transport, but not for air quality, live weather and traffic information.

Principle 16: The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.

Formal mechanisms allowing the Parliament to scrutinise the functioning of the Government are mostly in place, but public trust in Parliament's ability to hold the executive accountable is low. In addition, the Parliament has not provided support to the Ombudsperson and the SAI in their respective roles, even though the executive is implementing less than half of their recommendations. Guarantees for the independence of both the Ombudsperson and the SAI are in place and respected.

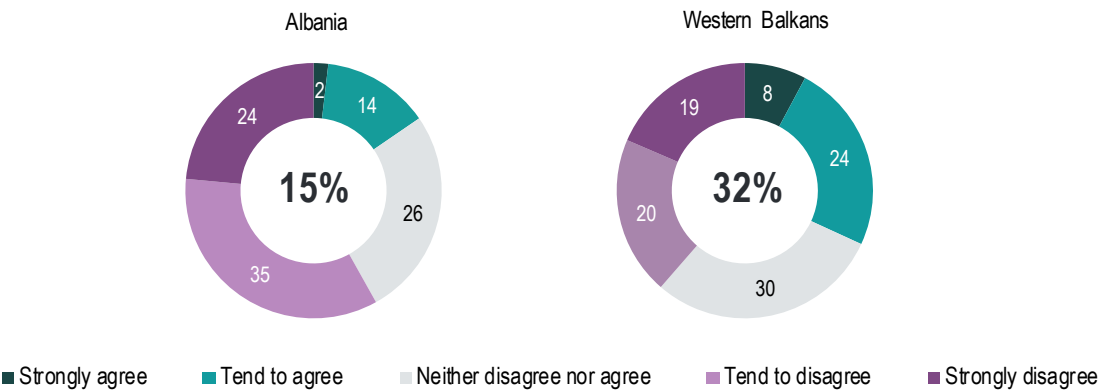
Indicator 16. Effectiveness of scrutiny of public authorities by independent oversight institutions		2024 indicator value	67/100
Sub-indicators		Points	
1.	Parliamentary oversight of the government	4.7/9	
2.	Parliamentary support to the ombudsperson and the supreme audit institution (SAI)	6/12	
3.	Independence of the ombudsperson, capacities, and public trust	6.2/13	
4.	Requirements for the person appointed to the ombudsperson position	5/6	
5.	Mandate and powers of the ombudsperson	7/8	
6.	Implementation of ombudsperson recommendations	8/13	
7.	Independence of the state audit institution (SAI)	10.6/12	
8.	Capacities of the supreme audit institution (SAI) and public trust	6.5/9	
9.	Mandate and powers of the supreme audit institution (SAI)	7/7	
10.	Implementation of supreme audit institution (SAI) recommendations	6/11	

The basic preconditions for parliamentary oversight of Government policymaking are in place in terms of the possibility to debate and scrutinise draft laws, and the Government is represented at plenary as well as committee meetings. However, scrutiny is more limited during preparation of the state budget. According to the legal framework, the Parliament has less than two months to debate the annual budget (and in practice even less). The Parliament has not yet established a practice of preparing and discussing reports or evaluations on the implementation of policies or laws. Despite the basic preconditions for parliamentary scrutiny being in place in legislation, the public perception of the Parliament's ability to hold the Government accountable is the lowest in the region (15%).¹⁵⁰

¹⁴⁹ High-value datasets published include: 1) geospatial; 2) statistics; 3) companies and company ownership; and 4) mobility; 5) earth observation and environment. Meteorological datasets are not yet published.

¹⁵⁰ SIGMA Survey of Citizens on public administration 2024.

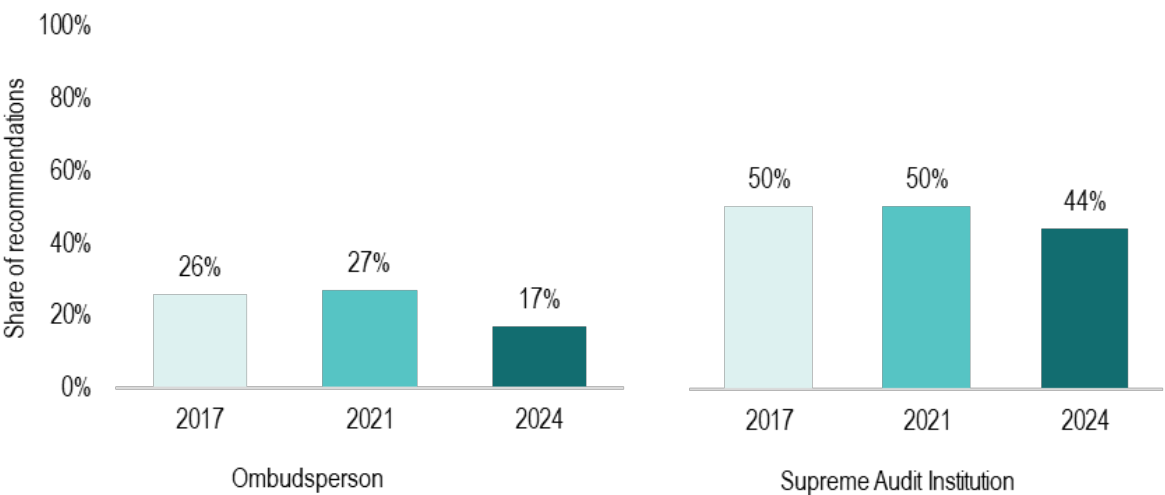
Figure 29. Citizen perception on the ability of the Parliament to hold the Government accountable



Notes: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement? The [Parliament/Congress] effectively scrutinise the government and make it accountable to citizens". The percentage in the middle is the share of respondents who answered "strongly agree" or "tend to agree".
Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Mechanisms are in place for the Parliament to support the Ombudsperson (People’s Advocate) and the Supreme Audit Institution (SAI) in their work. Annual reports from both institutions are discussed at committee and plenary levels; however, these discussions are generally used by Members of Parliament (MPs) to provide direction to these oversight bodies, not to use the gathered information for scrutiny of the executive. For example, the Parliament has not issued any statements calling on government bodies to implement the recommendations of the Ombudsperson or the SAI, even though the proportion of implemented recommendations is low – 17% for the Ombudsperson and 44% for the SAI. Furthermore, the Ombudsperson has not even received a response from the recipient authority in the case of 12% of recommendations. (Figure 48).

Figure 30. Implementation rate of recommendations from oversight bodies by the executive



Sources: Information provided by the office of the People’s Advocate and the SAI.

The independence of the Ombudsperson and the SAI is sufficiently guaranteed in legislation. Their mandate is adequate covering their functions in accordance with EU and international standards. However,

the mandate of the Ombudsperson is renewable without limits, which contradicts international standards¹⁵¹ and can negatively influence the level of scrutiny the person fulfilling the role exercises on the executive. In practice, the mandate of the previous People's Advocate ended in May 2022, but the Parliament has not been able to elect a new People's Advocate due to lack of a candidate with the support of three-fifths of MPs. In the interim, the previous People's Advocate has remained in office in an acting role.

In the SIGMA Survey of Citizens,¹⁵² public perception of the independence of the Ombudsperson as well as of its ability to hold the Government accountable is low: 39% of respondents consider the Ombudsman to be independent of political influence and 32% believe in its ability to hold the Government accountable. Perceptions of the SAI are significantly stronger: 77% agree that the SAI can effectively scrutinise the Government. Public trust in both institutions is low at 35%, although this level is much higher than public trust in Parliament (10%).

Principle 17: The right to good administration is upheld through administrative procedure, judicial review and public liability.

The Code of Administrative Procedures (CAP) establishes a comprehensive legal framework for good administrative behaviour when handling administrative matters. The reviewed legislation regulating special procedures largely complies with CAP, except for concepts such as the once-only principle and electronic communication. However, data on key aspects of the actual functioning of procedures (timeliness and outcomes) are not collected, which limits the administration's ability to identify and resolve challenges. Public perception of the lawfulness of administrative procedures is low. The public liability regime envisages protection against the wrongdoings of the state and is functional in practice.

Indicator 17.1. Due process and good administrative behaviour when conducting administrative procedures and applying public authority		2024 indicator value	46/100
Sub-indicators		Points	
1.	Due process in the legal framework regulating administrative procedures	17.3/30	
2.	Timeliness of administrative procedures	5.6/20	
3.	Public perception of the lawfulness and impartiality of administrative procedures	1.3/6	
4.	Business perception of the consistency and impartiality of conducting administrative procedures	1.8/6	
5.	Functioning of administrative appeal	3.9/10	
6.	Monitoring the effectiveness of administrative procedures	7.5/18	
7.	Legal framework and application of the public liability regime	9/10	

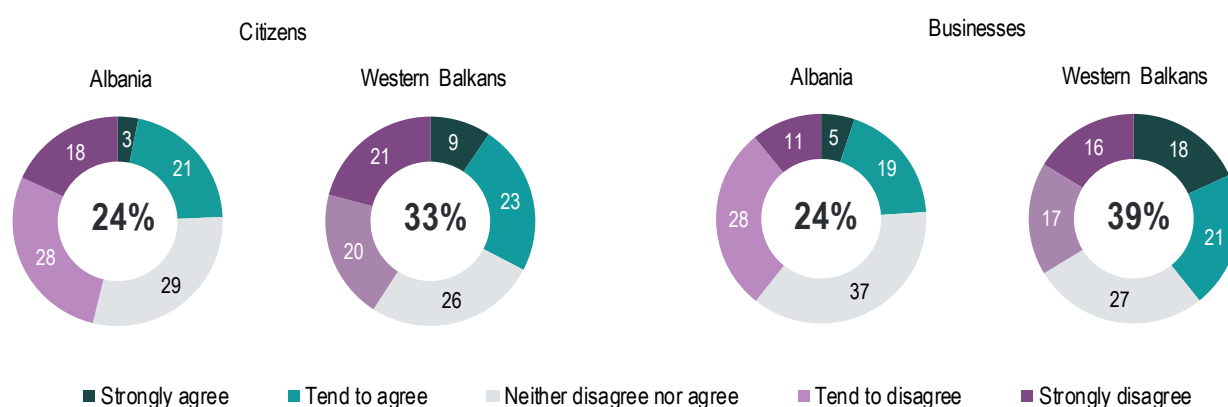
The CAP establishes the main guarantees for good administration during the implementation of administrative procedures, including the right to be heard, the right to appeal and the obligation for the administration to provide a rationale for its administrative acts. The special legislation regulating the

¹⁵¹ The principles and requirements regarding the status and powers of the ombudsperson institution are derived from the Principles on the Protection and Promotion of the Ombudsman Institution (The Venice Principles), adopted by the Venice Commission at its 118th Plenary Session (Venice, 15-16 March 2019). See p 10: "The term of office shall preferably be limited to a single term, with no option for re-election; at any rate, the Ombudsman's mandate shall be renewable only once".

¹⁵² SIGMA Survey of Citizens on public administration 2024.

functioning of specific administrative procedures,¹⁵³ as a rule, is aligned with the CAP and maintains the same requirements or at minimum does not contradict with them. The only exceptions are principles related to the efficient and user-friendly handling of administrative matters (e.g. once-only and the right to communicate electronically with the administration), both of which are envisaged in CAP but not always complied with in the special legislation. According to the World Justice Project Rule of Law Index, the level at which due process is respected in administrative proceedings in Albania is below the level for the European Union as well as regional averages. Perception of the administration's impartiality in conducting administrative procedures is low among the general public as well as businesses.¹⁵⁴

Figure 31. Citizen and business perception of the impartiality of administrative procedures



Notes: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement? The public administration is applying the law to everyone equally." The percentage in the middle is the share of respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

There is no institution responsible for collecting and analysing data on the implementation of administrative procedures centrally or in individual sectors/responsible areas of ministries. As a consequence, data on the actual functioning of procedures, including duration and timeliness, is scarce. At best, basic data on the number of applications submitted and resolved by the first instance administrative authority as well as data on the duration of procedures are available, but data about the outcomes of the procedure are less consistently collected and data on possible appeals and their outcomes are usually not collected at all. This significantly limits the administration's ability to identify and resolve potential problems in the handling of administrative procedures.

Where data are available, the requirements related to the duration of a procedure are usually met in procedures related to online registration (e.g. registering a new employee) or where special legislation envisages silent consent (e.g. application for a taxi permit). Elsewhere, data are not available. Nevertheless, satisfaction with the time needed to complete administrative procedures is high among the general public as well as businesses. Due to the non-availability of data, it is not possible to analyse the effectiveness of administrative appeals in resolving disputes prior to initiating court proceedings. However, based on data provided by the administrative courts, 35% of complaints to court were successful.

Law No. 8510/1999 on Non-Contractual Liability of the Bodies of State Administration stipulates the preconditions for public liability as well as the right and procedures for claiming compensation. The law

¹⁵³ Assessed based on a sample of four administrative procedures: 1) an application for a work permit for a foreigner; 2) an application for a construction permit for an individual house; 3) an application for granting a disability payment (disability pension); 4) an application for issuing a taxi permit (in a capital city, if organised at the municipal level).

¹⁵⁴ SIGMA Survey of Citizens on public administration 2024.

provides for the widest protection against wrongdoings on the part of the state in the region, regulating liability for unlawful as well as lawful acts and ensuring fair compensation. The only element of public liability envisaged in the Council of Europe Recommendation No. R (84)15 and not in place currently in Albania is liability for normative activity of the state. As a first step, the law envisages a procedure for claiming compensation directly from the administration, followed by the right to initiate court proceedings.

No information was provided by the administration of pre-judicial settlements, but the Administrative Court of Appeal concluded 23 disputes originating from the Law on Non-Contractual Ability of the Bodies of State Administration in 2023 and payments to the amount of ALL 55 671 437 (EUR 556 000) were made on the basis of eight court decisions in 2023.

Effective and fair handling of administrative judicial disputes

Access to justice in the area of administrative disputes has been significantly reduced due to the remarkably long duration of proceedings at the appeal court level as well as delays in the enforcement of court judgments by the administration. The judiciary is taking measures to normalise the situation regarding duration but the overall impact thus far has been minimal. Trust in the judiciary and the public perception of judicial independence remains low.

Indicator 17.2. Effective and fair handling of administrative judicial disputes		2024 indicator value	41/100
Sub-indicators		Points	
1.	Access to independent administrative justice	15/15	
2.	Perceived independence of the judicial system by the population (%)	1/10	
3.	Perceived trust in the judiciary by the population (%)	1.5/10	
4.	Functioning of administrative justice	18.9/35	
5.	Clearance rate in administrative courts (%)	4.4/10	
6.	Calculated disposition time of administrative cases	0/20	

During the introduction of the new judicial map in July 2023, the six administrative courts (acting at first instance) were merged into two courts with locations in Tirana and Lushnjë. The reform – and the reduction of judicial locations – was challenged in the Constitutional Court on the basis of a possible violation of the right to access to justice, but in December 2023 the Court found no violation. The Administrative Court of Appeal continues to handle administrative disputes at the second instance and the Administrative Chamber at the Supreme Court functions as the highest instance.

Law No. 49/2012 on the Administrative Court and the Adjudication of Administrative Disputes provides the rules for access to administrative justice as well as the functioning of court procedure. The catalogue of possible claim types to court is wide, including complaints against administrative acts and actions, as well as inaction and delay. The fee for initiating administrative disputes (ALL 3 000 or EUR 30) and the rules for allocation of costs upon the completion of a dispute do not establish any barriers for access. The complainant has the right to be exempted from payment of the fee based on their material situation and a right to free legal aid.

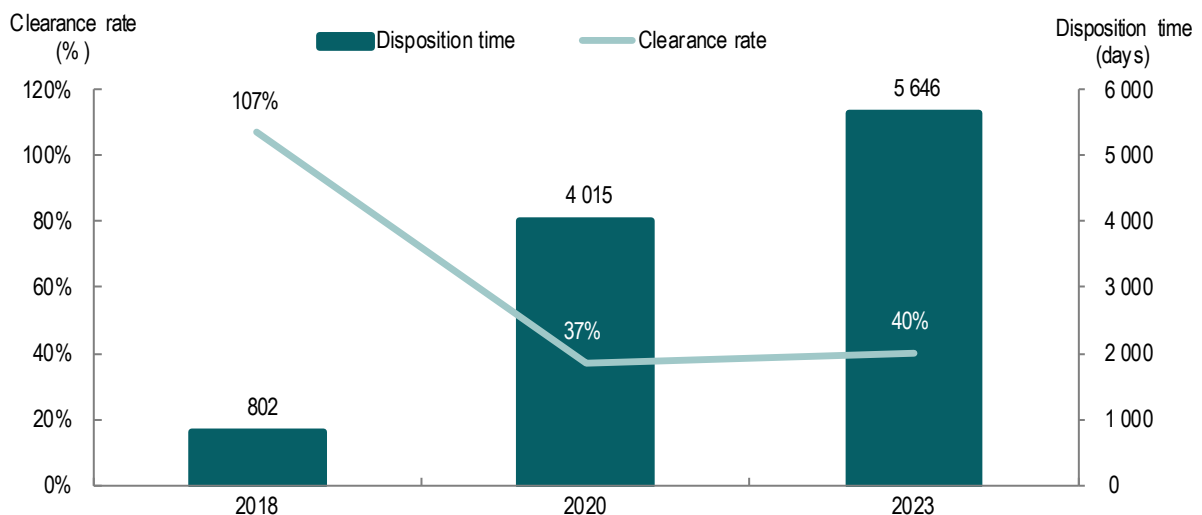
The court has a sufficient mandate to redress an unlawful act or action of the administration. Judgments of the first instance can be appealed to the court of appeal. Some restrictions exist for claims with low monetary value, but these are applied only in disputes where the monetary value can be determined (usually administrative infractions) and as such do not create a significant barrier for access to justice.

Judges at all court instances are specialised in the handling of administrative disputes and are supported by a sufficient number of legal advisers in the second and third instance, but not in the first instance. All cases are registered with the case management system, but this has yet to provide significant support for judges in their daily work (e.g. identifying relevant case law).

Despite the relatively well-established institutional and procedural set-up, the effective handling of administrative disputes is impeded, primarily by the duration of court procedures at the Administrative Court of Appeal, which at the end of 2023 was 15.5 years. The huge backlog has been caused mainly by the inability to fill vacant judicial posts, a longstanding issue that has significantly increased wait times. The current preparatory system for judges foresees entry only after graduation from the School of Magistrates, a stipulation that can undermine the attractiveness of the judicial career for experienced lawyers from the private sector, academia and the civil service, unnecessarily complicating the identification of suitable candidates.

The Supreme Judicial Council in co-operation with the judges has undertaken measures to reduce the backlog, for example by temporarily appointing first instance administrative judges to the appeal level. This has enabled the Administrative Court of Appeal to increase the number of resolved cases, although the proportion remains low (40% of the cases it receives). At the same time, the temporary appointment of first instance judges to the appeal level is increasing the duration of proceedings at first instance administrative courts (454 days at the end of 2023). As the majority of substantive judgments from the first instance are appealed to the second instance,¹⁵⁵ the problems with the duration at the appeal level are influencing access to justice for nearly all complainants. Even in cases where the first instance judgment is beneficial to the complainant, the public authority can delay enforcement nearly indefinitely by simply appealing the first instance decision.

Figure 32. Basic parameters of efficiency of the Administrative Court of Appeal, 2018-2023



Notes: Left axis represents clearance rate of the administrative court (%), right axis represents the disposition time (days).

Source: Data collected from the annual reports of the Administrative Court.

The 15.5 year calculated disposition time at appeal court level exceeds any standards for a right to trial within a reasonable time, including those established by the Civil Procedure Code (maximum one year per instance).¹⁵⁶ However, the number of complaints against violations of the right to trial within a reasonable time is small (34 complaints against the Administrative Court of Appeal handled by the Supreme Court in 2023), the number of confirmed violations is surprisingly even smaller (two in 2023) and there is no evidence of compensation payments for violations. The main reason is the complexity or even the

¹⁵⁵ According to data from 2022, as many as 78% of disputes with opposing parties (i.e. excluding enforcement orders) that were not dismissed for procedural reasons were appealed to the second instance (Annual Report of the Tirana Administrative Court).

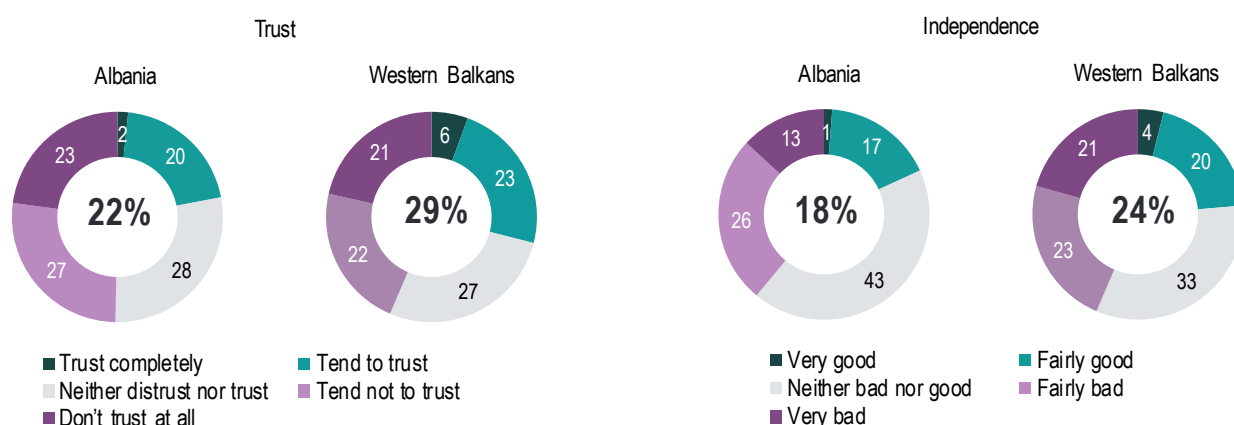
¹⁵⁶ Article 399/2(1) of the Code of Civil Procedure.

impenetrability of the procedure: after the initial confirmation of violation of the right to trial within a reasonable time, a separate civil court procedure needs to be initiated for claiming compensation.

The second systemic challenge is the non-enforcement of court decisions by the administration. The executive is consistently failing to enforce court decisions voluntarily, which results in additional costs for the state budget and undermines the rule of law. Data indicating the extent of this problem only in administrative disputes are not available; however, the administration paid EUR 15.4 million in 2023 for lost administrative and civil disputes with a monetary value.¹⁵⁷ In addition, the administration paid EUR 2.9 million to bailiffs to cover enforcement proceedings – a 15% extra cost which could easily be avoided if the amount ordered by the judgment was paid voluntarily without the need to initiate enforcement proceedings. Furthermore, the reported arrears (i.e. court judgments in administrative and civil disputes yet to be executed by the administration) amount to EUR 16 million. The court has the mandate to sanction the head of the responsible public authority for non-enforcement of the judgment, but there is no evidence of these sanctions being applied.

The People's Advocate (Ombudsperson) has also drawn the attention of the Government, due to the non-functionality of Instruction No. 01 of 4 June 2014 on the manner of execution of the monetary obligations of the general government units on account of the treasury, which does not ensure timely and voluntary enforcement by the state. These challenges related to the long duration of proceedings as well as non-enforcement of judgments are significantly undermining access to justice as well as the rule of law. Trust in the judiciary is low. Only 22% of respondents to the SIGMA public perception survey expressed trust in the judiciary and only 18% of respondents consider the courts to be independent, both below the regional averages.¹⁵⁸

Figure 33. Citizen trust and perception of independence of the judiciary



Notes: Percentage of valid responses to the questions: "How much trust do you have in the courts and the judiciary?" and "From what you know, how would you rate the justice system in [COUNTRY] in terms of the independence of courts and judges?". The percentage in the middle is the share of respondents who answered "very good" or "fairly good" to the question about independence or "trust completely" and "tend to trust" to the trust question.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024

¹⁵⁷ Data from the Ministry of Finance.

¹⁵⁸ SIGMA Survey of Citizens on public administration 2024.

Principle 18: A coherent and comprehensive public sector integrity system minimises the risks of corruption.

The rules for ensuring integrity of public officials as well as sanctions for their violations are mostly in place, the only clear exception being the rules on lobbying activities, which are in place for the Parliament, but not comprehensively for the executive branch. Despite the set of rules in place for promoting public sector integrity as well as selected evidence of their consistent application (e.g. in the area of submission of asset declarations), the public perception of corruption in public sector is the highest in the region.

Indicator 18. Anti-corruption and public integrity		2024 indicator value	60/100
Sub-indicators		Points	
1.	Strategic framework for public integrity	6.9/10	
2.	Comprehensiveness of corruption offences and sanctions	8/10	
3.	Communication and enforcement of rules and values for ethical conduct of public officials	8/8	
4.	Protection of whistleblowers and open organisational culture	7/10	
5.	Avoidance and management of conflict-of-interest situations and unjustifiable wealth	15/15	
6.	Transparency and integrity of lobbying activities	0/10	
7.	Effectiveness of integrity risk management and control systems	6.9/10	
8.	Fairness and timeliness of handling integrity violations	5.4/6	
9.	Interagency collaboration and public communication	1/7	
10.	Experience with bribery in the public sector	0/10	
11.	Public trust in the civil service	1.5/4	

The position of the Minister of State for Public Administration and Anti-Corruption was established in January 2024 as the political lead for co-ordinating efforts against corruption. In June 2024, the General Directorate of Anti-Corruption (previously a unit in the MoJ) was established as an institution subordinate to the Minister. The National Cross-Cutting Anti-Corruption Strategy expired in 2023, and according to the latest implementation report, 89% of the activities planned for 2023 were implemented.¹⁵⁹ The new anti-corruption strategy is currently under development, but in December 2023 the Government adopted the Rule of Law Roadmap for 2023-2030, which contains among other commitments anti-corruption measures (e.g. a focus on corruption risks in vulnerable sections, addressing integrity threats in the procurement sector, etc.). The strategic objectives for anti-corruption policy are therefore in place, but the Roadmap does not include either a proper action plan or associated outcome indicators and targets. These are expected to be incorporated into the new anti-corruption strategy.

The Penal Code and the Law on the Prevention of Conflicts of Interest in the Exercise of Public Functions establish a relatively comprehensive set of sanctions for corrupt acts of public officials, covering fraud, deception, bribery, embezzlement, and abuse of functions/power. However, the law does not stipulate effective sanctions for violating post-employment integrity practices or for breaches in lobbying. For example, according to the Law on Rules of Ethics in Public Administration, which establishes the general standards for conduct and ethical behaviour of civil servants, violations of the rules for post-employment practices are subject to the sanctions stipulated in the Law on Civil Servants. However, these sanctions (e.g. withholding part of the salary, suspension from promotion or removal from office) cannot be applied on former civil servants. Disciplinary proceedings are also regulated by the Law on Civil Servants, which states that they must comply with basic procedural requirements like the right to be heard and defend

¹⁵⁹ According to the report, of the 112 activities planned for completion in 2023, 100 were implemented.

oneself as well as the right to appeal. According to the results of the SIGMA survey among civil servants, the ethical guidelines are clear and understandable.¹⁶⁰

The Law on Whistleblowing and Whistle-blowers Protection establishes the framework for the protection of whistleblowers. The law safeguards the anonymity of whistleblowers to protect them against retaliation. Internal as well as external reporting channels are established for reporting integrity violations. External channels are to be used in the event of doubt regarding the integrity and fairness of the persons handling the report through internal channels, or if the internal reporting channels led to the dismissal of the case. The High Inspectorate of Declaration and Audit of the Assets and Conflicts of Interests is responsible for handling external reports. They receive and follow-up on reports including anonymous ones. The website¹⁶¹ of the High Inspectorate provides information on whistleblowers' rights and contact details for reporting, but does not fully explain the procedures for the latter in a user-friendly manner (e.g. the deadlines for providing feedback or follow-up to reports). The website only contains the texts of the relevant legal acts. The general public considers reporting corruption to be difficult.¹⁶²

The legal framework¹⁶³ regulates the system for avoiding and addressing conflict of interest situations, including stipulating general incompatibilities between public functions and private activities and a general two-year cooling-off period. The rules for submission and handling of asset declarations are also in place.¹⁶⁴ The system covers MPs, all ministers, members of the judiciary, political advisers and senior civil servants. Declarations are submitted electronically and on paper to the High Inspectorate of Declaration and Audit of the Assets and Conflicts of Interests, which is also responsible for verifying their correctness. All public officials covered by the law must submit declarations upon taking up office, annually as well as upon exit, and based on information from the High Inspectorate, they are complying with this requirement.¹⁶⁵ The High Inspectorate audits regularly the authenticity and accuracy of the declarations in case of any doubts. The frequency depends on the seniority of the position (e.g. every two years for the President of the Republic, MPs, ministers and several other senior positions in the executive, judiciary as well as oversight institutions). Any discrepancy or failure to comply is punishable by criminal or administrative sanction.

Lobbying activities are not yet comprehensively regulated. The Code of Conduct for Members of Parliament contains some rules for MPs, but does not provide practical guidance on how to avoid undesirable situations. In addition, the Ministerial Code of Ethics contains the obligation to publicly disclose, at least quarterly, details of meetings with citizens as well as domestic and foreign entities, but this applies only to the meetings that ministers held, not other officials. The Parliament also maintains an online register for lobbyists,¹⁶⁶ but this does not contain information about the exact lobbying activity, its costs or the piece of legislation targeted. The register only lists the name of the lobbyist and the committee with whom the lobbyist interacts. No register of lobbyists specifies their relationship with the executive.

Lack of central statistics on integrity-related disciplinary is a systemic challenge, as is lack of public access to this information. Authorities conducting disciplinary proceedings on public officials share data with the Department of Public Administration as the civil service co-ordinator on all proceedings, but do not specify information on integrity-related offences. However, the MoJ prepares and publishes annual reports on criminal offences, including corruption-related offences, which also specify the number of cases by type of offence as well as the applied sanctions.

¹⁶⁰ SIGMA Survey of Public Servants on the functioning of the public administration 2024.

¹⁶¹ www.ildkpkj.al

¹⁶² SIGMA Survey of Citizens on public administration 2024.

¹⁶³ The Law on the Prevention of Conflicts of Interest in the Exercise of Public Functions.

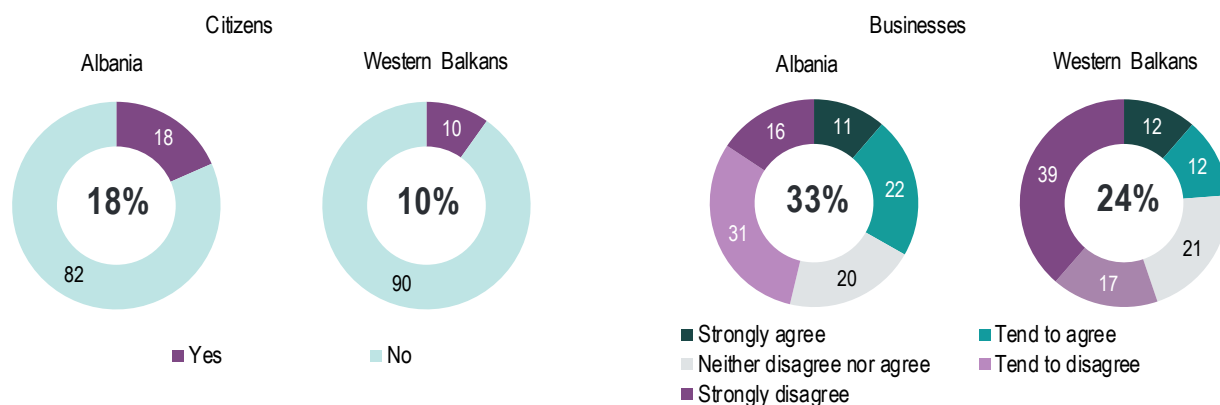
¹⁶⁴ The Law on the Declaration and Audit of Assets, Financial Obligations of Elected Persons and Certain Public Officials.

¹⁶⁵ For example, all 17 ministers and all 14 newly appointed top managers submitted declarations in 2023.

¹⁶⁶ <https://parlament.al/struktura/1f6ca8d8-fdf4-440b-869d-05ac3d0b915d/#doku>

The perception of corruption remains very high. More than 33% of surveyed businesses declared having experienced corruption in the public sector,¹⁶⁷ and more than 18% of respondents admitted having given a public official a gift or money in addition to any official fee, or performed a favour in return for a service in the last 12 months.¹⁶⁸ These shares are the highest in the region.

Figure 34. Citizen and businesses perceptions on corruption



Notes: Percentage of valid responses to the questions: 1. Citizens: "In the last 12 months (since March 2023), have you had to give any public official a gift or money--in addition to any official fee--, or done them a favour in return for a service, including through someone else (in relation to any of the following institutions: police, registry and permit services, utilities, tax revenues, land services or any government agency)?" 2. Businesses: "To what extent do you agree or disagree with the following statement: It is common for companies in my line of business to have to give irregular payments or gifts to public officials "to get things done" by the public administration". The percentage in the middle represents: 1. Citizens who responded "yes". 2. Businesses that responded "strongly agree" or "tend to agree".

Source: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

According to the SIGMA survey, 40% of respondents have trust in civil servants.¹⁶⁹ While this share is relatively low, it is the second highest behind trust in police (55%), and above trust in the Government (36%), judiciary (22%), the Parliament (10%) and political parties (7%).

¹⁶⁷ SIGMA Survey of Businesses on public administration 2024.

¹⁶⁸ SIGMA Survey of Citizens on public administration 2024.

¹⁶⁹ SIGMA Survey of Citizens on public administration 2024.



Service delivery and digitalisation

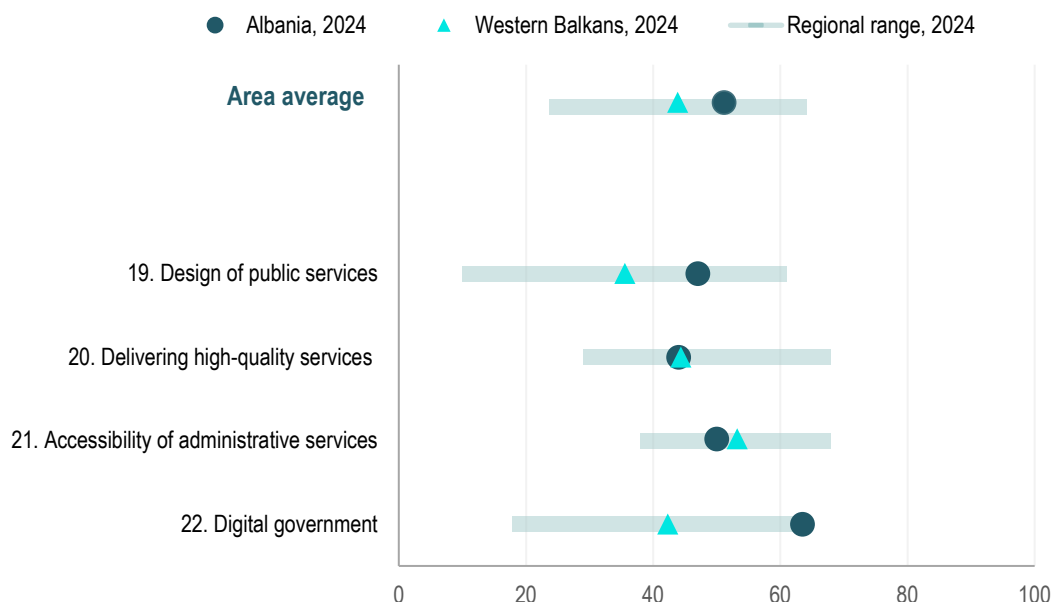
The public administration places **users at the centre** and delivers high-quality and easily **accessible services** online and offline to all people and businesses. Digitalisation enables data-driven decisions, effective and efficient processes.

The Principles of Public Administration

- Principle 19** Users are at the centre in design and delivery of administrative services.
- Principle 20** The public administration delivers streamlined and high-quality services.
- Principle 21** Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.
- Principle 22** Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Summary and recommendations

Figure 35. The overall indicator values in the service delivery and digitalisation area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations. Indicator 22. Digital government is the weighted average of 22.1. Digital government readiness and maturity (75%) and 22.2. Digital government tools (25%).

In recent years, **service delivery in Albania has undergone a profound transformation, with 95% of central government administrative services now accessible in digital form only** through the e-Albania portal and mobile phone application. Currently, the e-Albania online platform encompasses 1 247 services and has more than 3.2 million registered users. In 2023, more than 13 million public services were delivered, over 8 million documents with digital seals were downloaded. However, despite the significant take-up of electronic services, questions have been raised about the accessibility of services to people who lack digital skills.

The policy framework of service delivery is fragmented. The Roadmap for Public Administration Reform (PAR) covers only key initiatives, and the Strategy Digital Agenda for Albania 2022-2026 focuses only on electronic services. At present, the PAR Strategy has not been approved yet, therefore a comprehensive strategic framework covering all aspects of user-centric service design and delivery is pending.

The institutional framework is also fragmented. The main actors are the National Agency for Information Society (NAIS), which is in charge of the development and management of e-Government and digital services, and the Agency for Dialogue and Co-Governance (ADC), which has responsibility for ensuring citizen feedback is reflected in changes to service delivery, this includes gathering and monitoring complaints and proposing initiatives to address them. The Ministry of Justice (MoJ) plays an important role in administrative procedures, and the Minister of State for Entrepreneurship and Business Climate (MSEBC) is in charge of reducing the administrative burden for businesses. Line ministries are responsible for the services under their portfolio. Co-ordination of all these actors and communication between them occurs successfully within the framework of concrete projects. Nevertheless, a permanent mechanism for inter-institutional co-ordination could strengthen the governance of the service delivery area.

An inter-institutional working group is currently analysing the administrative burden of existing regulations and proposing amendments to simplify procedures. However, *ex-ante* analysis of the administration of new draft regulations is not consistently applied.

The quality of many services has increased in the last few years due to digitalisation and a push towards simplification. Results of the SIGMA Surveys of Citizens and Businesses on the functioning of public administration show that the majority of respondents are satisfied with their latest interaction with public services. The Government is already working in implementing life-events and proactive services as features of e-Albania.

Regarding access to services for people with special needs, the National Plan for Persons with Disabilities 2021-2025 sets relevant objectives in this area, and the mid-term monitoring report 2021-2023 has been concluded.

Finally, Albania has made significant advances in recent years with regard to the digitalisation of basic registries and interoperability, and all other key enablers of **digital government**. Regarding re-use of digital solutions, the centralised approach adopted in Albania implies that NAIS develops new solutions based on pre-existing ones. Nevertheless, there are no repositories or other tools for facilitating re-use to public institutions that are not yet supported by NAIS. Regarding artificial intelligence adoption in public administration, the Government has recently approved the "Document on Methodology and Technical Standards for the Use of Artificial Intelligence in the Republic of Albania" and it is finalising the drafting of a strategic framework.

Overall, the existing legal framework, institutional set-up and related strategies and guidance in the public service delivery and digitalisation area are largely in line with the Principles of Public Administration. Criteria related to implementation practice and results signal more weaknesses and gaps.

Figure 36. State of play in service delivery and digitalisation by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. During the next upgrade of the e-Albania platform, the National Agency of Information Society (NAIS) should ensure that information on the usability aspects of the digital platform (e.g. completion rate, time needed to navigate to the right service, time needed to complete form, etc.) is collected and analysed regularly.
2. The Government should ensure that all central government institutions providing public services gather, publish and analyse comparable performance indicators, based on common definitions and criteria.
3. The Government should build on the success of the existing temporary working group and establish a permanent inter-ministerial mechanism for administrative burden reduction for both *ex-ante* analysis of laws and secondary regulations, and for *ex-post* analysis of existing burdens in practice.
4. The Government should assess the accessibility to public sector buildings and administrative services for people with special needs and devise a set of policy measures to ensure equitable access and adequate support for disadvantaged groups, not only for digital services but also for the remaining in-person interactions.
5. The Government should start developing projects to adopt the e-wallet and other novel tools and standards introduced by the recently approved European Digital Identity Regulation (Regulation (EU) 2024/1183).
6. NAIS should create repositories or other tools for the re-use of their digital solutions by other public sector institutions currently outside the scope of the competencies of NAIS.

Analysis

Principle 19: Users are at the centre in design and delivery of administrative services.

The policy framework for service delivery focuses predominantly on promoting digitalisation. The institutional set-up for enhancing service delivery consists of several authorities, whose overall success depends largely on their ability to co-operate. The sustainability of the ongoing simplification initiative is undermined by the absence of procedures for controlling burdens created by new secondary legislation. User feedback is collected through e-Albania and the portal of the Agency for Dialogue and Co-Governance. While general methodologies for service standards are in place for both physical and electronic services, most individual agencies are not designing concrete quality commitments for their own services that go further than legal requirements.

Indicator 19. Enablers for user-centric services		2024 indicator value	47/100
Sub-indicators		Points	
1.	Existence of a service delivery policy and institutional set-up	4.5/20 ⁱ	
2.	User engagement and participation	17/20	
3.	Procedures and practice to control creation of administrative burdens	2.5/15	
4.	Analysis of administrative burdens of existing regulations	15/15	
5.	Existence of service delivery standards	8/15	
6.	Monitoring system of service standards	0/15 ⁱ	

The PAR Strategy has not been approved yet. Therefore, a comprehensive strategic framework covering all aspects of user-centric service design and delivery is pending. The Digital Albania 2022-2026 Strategy focuses solely on digitalisation, and although about 95% of administrative services are available only in digital form, it would be important to adopt a strategic framework for other elements of user-centric service design and delivery as well, such as accessibility to the remaining physical contacts with public institutions, simplification of procedures or total quality management tools. The Roadmap for PAR covers key initiatives that fall under the objective “Public administration places the user at the centre and delivers high-quality and easily accessible services online and offline to all citizens and businesses”. However, despite the wording of this general objective, the envisaged initiatives relate predominantly to improvement in digital service delivery.

The institutional set-up supporting service delivery is also fragmented. NAIS is the principal institution involved in digitalisation and ICT development in the public sector guaranteeing coherent governance and approach to digital service delivery. However, in 2021, another key institution, the Agency for Dialogue and Co-Governance (ADC) was created with a mandate to: a) develop mechanisms and monitor their implementation to ensure the inclusion of citizens in policymaking and their participation in administrative decision-making procedures; and b) co-ordinate the development and dissemination of good practices throughout the state administration and increase accountability and responsibility.¹⁷⁰ Importantly, the ADC can also recommend changes to regulations, internal procedures and structures of institutions, as well as propose alterations to laws and regulations where the provision of public services is perceived as ineffective.¹⁷¹

A significant part of the ADC's mandate is managing an interactive online platform¹⁷² to gather citizens' complaints and opinions about public services, as well as addressing them. This includes requesting

¹⁷⁰ Article 12 of the Law on Co-Governance (No. 107/2021 from 1 November 2021).

¹⁷¹ Ibid.

¹⁷² <https://www.shqiperiaqeduam.al/>

collaboration from any public authorities concerned with these complaints and propose solutions and amendments. In the case of systematic problems, the ADC first communicates with the concerned state institution and the responsible ministry. If needed, the ADC can address the Prime Minister.

Work related to the digitalisation of services is carried out by the NAIS and the ADC, who co-operate on many fronts. Notable efforts in the field of administrative simplification are being developed by the Inter-institutional working group for the Regulation of Administrative Procedures in the Function of Public Services Offered to Citizens and Businesses, which was created by a decision of the Council of Ministers (CoM) in December 2023¹⁷³ and is co-chaired by the Ministry of Justice (MoJ) and the Minister of State for Entrepreneurship and Business Climate (MSEBC).

At present, the working group's activities in the field of administrative simplification are ongoing. According to the information provided by the administration, the deregulation process has already been completed for three ministries, with 81 of 151 services simplified and 134 of 379 requirements (e.g. for the submission of documents) eliminated, though improvements of existing IT systems are still required to comply with the recent changes to legislation and ensure full implementation. Users of these services are expected to be consulted, although this process is not monitored by the MoJ and is expected to be conducted by the service providers. The working group does not consistently measure the time and costs saved for businesses and individuals. However, for some services the MSEBC calculated that by eliminating 64 document requirements it reduced administrative procedures by 280 days for the two ministries with which it worked.

Regarding ex-ante assessment of administrative burdens, use of the regulatory impact assessment (RIA) tool is formally compulsory for new laws and secondary regulations, but in practice only 57% of laws are accompanied by such an analysis. Furthermore, the Government has decided that the requirement for secondary legislation will be implemented in 2030 at the earliest. The Impact Assessment Methodology from 2018 includes guidance on how to assess the administrative burden, including the standard cost model. However, in practice the RIA is not implemented for secondary legislation. This raises the risk of an additional administrative burden being introduced by new secondary regulations, even while the existing administrative burden is being reduced by the above-mentioned inter-institutional working group.

On 24 July 2024, a proposal for a draft law¹⁷⁴ approved by the CoM included the closure of the Agency for Delivery of Integrated Services (ADISA), which functioned as a front office for various administrative service providers until May 2022. ADISA's call centre has been replaced by a digital virtual assistant that has already answered more than 800 000 queries. The Government is currently working in transforming ADISA's spaces, including creating an omni-channel contact centre, serving as an "information assistant" of last resort, to provide information to users of electronic services who encountered problems, as well as provide self-service tools that the citizens can use to apply for electronic services. ADISA's work related to service passports and its catalogue of public services now fall under the competence of the NAIS.

In 2021, the CoM established the position of Minister of State for Service Standards, with a view to issuing standards for public services and, thereby, improving the quality of public services.¹⁷⁵ In 2023, the CoM approved the Policy on Standards of Public Services, developed by the new Minister.¹⁷⁶ The Decision envisaged the creation of a mechanism for monitoring the quality of public services, including e-services. However, the minister's position has since been abolished and implementation of the policy document has not begun. In March 2023, the NAIS developed a policy document on Electronic Service Standards to guide public institutions in providing good e-services and envisaging a mechanism for assessing compliance with service standards by the ADC. However, most individual agencies are not designing concrete quality commitments for their own services that go further than legal requirements.

¹⁷³ Decision No. 209 of the CoM of 7 December 2023 on the Establishment of the inter-institutional working group for the Regulation of Administrative Procedures in the Function of Public Services Offered to Citizens and Businesses.

¹⁷⁴ Proposal of draft Law containing some amendments and additions to Law No. 43/2023 on electronic governance, www.kryeministria.al/newsroom/projektligje-te-miratuara-ne-mbledhjen-e-keshillit-te-ministrave-date-24-korrik-2024

¹⁷⁵ CoM Decision No. 535 of 22 September 2021.

¹⁷⁶ CoM Decision No. 204 of 7 April 2023.

Regarding the gathering of insights about user experiences with public services, in 9 out of 12 services analysed by SIGMA¹⁷⁷ user feedback is collected. Indeed, in the 9 services provided through the e-Albania portal, users can express their views using an online satisfaction survey. The remaining three services are provided outside e-Albania and there is no evidence of online tools for users to express satisfaction in the same channel used to apply for the service.

However, this mode of feedback does not provide much information in terms of relevant metrics to improve quality and user-friendliness of online services, such as completion rate, time taken to navigate to the right service and complete the application form, points at which applicants exit the procedure, average duration of delivery of an administrative service, the rejection rate of applications, or related issues. The NAIS has recently announced a plan to upgrade the e-Albania platform to include such performance metrics and a functionality to generate reports that allow NAIS and service providers to monitor the quality of administrative service provision.

Regarding service redesign, the authorities have provided many examples of simplification and digitalisation of services, that have resulted in simpler and more streamlined procedures. In some cases, there is evidence that concrete user proposals have been implemented in actual re-design of procedures. The first of these reforms is the new historical civil status certificates that can be obtained now via the e-Albania portal. The second relates to a modification of the online pre-booking appointments system for consulates, with users now being able to choose the date of the appointment. Both modifications were adopted following requests by citizens.

¹⁷⁷ The 12 services are: 1) registering any of the following events: birth, marriage, divorce and death; 2) registering/requesting certificates from the healthcare administration (e.g. obtaining a health insurance card, a certificate of proof of health insurance coverage, certificate of vaccination, etc.); 3) claiming unemployment benefits; 4) applying for a disability pension; 5) presenting an income tax declaration; 6) registering a second-hand car; 7) providing information and guidance to entrepreneurs in the process of starting a business; 8) registering a new employee; 9) declaring corporate income tax; 10) declaring value-added-tax (VAT); 11) registering financial statements; and 12) applying for an environmental subsidy (e.g. for installing solar panels, improving building insulation, etc.).

Principle 20: The public administration delivers streamlined and high-quality services.

The Government has made substantial progress in digitalisation and improving the quality of digital services. In general, more citizens and businesses are satisfied than dissatisfied with administrative services. However, satisfaction rates vary significantly among services and between different elements of the same service. In addition, average delivery times are not calculated for most of the services analysed by SIGMA. The once only principle in service delivery is enshrined in law and applied in digital services provided via e-Albania through interoperability and pre-filling of forms. However, practice for the services not provided via e-Albania analysed by SIGMA is inconsistent.

Indicator 20. Delivering high-quality services		2024 indicator value	44/100
Sub-indicators		Points	
1.	Quality of selected administrative services	19.3/40	
2.	Integrated life-event services	10.5/20	
3.	Pre-filing of forms and proactive services	4.7/20	
4.	Once-only principle	9.6/20	

Results of the SIGMA Survey of Citizens on public administration 2024¹⁷⁸ indicate that the majority of respondents (56%) are completely or somewhat satisfied with the general functioning of administrative services in the country, while 21% have a neutral view and 23% are completely or somewhat dissatisfied. Satisfaction varies considerably between individual services when citizens are asked questions about their last experience. The best performer in this indicator is ID card renewal processes, with 78% of respondents declaring that they were completely or somewhat satisfied. The worst performer is social security, which has a significantly lower satisfaction rate of 51%.

Figure 37. Citizen satisfaction with actual experience using several administrative services



Note: Percentage of valid responses to the question: "How satisfied were you with the overall procedure with the institution this last time?". The percentage in the middle is the share of the respondents who answered "completely satisfied" and "very satisfied".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

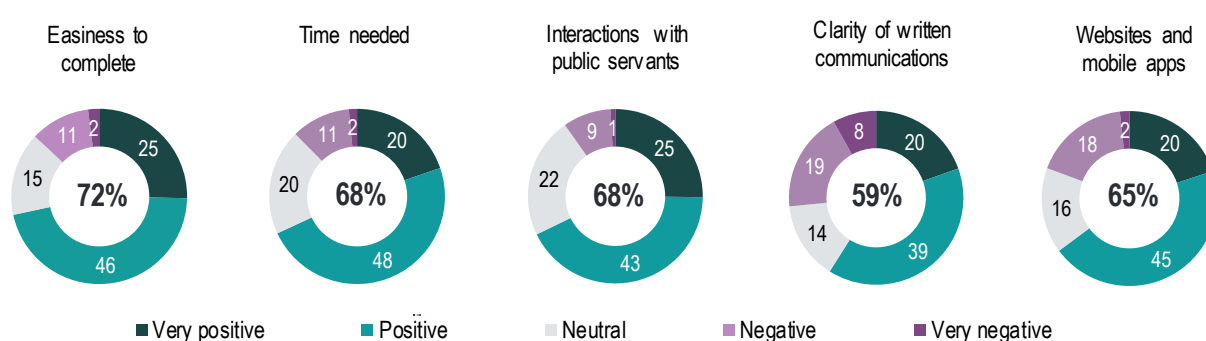
Regarding different aspects of the citizen experience when applying for a service (such as the easiness to complete forms, the time it took to get service, the interaction with public servants and the clarity of written communications), in general, the SIGMA Survey of Citizens reports positive results (more citizens satisfied than dissatisfied). Nevertheless, it is important to note that while 56% responded that using websites and

¹⁷⁸ SIGMA Survey of Citizens on public administration in the Western Balkans.

mobile phone apps to apply for a service was easy or very easy, 17% found it difficult and 18% found it very difficult. These results are of relevance given that most services are solely accessible online.

Businesses provide a higher valuation of public services than citizens. Indeed, 64% of respondents declared that they were completely or somewhat satisfied with the functioning of administrative services in general; 21% expressed a neutral valuation and only 15% were completely or somewhat dissatisfied. Results are better when business representatives were asked about their last experience with a specific service rather than when they were asked about the general functioning of administrative services. In fact, the satisfaction rate was 74% for registering financial statements in the business registry, 73% for registering a new employee and 70% for declaring corporate income tax. Businesses also demonstrate a high level of satisfaction with different aspects of services (Figure 38).

Figure 38. Business perception about several elements of the actual experience when applying for administrative services



Notes: Average percentages of valid responses to the questions: 1. How easy or difficult was it to complete the process (e.g. number of visits necessary, going to the wrong institution, etc)? 2. Were you satisfied or dissatisfied with the overall time that it took to complete your application the last time, including time filling forms and/or visits to the offices? 3. "Overall, how satisfied or dissatisfied were you with the public servants you interacted with?" 4. "How easy or difficult was it for you to understand service written communication, such as letters and e-mails received, or information from the website?" 5. "How easy or difficult was it for you to use service website: for example, to find what you needed or to understand what to do?" and "How easy or difficult was it for you to use service mobile application: for example, to find what you needed or to understand what to do?"

Each doughnut shows the simple average of the responses about the following administrative services: 1. Declaring corporate income tax, 2. Registering financial statements in the business registry, 3. Registering a new employee to the competent authorities. The percentage in the middle is the share of the respondents who answered "very positive" or "positive".

Source: SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

Reportedly, about 95% of central government administrative services have been completely digitised, and both the application process and the final administrative act are now purely digital, due to the introduction of the e-Albania platform and the issuance of electronic documents with electronic signatures and seals.

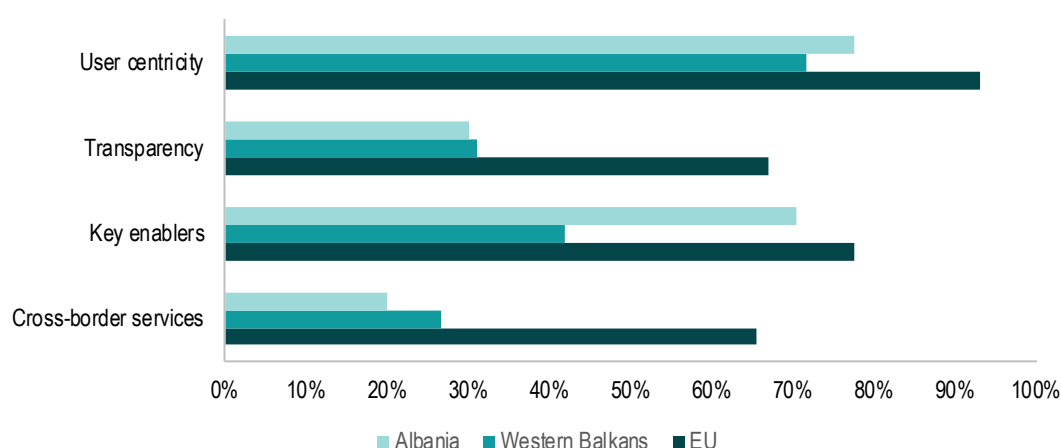
One successful example of this practice is the Civil Registry, which produces a wide range of certificates online, allowing to increase the number and speed of issuing certificates. In 2022, it produced over 5 million certificates, rising to close to 6 million in 2023. In February 2024, name correction services were made available online, with the updated information transmitted by the Civil Registry to other government institutions without the need for citizens to download and submit certificates themselves.

Similarly, the digitalisation of consular services creates significant savings in terms of costs and time for millions of Albanians living abroad. Previously, documents were made available at a fee from physical consulates, requiring citizens to travel to the nearest consulate, located in some cases a significant distance from their place of residence. Digitisation and the generation of electronically sealed documents, through e-Albania, has permitted a reduction in these fees, with most services offered free of charge, and has also eliminated the need for Albanian citizens living abroad to travel to the nearest consulate to obtain documentation. These and other examples underscore the relevance of the recent re-structuring and simplification exercise.

However, despite these success stories, a few government services still require physical appointments. For example, registering a change in the ownership of a vehicle can be initiated through the e-Albania platform or on the General Directorate of Road Transportation's website, but the buyer concerned must present themselves at their local office to complete the change of ownership (although appointments can be booked online).

The results of the eGovernment Benchmark 2024, a mystery shopper analysis of 96 online services, commissioned by the European Union (EU) and conducted in 2022 and 2023 (half of the services were evaluated in each year), still show mixed results. Albania scored 78% for user centricity of electronic services, which is still below the EU average (93%). The gap between Albania and the EU was even greater for transparency and cross-border services (Figure 39). The only results for Albania that are close to the EU average are the existence of key enablers.

Figure 39. Results of the eGovernment Benchmark compared to averages for the EU and the Western Balkans



Note: The composite indicators of the eGovernment Benchmark range from 0 to 100.

Sources: The EU average and Albania data are drawn from the eGovernment Benchmark 2024.¹⁷⁹ The Western Balkan average is built using results from the eGovernment Benchmark 2024 for Albania, Montenegro North Macedonia and Serbia and using SIGMA analysis based on the same methodology for Bosnia and Herzegovina and Kosovo*.

The e-Signed Document Circulation System (SQDN) facilitates the exchange of documents between public institutions and with the users, allowing the ADC to monitor the compliance with statutory deadlines. However, advanced metrics on duration were not available for any of the ten services analysed by SIGMA. For example, for unemployment benefits, disability pensions and environmental subsidies, no statistical data was available of the time lapse from the moment the user submits the application form to the moment the authority issues the bank transfer. Similarly, for services that require in-person visits, like renewing an ID card or passport, or changing ownership of a vehicle, statistical data on the average time lapse from the moment the user applies for an appointment to the first available time slot offered to the citizen was also not collected. This includes the number of days taken on average from submission of an application form to fulfilment of the administrative request. No data are available either on the number of days on average from completion of an administrative task to issuance of a bank transfer to the citizen or business (e.g. for unemployment benefits or pensions). Moreover, for services that still require in-person visits, such as renewing an ID card or passport, average data on the first available time slot offered to citizens booking an appointment online are also not available. Other performance data, for example on the rate of administrative acts appealed by citizens or the results of appeals, are also not collected. This is

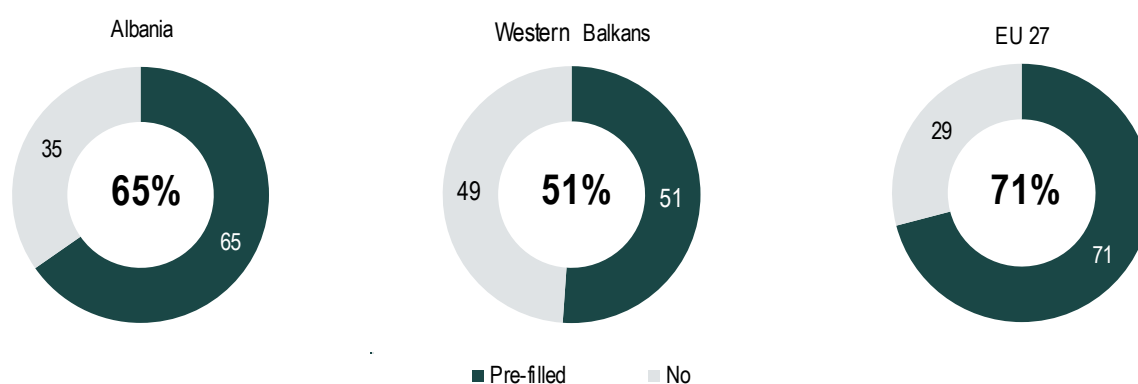
¹⁷⁹ eGovernment Benchmark 2024, <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-egovernment-benchmark>

particularly notable given that the current state of digitalisation makes possible the regular collection of all these data, a process which is essential to improve the quality of administrative procedures.

The once-only principle is enshrined in legislation¹⁸⁰ and is supported by the Government Interaction Platform, the basic infrastructure for interoperability between state databases, as well as the platform for sharing documents between public institutions. However, analysis of four special procedures (application for a work permit for a foreigner, a construction permit, a disability pension and a taxi licence) show that in all cases the authorities still require citizens to submit documents or information that could be collected from other administrative bodies.

Pre-filling of information – a basic tool for practical implementation of the once-only principle – is available for the majority of services. The pre-filling of forms indicator of the eGovernment Benchmark in 2024 shows that personal data were pre-filled in 65% of analysed online application forms. This result places Albania only 6 points below the EU27 average, and 14 points above the average for the Western Balkans region.

Figure 40. Pre-filling of personal data in online forms



Notes: Score of the eGovernment Benchmark indicator “authentic sources”. This indicator is an aggregation of the results of a mystery user analysis of 96 digital services, checking whether personal data are pre-filled by the service provider or the user has to fill in the data.

Sources: The EU average and Albania data are drawn from the eGovernment Benchmark 2024.¹⁸¹ The Western Balkan average is built using results from the eGovernment Benchmark 2024 for Albania, Montenegro North Macedonia and Serbia and using SIGMA analysis based on the same methodology for Bosnia and Herzegovina and Kosovo*.

Regarding the registration of life events, e-Albania functions as a digital one-stop shop that enables citizens or businesses to access most administrative services in a single portal, which actually allows users to log-into a single portal to apply for most of the services related to the same life-event. For events such as business registration, administrative process are integrated, reducing the burden on entrepreneurs to complete different forms to register a legal person, apply for a fiscal number, register their company as an employer, etc. For other life events, like the birth of a baby, users need to fill out separate forms to access different services, such as applying for a passport, registering the baby with a family doctor or requesting maternity allowance.

The Government has established an inter-institutional working group (by Prime Minister Order 72 of 9 June 2023) in order to integrate services into life-events. Currently the work is ongoing related to six different life-events. NAIS is also working in developing proactive services and notifications of the upcoming expiration of documents or credentials.

¹⁸⁰ Article 77.3 of the Code of Administrative Procedures.

¹⁸¹ eGovernment Benchmark 2024, <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-egovernment-benchmark>

Principle 21: Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.

Following the closure of the ADISA service centres, the e-Albania online portal has become the sole point of contact for applications to public services provided by the administration. Usage figures for e-Albania are indicative of massive take-up of electronic services, however questions of accessibility for people with low digital skills remain unanswered, and the multi-channel principle has not been implemented yet.

Indicator 21. Accessibility of administrative services		2024 indicator value	50/100
Sub-indicators		Points	
1.	Multi-channel service delivery	10/20	
2.	Physical access to public services	4.5/20 ⁱ	
3.	Accessibility of services for users with special needs	7/20	
4.	Findability of public services information	15.7/20	
5.	Clarity of government information and communication	12.7/20	

Note: i = data not available or not provided.

The decision of the CoM in 2022, further enforced by the Law on Electronic Government, to make the e-Albania portal the sole channel for the vast majority of administrative services applications, represented a dramatic change in accessibility policy.¹⁸² As of December 2023, the e-Albania platform offers 1 247 services online (which accounts to 95% of all central government administrative services),¹⁸³ organised by topical categories. Behind it, is a catalogue of digitally available public services, organised in a standardised manner based on service passports. The e-Albania portal has 3.2 million registered users. During 2023, altogether 13.2 million public services were delivered, and over 8 million documents with electronic seals were downloaded.

The Government Interoperability Platform has enabled 297 million transactions during 2023 and made it possible for 68% of data fields in application forms to be pre-filled. The platform also automates data exchanges between 63 electronic systems.¹⁸⁴ This is complemented by the e-Albania mobile phone application which provides access to around 75% of the services on e-Albania.¹⁸⁵ The Government has approved plans to develop a new version of the mobile application to implement the mobile-by-default principle.

All these figures are evidence of the radical digital transformation of the Albanian service delivery system. However, questions of accessibility for people with low digital skills remain unanswered. At the moment, the multi-channel or omni-channel principles are not being implemented in practice, so citizens do not have the possibility to choose which channel they prefer. The Government is currently working in transforming ADISA 's spaces, including creating an omni-channel contact centre, serving as an "information assistant" of last resort, to provide information to users of electronic services who encountered problems that were not solved by the virtual assistant or the help desk agents, as well as provide self-service tools that the citizens can use to apply for electronic services.

¹⁸² Article 13 states that online options will be offered as the only channel for accessing administrative services, with the e-Albania portal the sole point of contact provided by the public administration.

¹⁸³ All figures in this paragraph are based on NAIS data.

¹⁸⁴ All figures are from the Monitoring Report for the period June to December 2023 of the Digital Agenda of Albania 2022-2026.

¹⁸⁵ Interview with NAIS, 23 April 2024.

When citizens were surveyed by SIGMA about the ease with which they were able to find information on applying for various administrative services, 55% responded “easy” or “very easy”,¹⁸⁶ but 33% stated that finding the information was “very difficult” or “somewhat difficult”.

As Figure 41 shows, the best results were obtained for information on renewing an ID card, with 62% of respondents able to find the information with ease and 26% reporting difficulty. Similar percentages were reported for the National Tax Agency. Efforts to find information related to administrative services of the National Health Institution produced the worst results, with only 44% of respondents able to locate information “very or somewhat easily”, and another 44% finding the process “somewhat difficult”. Results for the remaining institutions produced a positive share of about 55% of respondents. This indicator about easiness of finding how to apply for public services is very relevant for services provided only online services, as at the moment there are no physical offices to get such information.

Figure 41. Citizen perception of ease of finding information about administrative services



Note: Percentage of valid responses to the question: “How easy or difficult was it for you to find out how to apply for this procedure, including which administration to address and what documents you had to provide?”. The percentage in the middle is the share of the respondents who answered “somewhat easy” and “very easy”.

Source: SIGMA Survey of Citizens on public administration 2024.

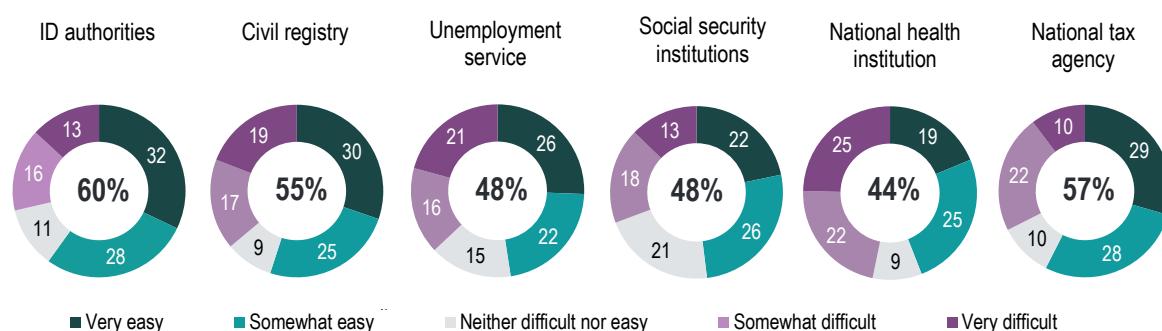
There are no toolkits or guidelines for ensuring the clarity of government communication, although minimum styling requirements are available for government websites.¹⁸⁷ When surveyed on the ease of understanding written communications issued by public authorities,¹⁸⁸ across all analysed procedures, on average, 52% of respondents answered that understanding written communications by the public administration was “very easy” or “somewhat easy”, and 36% responded “somewhat difficult” or “very difficult”. Results vary for different public authorities (Figure 41). The best result was obtained for renewing an ID card (60%), while smaller percentages of citizens found it easy to understand written information from the National Health Institution (44%), unemployment services (48%) or social security institutions (48%).

¹⁸⁶ SIGMA Survey of Citizens on public administration in the Western Balkans.

¹⁸⁷ Regulation on official websites of the public administration (from 2 December 2008).

¹⁸⁸ SIGMA Survey of Citizens on public administration in the Western Balkans.

Figure 42. Citizen perception on ease of understanding written communications of administrative services



Note: Percentage of valid responses to the question "How easy or difficult was it for you to understand the institution's written communication, such as letters and e-mails received, or information from the website?". The percentage in the middle is the share of the respondents who answered "very easy" or "somewhat easy".

Source: SIGMA Survey of Citizens on public administration 2024.

Requirements for government websites do exist in the form of a list of mandatory information and certain visual elements.¹⁸⁹ The National Plan for European Integration 2024-2026 incorporates the plan to transpose the Directive (EU) 2016/2102 of the European Parliament and Council on the accessibility of websites and mobile applications of public sector bodies. A review of government websites performed by SIGMA against the Web Content Accessibility Guidelines (WCAG 2.0 AA) revealed on average 15 errors.

A National Plan for Persons with Disabilities 2021-2025 sets objectives related to accessibility for people with disabilities. The objectives included in the Plan are aligned with the European Strategy for people with disabilities 2021-2030. The document contains a situation analysis on physical accessibility and accessibility to information, but lacks a proper action plan. A list of involved institutions is available, but there are no assigned specific responsibilities except for the overall responsibility of the Ministry of Health and Social Protection for implementation. The mid-term monitoring report 2021-2023 of the implementation of the National Plan for Persons with Disabilities has been concluded. Mandatory accessibility standards for construction have been put in place through various legal acts;¹⁹⁰ however, since the Government does not maintain a database of public buildings, it is impossible to ascertain the level of accessibility of public sector premises or what interventions are necessary. As written above, even if applications for administrative services now take place mostly online, visits to government offices are still frequently required, so accessibility for people with disabilities remains crucial. Citizens also have the right to communicate with the public administration in official sign language¹⁹¹ and to receive government communications in braille.¹⁹² The NAIS is currently working to upgrade the e-Albania portal (version 2.0) in collaboration with associations of persons with disabilities, which have expressed concerns about the current version of the portal.

¹⁸⁹ Order No. 202 of the Prime Minister of 16 December 2005 for strengthening transparency through increasing internet use and improving existing websites.

¹⁹⁰ Decision of the CoM No. 1 503 from 19 November 2008 on the regulation on the usage of the spaces by disabled persons, Law on the Planning and development of the Territory No. 107 of 31 July 2014, and the Decision of the CoM No. 9 from 11 January 2024 on the approval of rules for projects that must be submitted to technical opinion according to each design fields, as well as the procedures to be followed in these cases.

¹⁹¹ Decision of the CoM No. 837 from 3 December 2014 on the recognition of sign language in the Republic of Albania.

¹⁹² Law No. 108/2012 on the Ratification of the UN Convention on the Rights of Persons with Disabilities.

Principle 22: Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Albania has significantly advanced its digital agenda, with 95% of central government administrative services now available online via the e-Albania platform, producing legally valid e-sealed and e-signed documents. The Strategy Digital Agenda 2022-2026 and the Law on Electronic Governance constitute solid foundations for digital transformation. The main institutional actor, the NAIS, under the direct supervision of the Prime Minister's Office, is responsible for the design, harmonisation, development and functioning of the country's electronic administration systems. Solutions for electronic authentication and trust services are in place, however they are only partially harmonised with EU regulations, especially with the recently adopted Regulation (EU) 2024/1183 (eIDAS2.0).

Indicator 22.1. Digital government readiness and maturity		2024 indicator value	64/100
Sub-indicators		Points	
1.	Digital government strategy and co-ordination	7.4/10	
2.	Digitalisation of public registries and data governance	13.1/15	
3.	Interoperability: infrastructure, framework and adoption	12.5/15	
4.	Digital identity, digital signature and trust services	9/15	
5.	Digital government architecture and infrastructure maturity	5/15	
6.	Uptake of emerging technologies in the public sector	6/10	
7.	Legal framework for privacy and cyber security	6.5/10	
8.	Digital talent management in public administration	4.7/5	
9.	Re-use of digital solutions	0/5	

Albania has had sustained progress in the area of digital government since 2021. The cross-cutting Strategy Digital Agenda of Albania 2022-2026, approved in June 2022, is central to the next steps in the country's digital transformation. The strategy and its action plan¹⁹³ define a clear set of objectives and activities that comply with the requirements of strategic planning. The latest implementation reports show advances in many activities with varying degrees of implementation.

Key legislative advancements include the Law on Electronic Governance, which mandates electronic service delivery and document exchange. Approved in June 2023, it establishes foundational e-government principles, and outlines the responsibilities and rights of public authorities and private entities in developing and managing IT infrastructure and electronic services.

The NAIS leads and co-ordinates digital government decisions across public administration, ensuring the execution of digital government strategies and services. A mandatory central review process to examine the purpose and implementation of government IT projects has been well implemented, and ensures that all new projects correspond with a whole-of-government view.

Most public registries, including those on business, population, health, land and property, and vehicles, are kept in digital format. The NAIS regulates and co-ordinates state database registrations to facilitate primary data exchange on the government interaction platform, ensuring a streamlined approach for effective electronic governance services and ensuring that data governance is coherent and systematic. The e-Albania portal offers a dedicated electronic service for the public institutions to register and update the state databases.

¹⁹³ Approved by the Decision of Council of Ministers No. 370, dated 1 June 2022.

Implemented in 2013, the Government Interoperability Platform initially integrated six electronic registers and now connects 63 electronic systems of public institutions. This platform automates administrative procedures and eliminates the need for accompanying documents. Approximately 68% of application forms are pre-filled through real-time communication between electronic registers of different institutions, simplifying the application process for citizens and businesses.

While user-friendly digital identity, digital signature, trust services, digital payment and digital delivery solutions are available and legally enacted, there is room for improvement regarding electronic identity. First, the electronic signature solution offered by NAIS is free of charge for government officials but for private company employees there is a fee of 4 800 Albanian lek for a one-year validity period.¹⁹⁴ Second, a comprehensive overview of actual eID and e-signature usage seems to be lacking. Statistics are available for use of the signature in e-Albania and other government platforms, but it was not provided for usage of electronic signature in private documents.

While the administration has recovered from the cyberattacks launched in 2022, there is no evidence of government-wide adoption of good safeguards. Albania's Cyber Security Law is partially aligned with the Directive on measures for a high common level of cybersecurity across the Union (NIS-2 Directive), with a new law fully harmonised with the Directive in the approval phase. The NAIS, as a service provider, offers ICT services to state administration institutions, ensuring compliance with NAIS standards on Cyber Security and Electronic Mail usage. NAIS has been recognised as a Trusted Introducer Listed Team in the trusted-introducer.org list since March 2024. All processes have been aligned with the SIM3 framework, reportedly currently meeting the European Union Agency for Cybersecurity advanced standards. While significant progress has been made, a lack of clarity persists about the exact situation from a whole of public sector perspective (e.g. the adoption of standards beyond those covered by the NAIS). Regarding re-use of digital solutions within the public sector, NAIS as the centralised developer and provider of IT solutions, guarantees re-use of their solutions across the central government. Nevertheless, there are not available repositories or other tools to facilitate re-use of digital solutions for public sector institutions not covered by NAIS services yet.

Regarding artificial intelligence adoption in the public administration, the Government has recently approved the "Document on Methodology and Technical Standards for the Use of Artificial Intelligence in the Republic of Albania" and it is finalising the drafting of a strategic framework.

¹⁹⁴ According to the website of NAIS: <https://akshi.gov.al/questions-about-the-electronic-signature/>

Digital government tools

Concerning the use of digital tools in other public administration back-end processes (excluding service delivery), performance is mixed. For example, the online platform for e-consultation is operational and is used for all consultation processes regarding draft laws and strategies, but other areas such as the digital platform for access to legislation or human resource digital tools show weaker results, due to a lack of essential features.

Indicator 22.2. Digital government tools		2024 indicator value	62/100
Sub-indicators		Points	
1.	Digital access to legislation	3/10	
2.	Digital platform for public consultation	10/10	
3.	Human resource management (HRM) information system	5/15	
4.	Digital portal for recruitment	10/10	
5.	Open data and re-use of public information	12/20	
6.	Digital tools for internal control	5/10	
7.	Digital tools for accounting information	4/10	
8.	Public procurement data system	13/15	

In regard to digital access to legislation, primary legislation is available to the public online and free of charge. However, not all ministerial secondary legislation is yet available online. Moreover, search functionalities do not allow users to search for legal acts according to the date of enforcement, which limits the usability of the portal.

The available digital tools for human resource management (HRM) do not contain all relevant data, such as job descriptions or performance appraisals. However, the digital portal for recruitment does list all job announcements for central government administration, as mandated by the legal framework,¹⁹⁵ and includes relevant search features.

The Government maintains an open data portal for public sector information but it does not include an advanced search function and there is no easily findable information on how to connect through an automatic programming interface to download data in bulk. Moreover, out of the four domains covered in the Directive (EU) 2019/1024 on open data and the re-use of public sector information, only data about traffic is available. Four out of the eight high-value datasets covered in Commission Implementing Regulation (EU) 2023/138 are currently published in the data portal.

Finally, regarding public procurement, the current procurement portal can be considered a good practice, as it allows retrieval of public procurement data for external use, displaying it in a clear, concise and simple format, with complete and up-to-date data, including a search function by type of procedure, type of contract, common procurement vocabulary and free text, and allowing data mining to the lowest level of aggregation.

¹⁹⁵ CoM Decisions 243/2015 on recruitment, lateral transfer, probation period and appointment in executive positions, as amended and 242/2015 on filling vacancies for low and medium management positions.



Public financial management

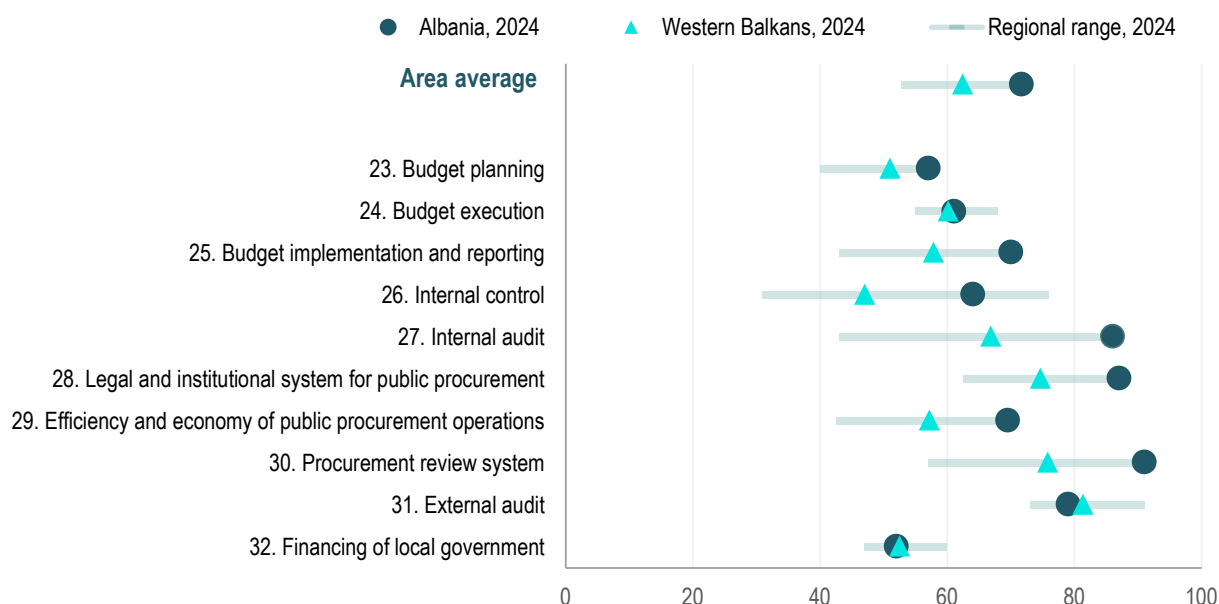
The public administration plans and manages public finances to ensure that they are **sustainable** and **transparent** and allow the delivery of policy objectives. Control, procurement and oversight arrangements are in place to ensure the economic, efficient and effective use of public resources shared across all levels of government.

The Principles of Public Administration

Budget management	Principle 23	The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.
	Principle 24	The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.
	Principle 25	The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.
Internal control and audit	Principle 26	Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.
	Principle 27	Internal audit improves the management of public administration bodies.
Public procurement	Principle 28	Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.
	Principle 29	Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.
	Principle 30	An independent procurement review system ensures effective, rapid and competent handling of complaints.
External audit	Principle 31	All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.
Financing of local governments	Principle 32	Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

Summary and recommendations

Figure 43. The overall indicator values in the public financial management area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations. Indicator 28 is the simple arithmetic average of 28.1. and 28.2. and indicator 29 is the simple arithmetic average of indicators 29.1. and 29.2.

Budget preparation in Albania is orderly and benefits from a comprehensive medium-term fiscal framework and budget programme. The programme links fiscal policy to sectoral priorities, and sets expenditure ceilings to guide the annual budget, while establishing clear fiscal rules and targets. However, the **credibility of medium-term forecasts remains low, especially at disaggregated level**, resulting in weak links between the medium-term budget programme and the annual budget due to substantial deviations. **The quality of forecasts could be further improved by prioritising fiscal discipline**, with a review by an independent body. Large capital investment decisions generally lack an independent appraisal which is likely to put further strain on the budgeting process in future years.

Liquidity management performs reasonably well, with adequate cash management and cashflow forecasting. Despite the realistic planning of tax revenues and the low cost of tax collection, the effectiveness of the latter is undermined by the high level of tax arrears (42%). **A commitment control system is in place, but it is not fully complied with, as shown by the significant number of bodies with payment arrears (34%)**, even if the stock has decreased in recent years. Persistent problems with the accuracy of data on arrears are also an issue. The Ministry of Finance (MoF) has taken measures in recent years to improve debt management and a debt management strategy has been published, focusing on central government debt. Furthermore, the risks associated to the debt portfolio have been reduced; however, there is no reporting on the debt of local and state-owned enterprises (SOEs).

The credibility of the annual budget has improved in recent years at the aggregate level, compared to higher deviations in 2018-2019. However, while fiscal targets are set, there are notable deviations between planned and actual debt and deficit figures. **Improved capital expenditure reporting and fiscal risk monitoring are in place**, but SOE reporting remains inadequate. Legislation allows for in-year budget adjustments to reallocate funds between programmes not exceeding 10% of the total funds approved for the programme, but more rigorous rules should be put in place. **Annual financial reporting is timely, but has received a qualified opinion from the State Supreme Audit Institution (SSAI)**, indicating that uncertainties exist related to the Government's financial statements.

The regulatory framework for internal control and internal audit in the public sector is well-established, with stable financial management and control systems under the effective co-ordination of the Central Harmonisation Unit (CHU). However, **managerial and institutional accountability show room for improvement**, with delegation of decision making not well-established and inconsistent performance dialogues between ministries and subordinate bodies. Channels for reporting confidential information are in place in central government bodies, but accountability lines are not clearly established in all cases. There have been **significant improvements in risk management** practices since 2021, but **irregularity and fraud management and reporting need to be enhanced**.

Internal audit is well established and operates in line with international standards, maintaining autonomy and exercising professional independence in conducting and reporting on government work. Planning for IA in budget organisations is strong with IA units preparing and updating strategic and annual plans based on a systematic assessment of governance, risk management and control processes within organisations. **The capacity of internal audit units has improved** in recent years, with adequate staffing and strong certification and professional development programmes, but there is a **need to improve compliance in quality assurance**.

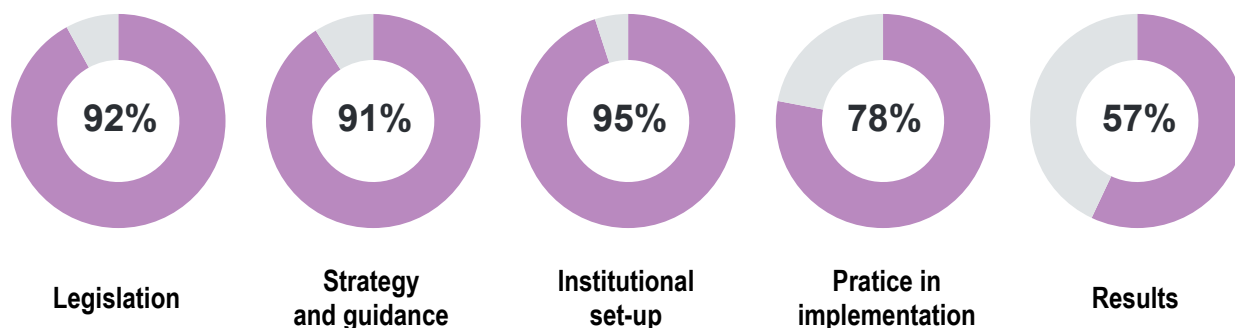
The legal basis for public procurement is the Public Procurement Law (PPL), which transposes EU Directives on public procurement. **The level of compliance with relevant EU legislation is accordingly very high**. On 8 February 2024, the Parliament adopted an amendment, bringing the PPL even closer to the EU *acquis*. **However, more efforts are needed in the field of concessions and public-private partnerships (PPPs), which continue to be regulated by the Concessions and Public-Private Partnerships Law (CPPPL). The CPPPL in many important respects was modelled on EU Directive 2014/23/EU and incorporates most of the requirements of the Directive, but is not completely harmonised with the EU acquis**. The CPPPL was last time modified on 4 April 2024, with amendments made to a few provisions, notably to rules on performance guarantees requested from concession winning bidders.

Further progress has been made in the use of centralised procurement with a new central purchasing body, the Central Purchasing Operator (CPO), established in September 2023. The CPO, a state-owned commercial company, took over the tasks of conducting central procurement for and on behalf of other contracting authorities/entities.

Practical implementation of public procurement provisions needs further improvement, in particular regarding the application of quality-related contract award criteria, the use of modern tools and techniques (dynamic purchasing systems, electronic auctions and framework agreements), the application of sustainable procurement considerations (green and social procurement) and contract management, mainly in the field of PPP and concessions. The use of direct award procedures has further diminished, but the number of cancelled procurement procedures and procedures in which only one bid was submitted remains significant. **Also of note is the significant share of economic operators who when surveyed professed a lack of trust in the integrity and quality of procurement processes and procedures**.

Regarding **review processes and applied remedies**, the performance of the Public Procurement Commission (PPC) has improved significantly, as reflected in the shortened median duration of review procedures and in the fall in the number of review procedures in which the statutory time period for review was exceeded. The percentage of PPC rulings that have been appealed to the court has also diminished, despite an increase in the number of rulings adopted by the PPC. A new e-appeals system managed by the PPC has been in place since November 2021, and following the recent amendment of the PPL, the submission of appeals, as well as any communication between parties regarding the review procedure and the PPC, is possible only by electronic means. A new version of the PPC website and improvements in the publication of PPC rulings has greatly enhanced the overall transparency of review processes.

Figure 44. Public procurement results by legislation, strategy, institutions, implementation and results



Notes: The results are grouped into five categories: 1) legislation, 2) strategy and guidance, 3) institutional set-up, 4) practice in implementation, and 5) results. The percentage in the centre shows the ratio of points in relation to the maximum.

The **SSAI's independence is ensured** by legislation and no interference has been reported recently. **Its mandate is wide** covering all public financial operations and performing financial, compliance and performance audits, which are carried out in line with international standards. The SSAI has continued to develop its performance audit capacity and quality management and has a strategic plan in place to improve its role in supporting the Parliament, as well as the impact of its audit work. However, the **SSAI's impact is restricted, despite systematic monitoring, due to the limited use of its reports by the Parliament and the low implementation rate of its recommendations.**

The legal framework for financing local governments in Albania is in place, but numerous weaknesses are evident in practical implementation. The **share of local spending in total public expenditure is very low**, not only in comparison with the EU average but also regionally. Despite the major territorial reform undertaken in 2015, **variation in municipal fiscal capacity remains wide**. In the past years, the transfer system has not proven effective in reducing these inequalities, resulting in highly uneven delivery of local public services among municipalities. **Payment arrears** have reached significant levels.

Overall, the existing legal framework, institutional set-up and related strategies and guidance for public financial management are to a great extent in line with the Principles of Public Administration, while implementation practice and results include some gaps and inconsistencies.

Figure 45. State of play in public financial management by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The MoF should further develop the medium-term budget as a strategic document, improving the quality of medium-term revenue and expenditure forecasts and ensuring that expenditure ceilings for spending ministries are respected, to enable them to more efficiently implement policies and objectives.
2. The Government should propose the establishment of an independent authority, or the assignment of this function to other mandated authority, to ensure the independent assessment of fiscal policy, thus increasing the credibility of fiscal projections and the sustainability of public finances in the medium term.
3. The MoF should ensure that the debt reporting of SOEs covers all their debt and borrowing, and that regular reporting is enabled, to provide a more comprehensive picture of public debt and mitigate debt-related SOEs' fiscal risks arising in the framework of debt reporting.
4. The MoF should improve the availability and accuracy of data regarding payment arrears, and increase the effectiveness of and ensuring compliance with the commitment control system.
5. The MoF should make further efforts to complete the accounting reform and ensure that annual financial reporting is done in line with international standards.
6. The Government should establish clearer and more consistent delegation of decision-making authority from senior managers to lower levels within public sector entities, to empower middle managers and improve the efficiency and responsiveness of internal control processes.
7. The MoF should monitor the implementation of the procedures for reporting irregularities and fraud across all entities to improve reporting.
8. The Council of Ministers (CoM) should finalise the harmonisation of public procurement legislation, eliminating remaining inconsistencies in the CPPPL.
9. The Public Procurement Agency (PPA) should review the system of financial thresholds for application of provisions of the PPL in such a way that compliance with EU rules does not depend on fluctuations of ALL/EUR exchange rates.
10. The PPA should finalise enforcement of the new PPL by producing comprehensive and updated public procurement manuals, covering all stages of the procurement process, and enhance the training of economic operators.
11. The PPA should analyse why only single tenders are submitted for many procedures and why important part of procurement processes are being cancelled, and address both problems with appropriate measures. The Concession Treatment Agency (ATRAKO) should update manuals and other material supporting the application of CPPPL.
12. The PPA should enhance practical application of electronic instruments such as dynamic purchasing systems and, in particular, electronic auctions.
13. After the creation of the Public Audit Sub-committee, the Parliament and the SSAI should further develop their co-operation for the effective use of the SSAI's reports by the Parliament.
14. The SSAI should review and identify, together with auditees, the reasons for the low level of implementation of recommendations and develop an action plan to address the issue.
15. The Government should propose solutions to reduce inequalities in the financial potential of local governments by strengthening the effectiveness of the equalisation system.
16. The Ministry of Finance (MoF) should identify the reasons behind high arrears in payments at the municipal level and address this issue to reduce the extent of unpaid obligations.

Analysis

Budget management

Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

The Macroeconomic and Fiscal Framework (MFF) and Medium-Term Budget Programme (MTBP) link fiscal policy to sectoral priorities, with the MTBP setting expenditure ceilings that guide the annual budget. However, the links between the MTBP and the annual budget are weak as a result of the low credibility of medium-term forecasts, due to substantial deviations especially at disaggregated level; a Fiscal Council to ensure a higher level of rigour in budgeting processes has not been established. Planning and monitoring of large capital investment projects has improved in recent years, but decisions generally lack an independent and transparent appraisal of the costs and benefits.

Indicator 23. The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing the policy needs with the fiscal constraints		2024 indicator value	57/100
Sub-indicators		Points	
1.	Budget calendar	3/5	
2.	Preparation of the medium-term fiscal framework	11.9/15	
3.	Strength of the medium-term budget framework	11/25	
4.	First-level budget organisations	0/5	
5.	Oversight of fiscal discipline by an independent institution	0/5	
6.	Annual budget documentation	11/15	
7.	Budget classification	4.5/5	
8.	Planning and budgeting for capital investment projects	8/10	
9.	Parliamentary scrutiny of the annual budget	4/10	
10.	Public access to budget information	4/5	

The Law on Management of the Budgetary System in the Republic of Albania¹⁹⁶ (OBL) sets out the main budget documents for budget planning: the MFF, the MTBP and the annual budget.

The MFF is comprehensive, covering all revenue and expenditures of the Government over the medium term, and guiding the annual budget process. The MTBP links fiscal policy to sectoral policies, providing budget ceilings for first-level budget organisations, sector-based policy information and objectives, and priorities for the next 3 years. It also guides the drafting of the annual budget, together with the Government's Document on Policy Priorities, based on Article 16 of the OBL, which establishes the main directions of the Government's general policy.

The MFF is approved and published in January and submitted to the Assembly in March. The MTBP is approved by the Government in June, the MoF issues the instruction for drafting the annual budget by 10 July, the Government submits the draft budget and updated MTBP by 10 October, and the Assembly

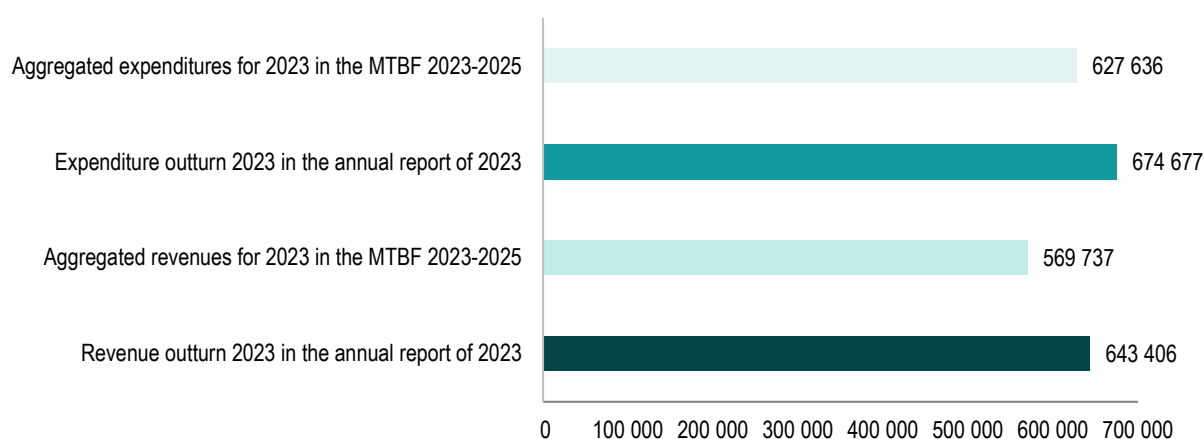
¹⁹⁶ Law No. 9936/2008 on Management of the Budgetary System in the Republic of Albania (OBL), adopted on 26 June 2008, with subsequent amendments by Law No. 114/2012 and Law No. 57/2016, Articles 23, 24 and 29.

adopts the annual budget bill by 15 December. The budget calendar, as set in the OBL,¹⁹⁷ has largely been respected in 2023, except for the late submission of the draft budget to the Assembly.

The annual budget documentation is well developed and comprehensive, and includes macroeconomic and fiscal projections, general government aggregates, and information on tax expenditures, fiscal risks and non-financial performance information of line ministries. However, it lacks information on new policy initiatives, since no distinction is made between ongoing and new policies.

Despite the well-established budgetary framework and the good performance of budget procedures, the credibility of medium-term revenue and expenditure forecasts is relatively low. The average difference between planned revenues in the MTBP and the outturn of the fiscal year 2023 was 13%. The percentage difference between planned expenditure in the MTBP for 2023 is 7%. The credibility of medium-term revenue and expenditure forecasts for the year 2023 is presented in Figure 46.

Figure 46. Credibility of medium-term revenue and expenditure forecasts (in million ALL)



Source: Macroeconomic and Fiscal Framework 2023-2025, Annual budget reports

The credibility of expenditure ceilings established in the MTBP 2024-2026 and the annual budget is also low, both at the aggregated and disaggregated level, with a 3% difference between the aggregated expenditure ceiling in the MTBP 2024-2026 and aggregated expenditure in the annual budget.¹⁹⁸ At a disaggregated level, the average deviation in the five largest spending ministries was 11%, reducing the credibility of the work undertaken to prepare the MTBP, as the ceilings can be changed.

There is no established independent authority (e.g. Fiscal Council) to review and comment on the Government's fiscal policy or macroeconomic projections, with a view to improving the quality of forecasts, and the SSAI is not obliged to assess and comment on the MTBP or the draft annual budget. Furthermore, no operational system of spending reviews has been created to identify incentives for the re-allocation of funds across policies or sectors and in turn increase expenditure efficiency.

Additionally, the high number of first-level budget organisations limits the alignment of policy responsibility and in-sector budget allocation and restricts the co-ordinating role of line ministries: out of 59 first-level budget organisations, 28 are not ministries or constitutional bodies.

Capital investment planning, monitoring and reporting has improved in recent years, following new procedures approved by the MoF,¹⁹⁹ with new requirements for the selection and appraisal of capital

¹⁹⁷ OBL, Articles 22, 23 and 24.

¹⁹⁸ Aggregated expenditure in the MTBP 2024-2026: ALL 420.4 billion (EUR 4.2 billion). Aggregated expenditure in the annual budget for 2024: ALL 408 billion (EUR 4 billion).

¹⁹⁹ Government Decision No. 887 on public investment management procedures, adopted on 27 December 2022.

investment projects, including feasibility studies and cost-benefit analyses for large investment projects. However, the legislation does not foresee an independent appraisal for large investment projects.

Parliamentary scrutiny of the budget could be improved. The Law on Management of the Budgetary System in Albania (OBL) provides for submission of the MFF and MTBP to the Assembly, but there is no standard practice of discussing these pre-budget reports in parliamentary committees or the plenary. According to the deadlines established in the OBL, the Assembly has less than two months to debate and vote on the annual budget bill. In practice, the time to scrutinise the draft budget varies. For instance, the draft budget for 2023 was presented on 20 October 2022 and adopted on 7 December 2023, and the draft budget for 2024 was submitted by the Government on 30 October 2023 and adopted by the Assembly on 30 December 2023. The legislation does not require identification of funding sources in cases where the Assembly proposes amendments to the budget law and there is no such practice.

Legislation requires the publication of key budget information, which is uploaded to the Ministry website in a timely manner including a citizen-friendly summary of the budget²⁰⁰ (Citizens' budget).

Principle 24: The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.

The tax administration implements its revenue collection plans relatively well and with low collection costs; however, even if it has decreased since 2022, the level of tax arrears is still high (42%) and limits the effectiveness of revenue collection, and there are no plans to address this challenge. A Treasury Single Account (TSA) is operational but accounts outside the TSA exist. A commitment control system is in place but full compliance has not been achieved, resulting in a high number of central government bodies with payment arrears (34%). There are also issues with data accuracy in relation to arrears. Public debt planning has improved with the approval of the Medium-Term Debt Management Strategy and there have been improvements concerning fiscal risks associated to the debt portfolio, but there is room for improvement regarding reporting on local and SOE debt.

Indicator 24. Budget implementation and service delivery is supported by cash availability in the short and medium-term		2024 indicator value	60/100
Sub-indicators		Points	
1.	Efficiency of tax collection	10/10	
2.	Effectiveness of tax collection	11/20	
3.	Treasury/cash management	6/10	
4.	The reliability of financial data is supported regular reconciliation of accounting information	2/5	
5.	Cash flow management	4/5	
6.	Commitment controls are established	8/10	
7.	Management of expenditure arrears	0.3/10	
8.	Debt management	7/10	
9.	Government debt risk mitigation	7.1/10	
10.	Reporting on public debt	6/10	

In general, the tax administration implements its revenue collection plans relatively well – the aggregate tax outturn in 2023 was 102.4% of the plan. The variance in revenue composition for the same year was 5% with deviations between plans and outturns of 5% for Value Added Tax (VAT), -4% for Personal Income

²⁰⁰ <https://financa.gov.al/buxheti-6/>

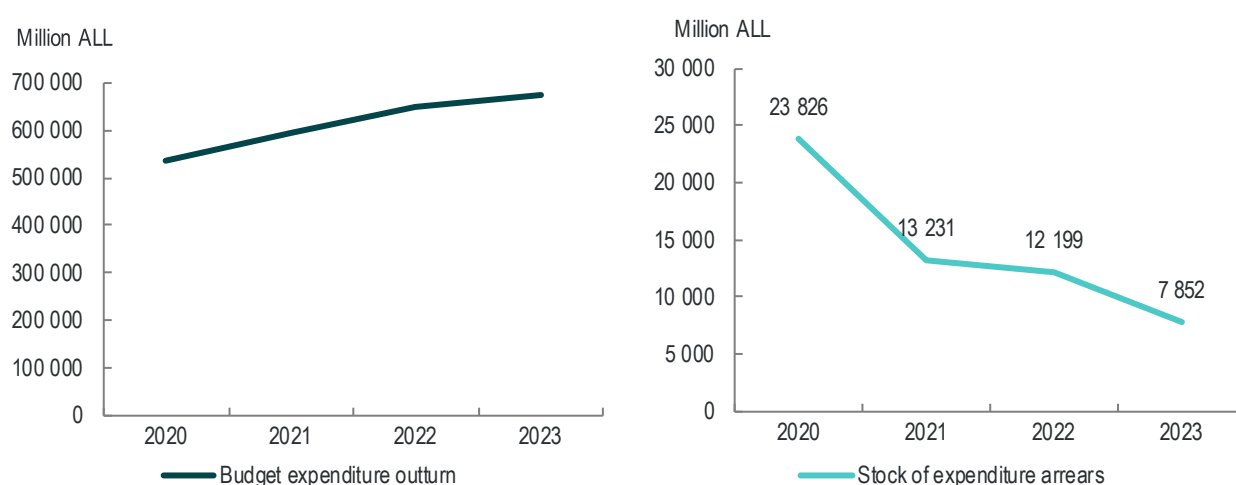
Tax- (PIT) and -8% for Corporate Income Tax (CIT). The cost of tax collection is low with the ratio of aggregate tax administration costs to net revenue collected being 0.78% in 2023. All PIT tax declarations are submitted via an online portal. However, despite the realistic planning of tax revenues and the low cost of tax collection, the effectiveness of revenue collection is undermined by the high level of arrears (42% in 2023). The tax administration has elaborated a plan to identify and mitigate risks in the revenue administration and has adopted a compliance improvement plan, but it does not cover comprehensively all main taxes and duties.

The TSA has been established and is operational, with daily transfers from entities collecting revenues and consolidating the balances on a daily basis. However, there are 19 accounts for different purposes outside the TSA. The reconciliation of accounting information to ensure the reliability of financial data is executed daily through the Albanian Government Financial Information System (AGFIS), and monthly for other entities not operating through AGFIS.

The MoF prepares aggregate cash-flow forecasts for each fiscal year based on the monthly expenditure and revenue forecasts provided by the first-level budget organisations. However, the cash-flow forecasts do not include monthly profiles for each of these organisations, broken down into pay, non-pay current, capital and own resources.

Commitment control is executed through the AGFIS. In theory, spending units must register a commitment before a payment can be approved within approved ceilings, and payments above budget ceilings are automatically prevented.²⁰¹ However, despite a decrease in recent years, the level of arrears is still substantive (1.87% in 2022) indicating weaknesses in the system. Expenditure arrears are monitored by the budget risk unit of the MoF, but the SSAI remains critical of the management of expenditure arrears and the reliability of the data.²⁰² Figure 47 shows the trends in expenditure arrears in recent years.

Figure 47. Stock of general Government expenditure arrears (in million ALL)



Source: Macroeconomic and Fiscal Framework 2024-2026, MoF data (arkiva.financa.gov.al)

The MoF has taken measures in recent years to improve public debt planning and management and reduce the risks associated to the debt portfolio, including those related to interest rates and exchange rates. A Medium-Term Debt Management Strategy (MTDS) for 2022-2026, which was updated in July 2022, is in place. The MTDS includes actual debt data of the previous five years and a forecast for the next three.

²⁰¹ OBL, Article 40.

²⁰² The SSAI report has identified deficiencies in the arrears data report of the MoF as compared to the data of the Government's financial information system (SIFQ). These are due to limitations in the accounting system.

However, it only covers the central government debt portfolio which includes central government debt and state loan guarantees. Local debt is not covered, although its level is very low (about 0.01% of GDP).²⁰³

Borrowing is carried out within the limits defined by the law²⁰⁴ and approved in the annual budget and in accordance with the MTDS. The MoF is the only entity that can carry out central government borrowing. Long-term local government borrowing must be approved by the Minister of Finance according to defined procedures and limits.²⁰⁵

The MoF elaborates and publishes a national report on debt management annually, within three months of the end of the reporting year. The debt monitoring report for the MTDS 2022 was published in March 2023, providing information on central government debt only. Existing legislation does not require SOEs to report on their debt or borrowing on a regular basis. Instead, the MoF monitors and receives reports from SOEs that have state guaranteed loans. The MTDS monitoring report has to be submitted to the Committee for Economy and Finance of the Assembly.²⁰⁶

The debt level has decreased from ALL 481.2 billion in 2021 to ALL 386.1 billion in 2022, but in 2023 increased once more to ALL 466.0 billion.²⁰⁷ This is equivalent to, respectively, 74.5, 64.5 and 59% of the Albanian GDP.

²⁰³ Information provided by the MoF.

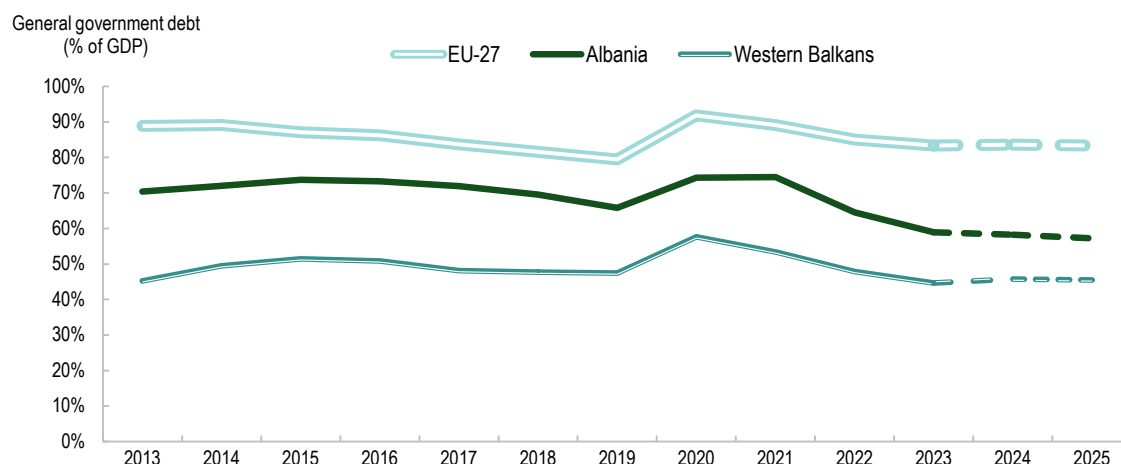
²⁰⁴ Law No. 9665/2006 on state borrowing, state debt and state guarantee of loans in the Republic of Albania, adopted on 18 December 2006, as amended by Law No. 181/2014 on some changes and additions to Law No. 9665/2006, adopted on 24 December 2014, and Law No. 92/2022, on some changes and additions to Law 9665/2006, adopted on 22 December 2022.

<https://financa.gov.al/wp-content/uploads/2024/02/Ligji-nr.-9665-date-18.12.2006-Per-huamarrjen-shteterore-borxhin-shteteror-dhe-garancite-shteterore-te-huase-ne-Republiken-e-.pdf>

²⁰⁵ OBL, Article 57.

²⁰⁶ Law No. 9665/2006, Article 6: the report on the implementation of MTDS has to be submitted to the Committee for Economy and Finance of the Assembly no later than three months after the year end.

²⁰⁷ Monitoring reports 2022 and 2023 of the MTDS 2022-2026.

Figure 48. Debt development in Albania vs. other Western Balkan administrations and EU-27

Sources: IMF database (2013-2018) and EU Candidate Countries' & Potential Candidates' Economic Quarterly, 2nd Quarter 2024 (2019-2025)

Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.

The credibility of the annual budget at the aggregate level has improved in the recent years, compared to higher deviations in 2018-2019. Fiscal targets are set, but there are significant deviations between planned and actual debt and deficit figures. Additionally, public sector accounting standards are not yet set fully in line with international accounting standards. Monitoring and reporting of capital expenditure and fiscal risks have improved in recent years, but reporting on the financial performance of SOEs is not adequate. In-year budget adjustments practice allows for fund reallocation between programmes up to 10% of the total funds approved for a programme, a more relaxed rule than usual good practice. Parliamentary scrutiny of the SSAI report on budget implementation is ensured; in 2022, the SSAI issued a qualified opinion.

Indicator 25. The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny

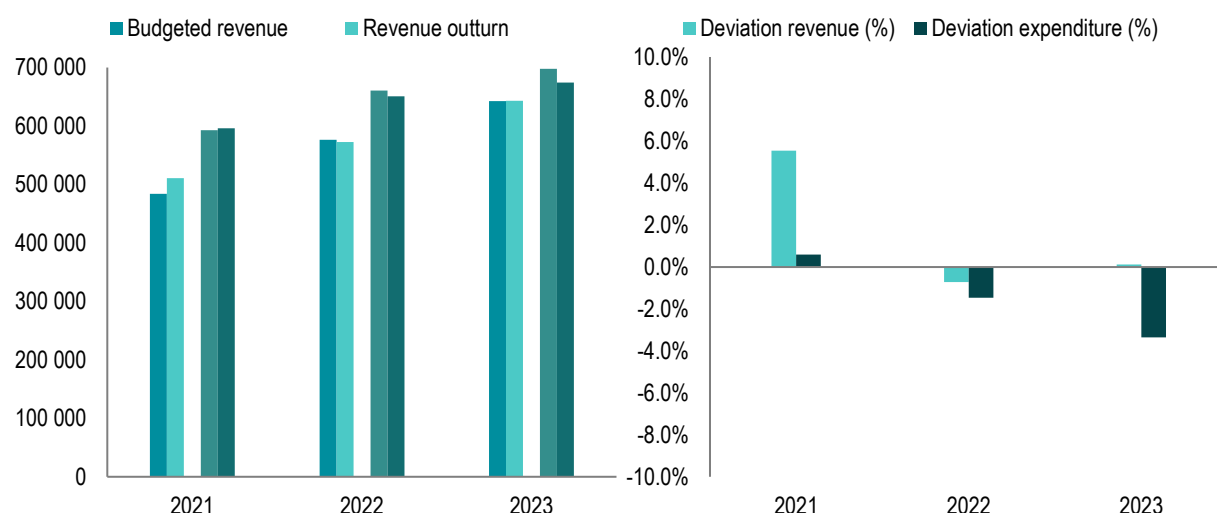
2024 indicator value 70/100

Sub-indicators	Points
1. Budget execution in line with appropriations	15.1/20
2. Fiscal targets	12/12
3. In-year reporting of government revenue, expenditure and borrowing	7/10
4. Clear accounting standards and consistency with international standards	2/8
5. Content of the annual financial report of the government	6/8
6. Reporting on capital investments	5.8/9
7. Monitoring and reporting on fiscal risks	9/9
8. Annual reports of state-owned enterprises, extra-budgetary funds and local government	2/10
9. Transparency and quality of the annual financial report	11/14

Albania has made a concerted effort to implement the annual budget in line with estimates. Since 2021, the credibility of aggregate revenue and expenditure plans in the budget has been improved. The average deviation between aggregate revenue plans and outturn for the last three years was 2%, and the average

deviation between aggregate expenditure plans and outturn was 1.8%. The average difference between planned revenue in the original annual budget bill and actual outturn in 2018 and 2019 was 4.3%, and for expenditures 4.8%. Figure 49 shows the trend in the credibility of revenue and expenditure plans for the period 2021-2023.

Figure 49. Credibility of aggregated revenue and expenditure plans (in million ALL)



Source: Macroeconomic and Fiscal Frameworks 2021-2023, 2022-2024 and 2023-2025.

Legislation²⁰⁸ permits in-year budget adjustments to reallocate funds between programmes not exceeding 10% of the total funds approved for the programme. The rule is more relaxed compared with good practice, where in-year budget adjustments by the Government should not exceed 5% between individual budget lines. The annual consolidated financial statement reports all deviations from the originally approved plans.

Government fiscal targets are defined in the MFF. It is notable that there are large deviations between public debt and public sector fiscal deficit outturn and approved targets. For the fiscal year 2023, the MFF 2023-2025 defined a debt target of 77.6% of GDP, but the actual debt outturn was significantly lower at 59.2% of GDP. For the same year, the deficit was planned at 5.4% of GDP, whereas the actual outturn was a more favourable 3.7% of GDP. This performance indicates a stronger fiscal position than planned, leading to an improved economic outlook; however, it might also lead to the conclusion that fiscal targets are too relaxed, and that the Government could consider more ambitious fiscal targets when discussing fiscal policy.

In-year reports of government revenue, expenditure and borrowing are published monthly. However, they lack data for each first-level budget user. The reports show deviations from the original spending and revenue profiles, but explanations are not provided.

Accounting standards and reporting in Albania are regulated in an instruction of the MoF,²⁰⁹ which aims to introduce accounting elements of the International Public Sector Accounting Standards Board (IPSAS). A project is being developed, in collaboration with the World Bank, to implement a new accounting methodology and reporting system fully in line with the IPSAS.

The annual financial report of the Government is comprehensive, providing an overview of macroeconomic developments, fiscal policy and results of revenue collection, expenditures according to economic and

²⁰⁸ OBL, Article 44.

²⁰⁹ MoF Instruction No. 8 on the procedures for the preparation, publication and reporting of the annual financial reporting of the general government units, adopted on 9 March 2018 and amended by Instruction No. 5 adopted on 9 February 2022.

functional classification, implementation of local government budgets, public debt, fiscal risks and contingent liabilities, and other relevant information. The report also provides key performance information accomplished by line ministries and programmes, but does not include information on the social and economic impact of policies.

Monitoring and reporting of capital expenditure has improved in recent years. The Government approved a new regulation No. 887, dated 27 December 2022 on public investment management procedures, which stipulates a requirement for line ministries to prepare monthly reports on the implementation of capital investment projects, including data on physical implementation and performance indicators, and to submit them to the MoF. The monthly reports serve as a basis for the elaboration of the annual financial report in the field of capital spending.

Reporting on fiscal risks has also improved in recent years and is carried out by the Budget Risk Unit in the MoF. The Unit monitors fiscal risks arising from SOEs, expenditure arrears, public-private partnerships and concessions, contingent liabilities and state guarantees. Fiscal risk statements are included in the draft budget, and fiscal risks are reported twice a year in the semi-annual budget implementation report (Chapter 5) and the annual financial report (Chapter 7).

At present, however, a consolidated report on the financial performance of the SOE sector is not available, as there is no requirement for SOEs to submit annual audited statements to the MoF.

The annual financial report is published within six months of the end of the financial year and audited by the SSAI. For the year ending 31 December 2022, the SSAI issued a qualified opinion on the report.²¹⁰ The SSAI report was discussed in the Economy and Finance Committee of the Assembly.

²¹⁰ SSAI report on the implementation of the 2022 State Budget, p. 7.

Internal control and audit

Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.

The regulatory framework for internal control in the public sector is complete and applies to all central government entities. Some elements of internal control, such as risk management practices, have shown substantial improvement in recent years; however, challenges remain regarding managerial and institutional accountability, including limited delegation of decision making and inconsistent performance dialogues between ministries and subordinate bodies. Channels for reporting confidential information are in place, but accountability lines are not clearly established in all cases. Irregularity and fraud management practices need improvement, as fraud risks are not generally assessed and reporting of irregularities is not a usual practice.

Indicator 26. Adequacy of the operational framework for internal control and its functioning in practice		2024 indicator value	64/100
Sub-indicators		Points	
1.	Regulatory framework and development policy for internal control	6/10	
2.	Co-ordination of internal control	7/10	
3.	Adequacy and effectiveness of management and control systems in place	9.9/15	
4.	Managerial accountability	10.7/15	
5.	Reporting on internal control	7/10	
6.	Regularity and completeness of risk management practices	15/15	
7.	Institutional accountability	5.1/12	
8.	Irregularity and fraud management	2.9/13	

The regulatory framework for internal control in the public sector is well-established, with the OBL and the Financial Management and Control (FMC) Law²¹¹ collectively mandating all general government units to establish a stable financial management and control system.

Central government organisations are required to report annually on the implementation of internal control activities to the Central Harmonisation Unit (CHU/FMC) of the MoF. In accordance with the FMC Law,²¹² authorising officers of central government units must prepare a statement on the quality and functioning of their internal control systems and conduct a self-assessment of their financial management control processes. These assessments are consolidated and submitted annually to the CHU/FMC and, once approved by the Minister of Finance, to the Council of Ministers and the SSAI. Subsequently, the consolidated report is forwarded to the Parliament as part of the documentation accompanying the draft budget proposal. While the Government issues decisions on budget approval related to Public Internal Financial Control (PIFC), it does not detail the specific measures needed to address identified weaknesses or to strengthen internal control frameworks.

Despite the strong regulatory framework, in 2023 a significant gap was identified in supporting strategies for internal control. The previous Public Financial Management (PFM) Strategy and the policy paper on

²¹¹ Law No. 10296, on Financial Management and Control (FMC), adopted on 8 July 2010 and amended by Law No. 110/2015 and Law No. 14/2023.

²¹² The FMC Law requires all general government organisations to report annually on internal control, after conducting a self-assessment of their FMC processes. However, SIGMA's methodology only refers to central government organisations.

the development of PIFC, expired at the end of 2022; a new PFM Strategy has been adopted by the Government on 12 June 2024.²¹³

Reporting lines for confidential information are generally well-defined, but accountability lines are not clearly established in all cases, with some subordinate units that are accountable to more than one superior unit, creating confused accountability lines.

A commitment control system to ensure budget adherence is not fully complied with – a situation confirmed by the high number of central government bodies with payment arrears (34%). However, the Treasury is developing a system that will link the e-procurement system and the Treasury payment system, preventing contract signing without a budget appropriation and ensuring that payments are made only after the authorisation of commitments.

Internal control at IT level is supported by authentication systems with different levels of security across central government, adhering to regulations set by the National Agency for Information Society (AKSHI) and the MoF. The security and integrity of financial and other data are periodically assessed by AKSHI, which supervises IT systems for key public entities.

Performance and budget execution information is prepared regularly for senior management, typically on a monthly basis, with some entities reporting quarterly. This information includes comprehensive budget and financial reporting data covering assets and liabilities. However, the inclusion of non-financial performance information in these reports is inconsistent, with not all entities fulfilling this criterion. Overall, while there are established protocols for data security and financial reporting, the completeness of non-financial performance reporting requires further improvement to ensure comprehensive internal control reporting. Asset information is updated annually in compliance with MoF guidelines.

The regularity and completeness of risk management practices have significantly improved in recent years. Based on information analysed from five sample entities, strategic and operational objectives are clearly defined, facilitating effective risk identification and assessment. Risk management processes, including annual assessments and comprehensive risk registers, are well-implemented. Management, not internal auditors, is responsible for risk assessments and mitigation actions, ensuring proper accountability. Risk mitigation measures are specified, with assigned responsibilities and deadlines. Residual risks are reported annually, with risk ratings documented before and after mitigation.

While generally risk registers and mitigation plans are in place, they often do not explicitly address fraud risks. Procedures for reporting irregularities and suspected fraud, with clear assigned responsibilities, are only partially in place; some entities rely on general internal audit regulations or are still developing specific protocols. Nevertheless, according to a SIGMA Survey of Public Servants are well aware of the procedures for reporting unethical irregularities or potential fraud.²¹⁴

Cases of detected irregularities are inconsistently addressed within organisations or by the MoF, and there is no effective reporting in practice, indicating a need for more consistent and comprehensive irregularity and fraud management practices within the public sector. Co-ordination between financial inspection and other investigative bodies is well-established for cases of fraud and corruption.²¹⁵

Managerial accountability within public sector entities shows room for improvement. While legislation allows for the delegation of decision making from senior managers to lower levels, the actual practice of delegation is not yet well-established. Clear objectives, roles and responsibilities are assigned within organisations, with a high perception of empowerment among middle managers in line ministries.²¹⁶ However, procurement and recruitment decisions are still often signed by ministers rather than delegated to lower levels. Routine administrative approvals, such as annual leave requests and business trips, are

²¹³ PFM Strategy, DCM No. 390, adopted on 12 June 2024: <https://qbz.gov.al/eli/fz/2024/105/d896de92-1aea-4d73-991e-7a99cf934f>

²¹⁴ SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

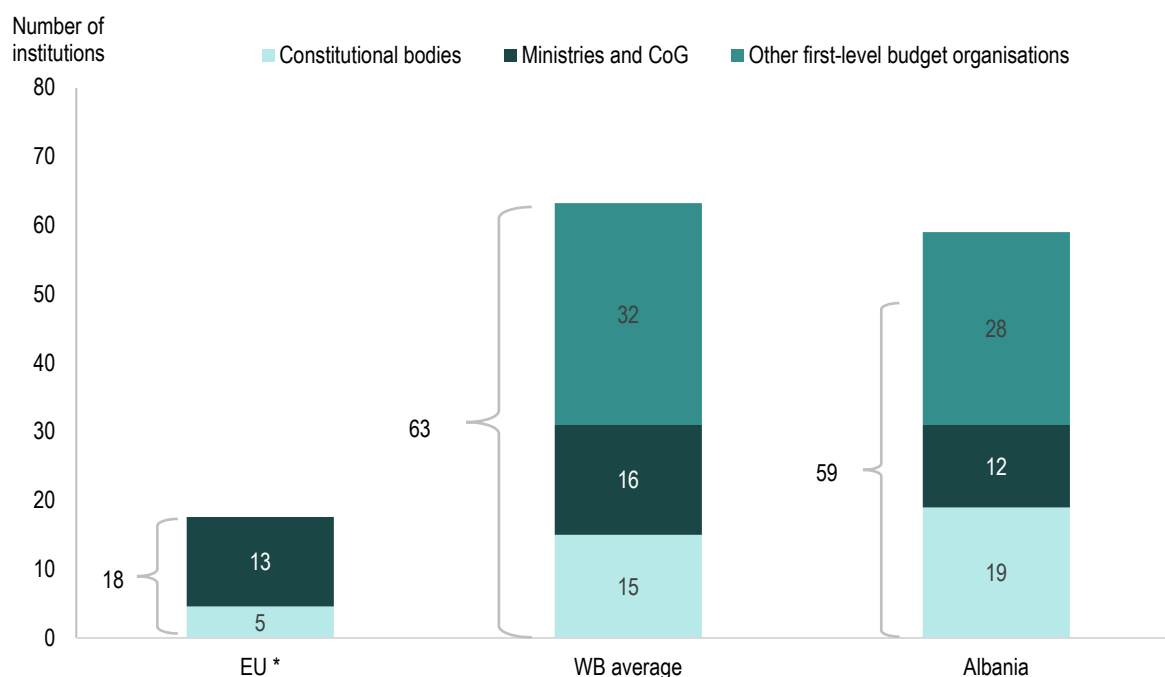
²¹⁵ When financial inspections indicate potential fraud or corruption, reports are sent to the relevant authorities responsible for investigation.

²¹⁶ SIGMA Survey of Public Servants on the functioning of the public administration 2024.

not typically signed by lower-level managers, suggesting a lack of delegation in these areas. Alignment between management and budget structures is strong, with budget execution carried out through well-defined spending units.

Institutional accountability also shows varied findings. Ministries are responsible for co-ordinating budget preparation within their sectors, as mandated by the OBL,²¹⁷ but the high number of first-level budget organisations that are not ministries or constitutional bodies limits the co-ordinating role of line ministries.

Figure 50. Number of first-level budget organisations



Notes: WB = Western Balkans. The EU* data is the simple average of five Member States (Austria, Denmark, Finland, Germany and the Netherlands). The Western Balkans data is the simple average of Albania, Kosovo*, Montenegro and Serbia.

Source: Pot, F. and J. Šušteršič (2024), "Organisational structure of budget management: Directions for reform in the Western Balkans and the Republic of Moldova", *SIGMA Papers*, No. 72, OECD Publishing, Paris, <https://doi.org/10.1787/5fd31556-en>.

Annual plans and activity reports of subordinate bodies often contain specific objectives and measurable targets at the output level, though not consistently at the outcome level. These plans and activity reports are not always submitted to the ministries, and evidence of performance dialogue between ministries and their subordinate bodies is not always provided. Agreements on business plans and key financial and performance indicators for SOEs are confirmed in some ministries but not universally monitored, indicating room for improvement in oversight and accountability.

²¹⁷ OBL, Article 24.

Principle 27: Internal audit improves the management of public administration bodies.

The regulatory framework for internal audit in Albania's public sector is well-established and aligned with international standards. The Central Harmonisation Unit (CHU/IA) of the MoF guides internal audit development, with a formal plan in place for 2024-2026 and regular updates and co-ordination activities. Internal audit functions are established across the public sector covering various levels of government. While internal audit reporting is satisfactory and audit recommendations are accepted, the implementation rate of recommendations is low. Certification and professional development of internal auditors are strong and both internal evaluation and external quality assessment have been strengthened.

Indicator 27. Adequacy of the operational framework for internal audit and its functioning in practice		2024 indicator value	86/100
Sub-indicators		Points	
1.	Adequacy of the regulatory framework for internal audit	10/10	
2.	Co-ordination, development and guidance of the internal audit system	8/10	
3.	Organisational capacity for internal audit	10/10	
4.	Independence and objectivity of internal audit	11.8/15	
5.	Strength of planning of internal audit in budget organisations	10/10	
6.	Quality of audit reporting	9.8/10	
7.	Follow-up and implementation of audit recommendations	8.1/15	
8.	Certification and professional development	8.8/10	
9.	Existence of a system for quality assurance of internal audit	10/10	

The regulatory framework for internal audit in the public sector is defined by the Internal Audit (IA) Law.²¹⁸ This legislation specifies the functional independence of internal audit and outlines the powers and duties of internal auditors. It also sets minimum organisational requirements and the size of internal audit units, allowing for adjustments based on the type and size of the organisation.

The law states that internal audit standards must align with international standards set out in the International Professional Practices Framework²¹⁹ (IPPF), and details reporting arrangements, requiring internal audit units to report directly to the head of the public unit. Additionally, the legislation includes a code of ethics for internal auditors, covering integrity, confidentiality, objectivity and competence.

The IA Law applies to all central government bodies and requires internal auditors to be certified, with specific certification processes outlined. This framework ensures that internal auditors have the necessary qualifications and adhere to established ethical standards. Overall, the regulatory framework establishes clear guidelines for the functioning and oversight of internal audit within the public sector.

The co-ordination and development of the internal audit function in Albania's public sector are guided by the CHU/IA of the MoF. A development plan for internal audit, covering 2024-2026, has been established and formally approved. Internal audit manuals and guidance, aligned with international standards (IPPF), are in place and include various orders and guidelines approved by the Minister of Finance. It should be noted that the international standards for internal audit have been updated and come into force in January 2025. However, implementation of these new global internal audit standards is not (yet) considered in the

²¹⁸ Law No. 114/2015 on internal audit in the public sector, adopted on 22 October 2015 and amended by Law No. 12/2023 on some amendments and additions to Law No. 114/2015, adopted on 2 February 2023.

²¹⁹ The International Standards for Internal Audit set out in the IPPF are established by the Institute of Internal Auditors (IIA).

strategic development plan for internal audit. Interviews with the CHU/IA have revealed a plan to align them with the new IPPF in 2025.

The CHU/IA co-ordinates internal audit development activities, organising regular meetings with heads of IA units to discuss amendments to the IA Law and strategic planning. The annual report on IA development, included in the PIFC consolidated report, details progress in the quality of internal audit.

Internal audit functions are established across the public administration. The public sector has 136 internal audit units covering central government, other public sector entities and local self-government. All internal audit units at central government level comply with the minimum staffing levels set by national requirements.²²⁰

The independence and objectivity of internal audit in the public sector are assessed positively, with several strengths noted. According to the results of the SIGMA Survey of Public Servants on public administration in the Western Balkans 2024 it was reported by the heads of internal audit that 96% of audit reports are directed to the head of the organisation. However, only 59% stated they do not have decision-making powers or operational roles that could impair their independence.

In the same SIGMA survey, 95% of internal auditor confirmed that their activity is not subject to interference in its scope, work or communication of results, and 90% confirmed the existence of systems to manage potential conflicts of interest. Additionally, 88% affirmed there were no significant restrictions on accessing records, personnel or property in their audit work in the last three years.

All internal audit units, covering central government, other public sector entities and local self-government, prepare and regularly update strategic and annual audit plans. These plans align with national legal requirements and international standards, covering all departments, processes and the full budget of the organisation. However, there are some critical points to consider. While the plans generally conform to international standards and mention risk analysis, they often lack detailed insights into the way risk analysis is used to set priorities, with this information not typically provided as annexes or as separate documents.

Internal audit reporting is at a satisfactory level. Audit reports provided by five sample public sector entities consistently include objective and scope definitions, recommendations and evidence backing up the recommendations. In the SIGMA survey of public servants of managers shows that the draft audit reports are discussed with the auditees, with 88% of managers confirming this practice. Additionally, 85% of senior and middle managers perceive internal audit recommendations as useful, indicating a potential positive impact on public sector management.

Follow-up and implementation of audit recommendations in the public sector show varied results. In general, IA units follow up on issued recommendations. Indeed, the acceptance rate of IA recommendations by auditees was 99% in 2023. However, the reported implementation rate of accepted recommendations is rather low at 60%.²²¹

Certification and professional development of internal auditors are both areas of strength, with 80% of internal auditors holding a national or international IA certificate. A professional development programme exists and is fully implemented, with continuous training offered to certified internal auditors. Furthermore, Albania is implementing Training of Internal Auditors in the Public Sector (TIAPS), a higher-level certification programme to improve the skills and qualifications of public internal auditors.

Regarding the quality assurance of internal audit, a formal procedure for a national quality assurance scheme is in place, aligned with international standards. Furthermore, 91% of IA units carried out internal assessments in 2023; external assessments have also seen positive development, with 100% coverage of IA units over the past five years.²²²

²²⁰ DCM No. 83, on the approval of criteria for the establishment of internal audit units in the public sector, adopted on 3 February 2016, amended by DCM No. 353, and adopted on 5 November 2016

²²¹ Report on the Functioning of the Public Internal Financial Control System for 2023. Tirana, May 2024.

²²² Ibid.

Public procurement

Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.

Progress achieved is due mainly to further alignment of the PPL with the EU *acquis*, in particular regarding the lowering of previously high monetary thresholds, the removal of consultancy services procedures and other legislative changes. Further harmonisation is still needed in relation to provisions on the exclusion of economic operators. There has been no progress in the alignment of PPP/concession legislation and the shortcomings in the CPPPL persist.

Indicator 28.1. Quality of legislative framework for public procurement and PPPs/concessions		2024 indicator value	91/100
Sub-indicators		Points	
1.	Application of fundamental EU policy goals and Treaty principles across the spectrum of procurement legislation	29.6/30	
2.	Level of alignment of public procurement legislation for contracts above EU thresholds with the EU Directives	33/35	
3.	Level of alignment of PPPs/concessions legislation for contracts above EU thresholds with the EU Directives	8/15	
4.	Level of alignment of procurement legislation for contracts below EU thresholds with the EU Treaty principles	20/20	

The regulatory system for public procurement and concessions/PPPs is based primarily on the PPL²²³ and the CPPPL,²²⁴ amended most recently in February 2024²²⁵ and April 2024,²²⁶ respectively.

The amendment of the PPL adopted on 8 February 2024 further aligned provisions in the field of public procurement with the EU *acquis* by deleting a number of provisions, in particular those related to consultancy services procedure. The amendment also corrected errors and inconsistencies present in the originally adopted law and enhanced solutions related to centralised procurement, electronic auctions, dynamic purchasing systems and e-catalogues. It introduced new provisions on the use of artificial intelligence in public procurement process at different stages, starting from the description of the object of procurement, through defining qualification criteria and the application of dynamic purchasing systems and e-auctions. This amendment, in its transitional provisions, also provides that within a period of three years from the entry into force of the amendment, the Council of Ministers may authorise state or public administration institutions at the central level to directly negotiate and conclude consultancy agreements with international entities in the fields of strategic interest, in terms of the application of Artificial Intelligence, cyber security, critical infrastructure and the fight against organised crime and corruption.²²⁷ In fact, this provision provides for additional ground for application of direct contracting which is not envisaged in the EU public procurement provisions. However, in order to monitor the actual practice, contracting authorities are obliged to notify the PPA about the conclusion of such contracts.²²⁸

The legal framework reflects the fundamental EU Treaty principles of transparency, equal treatment and non-discrimination, as well as value for money, free competition, transparency, equal treatment, mutual recognition and proportionality. It also contains provisions supporting integrity in public procurement and the inclusion of sustainable considerations. The PPL contains provisions that are largely harmonised with

²²³ Law No. 162/2020.

²²⁴ Law No. 125/2013.

²²⁵ Law No. 16/2024.

²²⁶ Law No. 28/2024.

²²⁷ Law No. 16/2024, Article 52 (2).

²²⁸ DCM No. 498 of 1 August 2024, changing DCM No. 285, Article 52 (2).

the EU Public Procurement Directive and Utilities Procurement Directive. Only a few provisions are not fully compliant with the European Union, such as limitations concerning the maximum share of an awarded contract that may be further subcontracted to third parties (no more than 50%)²²⁹ and additional grounds for the exclusion of economic operators²³⁰ (see below).

The PPL envisages three types of thresholds,²³¹ amounts for which are set in implementing regulations adopted by the Government. These are: 1) the threshold for small value procurement,²³² 2) low thresholds²³³ and 3) high thresholds.²³⁴ Different thresholds are also provided for social and other special services.²³⁵ Thus, in terms of value, no fewer than five different types of procurement can be distinguished. In accordance with the PPL, EU-compliant procedures are applied starting from low thresholds; however, minimum time periods in procurement procedures, as well as deadlines for the submission of appeals in review procedures, are equal to EU time periods only in the case of contracts valued above high thresholds. At currently applicable exchange rates,²³⁶ thresholds expressed in ALL but converted to EUR are higher than equivalent EU thresholds for public works contracts, supplies and services contracts awarded by central contracting authorities and utilities, as well as social and special services contracts awarded by both public sector entities and utilities.

The PPL provides grounds for the exclusion of economic operators, implementing both mandatory and optional justifications from the Directive, and making them obligatory for contracting authorities/entities. However, the approach adopted is not fully harmonious with EU law. Specifically, the PPL provides for obligatory exclusion or disqualification from public procurement in some situations not provided in EU law.

Primary legislation is supplemented by comprehensive secondary and tertiary legislation, which reflects the same key principles as the primary legislation and promotes sound and efficient procurement. The most important implementing rules are included in the Decision of the Council of Ministers on the approval of the public procurement rules (DCM),²³⁷ which deals with issues not regulated or only generally regulated by the PPL and provides for further procedural details but also some additional safeguards or restrictions on the application of PPL provisions. A separate DCM establishes financial thresholds for the application of the PPL,²³⁸ setting values of relevant thresholds both high and low, as well as values relevant for small procurement and social and other special services. Another decision provides for more detailed requirements concerning procedures for the awarding of contracts for social and other special services.²³⁹

²²⁹ PPL, Article 126, paragraph 2.

²³⁰ PPL, Article 78.

²³¹ PPL, Article 33.

²³² If the procurement value exceeds ALL 100 000/EUR 1 000 but is less than ALL 1 million/EUR 10 000, the “small value procurement” procedure can be used.

²³³ ALL 12 million/EUR 120 000 for works contracts and ALL 10 million/EUR 100 000 for supplies and services contracts.

²³⁴ ALL 603 million/EUR 6.3 million for works contracts, ALL 16 million/EUR 160 000 for supplies and service contracts awarded by public sector entities, and ALL 49 million/EUR 490 000 if those contracts are awarded by utilities.

²³⁵ ALL 82 million for public sector contracting authorities and ALL 109 million for utilities (i.e. at the current exchange rates of EUR 820,000 and EUR 1.09 million, respectively).

²³⁶ EUR/ALL – 1/100.

²³⁷ Decision No. 285 of 19 May 2021, as amended.

²³⁸ Decision No. 291 of 15 May 2024.

²³⁹ DCM, No. 768 of 15 December 2021 on determining the types of social services and other specific services, types of special services, for which the right of participation of organizations in public procurement procedures can be reserved, as well as detailed rules for their procurement, www.app.gov.al/GetData/DownloadDoc?documentId=cfb85ff9-30e2-4755-a7b1-c3efb022fa8b.

Finally, instructions,²⁴⁰ guidelines,²⁴¹ recommendations,²⁴² templates and standard tender and contract documentation²⁴³ adopted by the PPA aim at supporting application of the PPL.

Normative Act No. 9, “On Addressing the Consequences of Natural Disasters”, adopted in December 2019²⁴⁴ in the aftermath of the earthquake of 26 November 2019 to facilitate the reconstruction process in affected areas, remains in force. The Normative Act contains specific provisions used in procurement procedures for reconstruction. Though based on the principle of transparency and competitiveness, those rules set relatively short time periods for the submission of tenders and very short time periods for the submission of appeals.

The awarding of concessions and PPP projects is regulated by CPPPL No. 125/2013, which in many important respects was modelled on EU Directive 2014/23/EU, but is not completely harmonised with the EU *acquis*.²⁴⁵ An amendment adopted on 4 April 2024 modified a few provisions of the CPPL, in particular rules on performance guarantees requested from concession winning bidders. According to the final and transitional provisions of the amendment,²⁴⁶ new rules also apply to procedures which were launched but not concluded with the signing of contracts before new provisions entered into force.²⁴⁷ Such a solution is not compliant with good standards of procurement legislation, which require that procurement processes are concluded according to rules valid at the moment of publication of a call for competition and the principle of equal treatment of economic operators.

Since concession award procedures (as with PPPs) have to follow the formal requirements of procurement procedures under the PPL, the process for awarding concessions under the CPPPL is much stricter than under the Concessions Directive.²⁴⁸ The list of exemptions from the CPPPL goes beyond what is permitted

²⁴⁰ For example, on providing advice and assistance to contracting authorities (entities) during the development of tender documentation; on the use of the dynamic purchasing systems for the purchase of international air transport tickets including by electronic means; on the compilation of the public procurement procedures forecast register and the realisation of the procurement procedures register, including their creation in the electronic procurement system; on small value procedures; on negotiated procedures without prior publication of the contract notice; on conducting procurement procedures by electronic means; on developing contract execution plans; on registering economic operators and the submission of bids in the electronic procurement system, on the declaration of conflicts of interest and contract implementation, and so on.

²⁴¹ For example, the Guideline on the implementation of green public procurement in the public procurement procedures and guiding methodology for the implementation of green public procurement in Albania.

²⁴² For example, on issues identified during the monitoring of signed contracts at the conclusion of the procurement procedures for goods, works and services; on the development of the contract implementation report and the contract implementation plan report; on contract implementation, and so on. All recommendations are published on the PPA website: www.app.gov.al/legjislacioni/prokurimi-publik/rekomandime/rekomandime-2024.

²⁴³ www.app.gov.al/legjislacioni/prokurimi-publik/dokumentet-standarte-t%C3%AB-tenderit.

²⁴⁴ Official Gazette, No. 172/2019.

²⁴⁵ For example, the definition of contracting authorities provided in Article 13 of the CPPPL is not harmonised with the Concessions Directive. The CPPPL states: “1. Contracting authorities shall be the bodies, to which the law grants the authorities to undertake a procedure for awarding concessions/public private partnerships. 2. The Contracting Authorities are: a) the line ministries; b) the local governing units.” The personal scope of the law is thus narrower than that of the Concessions Directive.

²⁴⁶ Law No. 28/2024, Article 6.

²⁴⁷ Law No. 28/2024, Article 7.

²⁴⁸ The Concessions Directive 2014/23 unlike the Public Procurement Directive 2014/24 does not define specific procedures for awarding contracts, leaving this decision to EU Member States, and provides only for some minimum requirements to be fulfilled by those procedures.

by the EU Concessions Directive.²⁴⁹ PPL's review and remedies provisions also apply to the awarding of concessions and PPP contracts.

Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system

Overall, there has been a significant improvement which is due mostly to the adoption of a new, comprehensive public procurement strategy and the strengthening of the administrative capacity of PPA, in particular with regard to monitoring and reporting on public procurement, including the execution of contracts. However, more needs to be done to improve monitoring of the implementation of sustainable procurement considerations (e.g. the application of green and social criteria) as well as the collection of data through new Tenders Electronic Daily (TED) eForms.

Indicator 28.2. Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system		2024 indicator value	83/100
Sub-indicators		Points	
1.	Quality of the strategy and action plan for development of public procurement and PPPs/concessions	21.8/23	
2.	Green procurement performance	5/12	
3.	Performance of socially responsible procurement	6/12	
4.	Central institutions to develop and implement public procurement policy effectively and efficiently	22/22	
5.	Central institutions to develop and implement PPPs/concessions policy effectively and efficiently	12/12	
6.	Quality of monitoring and reporting on public procurement system	16/19	

A national Public Procurement Strategy covering the period 2024-2030²⁵⁰ deals with all key aspects of the policy framework for public procurement and PPP/concessions. The Strategy envisages a comprehensive set of activities to be undertaken by relevant institutions and covers issues such as improving the legal framework, strengthening the institutional framework, application of a review mechanism (remedies), defence and security procurement, and the application of social and environment considerations in public procurement. Relevant details are included in the Action Plan for the period 2024-2027, which constitutes an integral part of the Strategy.

There is a clear political and legal mandate for the PPA to initiate, outline, implement and monitor public procurement reform. The PPA, reporting to the Prime Minister, and financed by the State Budget, is the central public procurement body. Its role is to oversee the public procurement system to ensure efficiency and transparency in the public procurement process. The PPA comprises four departments (divided further into sectors)²⁵¹ and has 48 full-time employee positions, slightly more than in 2021 (44).

The PPA has a wide range of functions. It drafts procurement legislation (both primary and secondary); provides advice and assistance in public procurement to ensure proper implementation of the legal

²⁴⁹ The CPPPL does not apply, among others, to the construction and use of renewable energy sources, according to the provisions of Law No. 24/2023 on promoting the use of energy from renewable sources, except for hydropower plants (the wording is drawn from Law No. 28/2024 which modified the earlier provisions) and for public works concessions for the construction, operation, maintenance and rehabilitation of national roads, when these are deemed to be of special importance for national road infrastructure (CPPL, Article 5(1), points i) and j).

²⁵⁰ www.app.gov.al/GetData/DownloadDoc?documentId=2f7f65c7-c62a-4379-bca8-c42d0cf61112.

²⁵¹ The Prime Minister Decree No. 172 of 19 October 2023, www.app.gov.al/GetData/DownloadDoc?documentId=919a8fe3-46ab-4b8e-997b-10ba76fddb5c.

framework for public procurement; verifies implementation of the legality of public procurement procedures; monitors the execution of contracts; imposes fines for violations of relevant rules; excludes economic operators from the right to be awarded public procurement contracts, concession/PPPs and public auctions; analyses public procurement data and prepares statistical reports; co-operates with international institutions and other foreign entities on issues that relate to the public procurement system; and co-operates with contracting authorities, the PPC and other institutions, as well as auditing bodies, on issues related to the public procurement system. In brief, the PPA is responsible for developing, implementing and monitoring public procurement policy as well as the practical functioning of the system.

The PPA is also responsible for the administration of data provided and exchanged within the electronic public procurement system (EPS),²⁵² which encompasses public procurement, PPPs and concessions, and public auctions. The PPA also performs oversight of public procurement compliance,²⁵³ conducting administrative investigations to verify the legal compliance of public procurement procedures after the conclusion of a contract by the contracting authority (entity). In 2023, the PPA investigated and verified 145 public procurement procedures, imposing penalties in 29 investigated cases. The PPA also monitors the implementation of procurement contracts, and has the power to launch investigative procedures up to the expiry of a three-year period starting from the execution of the contract.²⁵⁴

One of the functions of the PPA – depriving economic operators of a right to be awarded public procurement contracts, concession/PPPs and contracts under public auctions for a certain period of time (lasting from three months to three years) – does not comply with EU standards as interpreted by the case law of the Court of Justice of the European Union (CJEU). Decisions of the PPA, though adopted through procedures in which principles of impartiality, legality and proportionality should be respected, are binding for all contracting authorities, without allowing contracting authorities to conduct case-by-case assessments regarding the exclusion, or not, of the concerned economic operator from a given procurement procedure. In 2023, the PPA reviewed 60 requests concerning exclusion submitted by contracting authorities (entities) and adopted 19 decisions. The list of concerned companies is published on the PPA website,²⁵⁵ and as of 4 September 2024, 12 companies are listed with the period of “exclusion”²⁵⁶ ranging from 3 to 30 months.

Although current PPL and implementing regulations contain provisions required by EU directives concerning the application of environmental and social considerations at various stages of procurement, there is no information available about the practical application of those provisions. At the time of drafting this report, the PPA does not collect data on frequency of use of green and social criteria in public procurement processes. However, this may change once procuring entities start to fulfil new reporting obligations stemming from amended provisions.²⁵⁷ Annual reports of the PPA, although packed with statistical information about various aspects of procurement are silent about the effects of strategic use of public procurement. This situation should improve, however, once solutions proposed in the new Public Procurement Strategy are implemented.

The Ministry of Economy (MoE) and ATRAKO are key pillars of the system in the field of PPPs/concessions, although the PPA and the Ministry of Finance (MoF) also play a role. The MoE is the institution responsible for guiding and harmonising activities for the development of concessions/PPPs, while ATRAKO’s role is to encourage and assist contracting authorities in identifying, evaluating and negotiating concessions and PPPs. In particular, ATRAKO supports contracting authorities in: drafting feasibility studies, competitive procedure documents and evaluation criteria; evaluating proposals and

²⁵² www.app.gov.al/e-prokurim.

²⁵³ PPL, Article 129, paragraph 1, point a).

²⁵⁴ PPL, Article 129, paragraph 1, point c)

²⁵⁵ <https://www.app.gov.al/t%C3%AB-tjera/operator-ekonomik-t%C3%AB-p%C3%ABrjashtuar>

²⁵⁶ The PPL uses the term “deprived of a right to win the public contract, concession or auction contract”. The PPA then adopts a decision to that effect. If during the procurement procedures, it transpires that the company concerned has participated, the relevant contracting authority (entity) excludes it from the given procedure.

²⁵⁷ DCM No. 498 of 1 August 2024, Article 10.

choosing the best tender; negotiating and signing the concession contract; and monitoring the implementation of concession contracts. The MoF has the authority and obligation to analyse the fiscal impact of project proposals with a view to establishing budget acceptability and securing long-term fiscal sustainability. Finally, the PPA monitors compliance with concession/PPP procedures under public procurement legislation after the contract is signed, and if violations are identified, imposes fines or proposes administrative action. The PPA website also publishes a set of standard tender documents on works and service concessions.

Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.

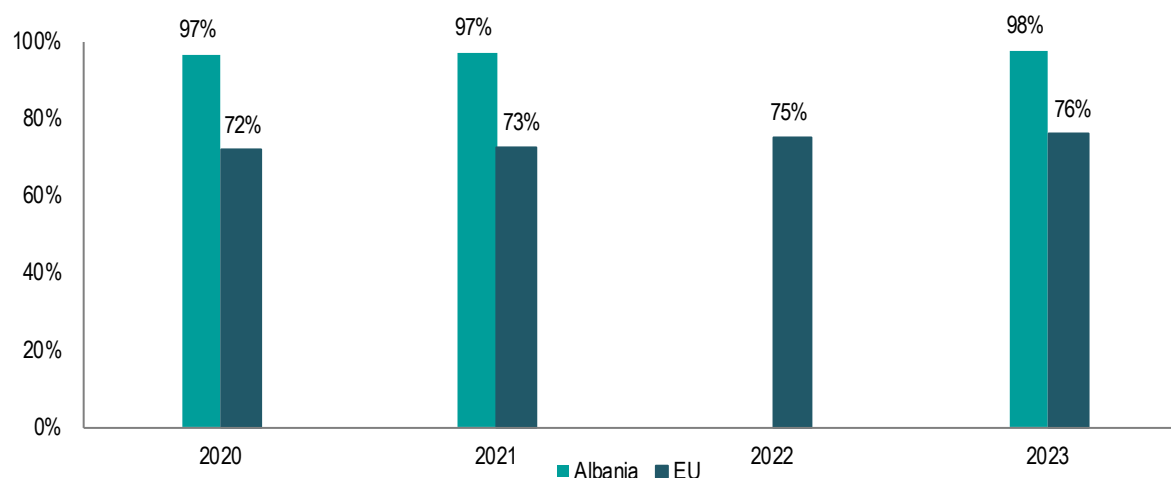
Various indicators concerning the functioning of public procurement improved in 2023, in particular transparency (expressed as a share of direct contract awards) and competition (average number of bids per procedure). However, modern tools and techniques, such as framework agreements and dynamic purchasing systems are still underutilised. The application of contract award criteria other than the lowest price is insufficient and tools supporting their use are lacking. The public procurement market underperformed regarding certain indicators related to competition (mainly a number of cancelled procedures and procedures with only one tender). Shortcomings in contract implementation (in particular in the field of PPPs and concessions) persist. The results of a survey conducted among economic operators also indicate a relative low level of confidence in the integrity and quality of procurement processes.

Indicator 29.1. Efficiency, economy and competitiveness of public procurement operations		2024 indicator value	64/100
Sub-indicators		Points	
1.	Planning and preparation of the public procurement procedure	7.6/8	
2.	Share of competitive public procurement procedures	5/5	
3.	Efficiency of modern tools and techniques	10.9/15	
4.	Penetration of e-procurement	6/7	
5.	Quality of tender documents	4.3/6	
6.	The use of contract award criteria	2/8	
7.	Performance of public procurement market	16.9/30	
8.	Performance of PPPs/concessions market	2/6 ⁱ	
9.	Contract management	6.3/9	
10.	Contract management for PPPs/concessions	1/4 ⁱ	
11.	Ex post evaluation of the procurement process and of contract performance	1.6/2	

Note: i = data not available or not provided.

The value of contracts awarded in 2023 amounted to 6.7 % of Albanian GDP. In 2023, 5 250 procurement notices were published above the low-value threshold of ALL 800 000/EUR 8 000, significantly below the number published in 2022 (6 494) but comparable with 2021 (5 079). Public contracts are awarded mostly in competitive and transparent procedures. The share of negotiated procedure without publication of a notice amounted to only about 2% of all procedures used in 2023. As regards competitive procurement procedures, the one most often used in 2023 was the simplified open procedure, accounting for 58.65% of all procedures. Others used included the open procedure (29.61%), open procedure above the high financial threshold (9.14%) and consultancy services procedures (2.19%). Other types of procedures, such as the restricted procedure, were applied only rarely.

Figure 51. Use of competitive procedures, 2020-2023

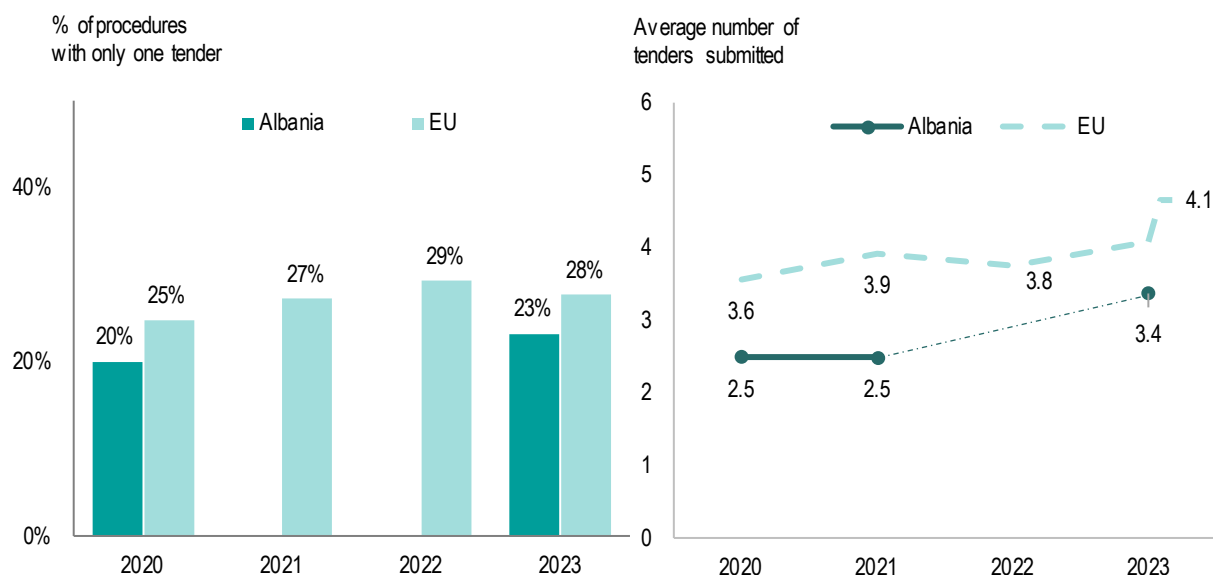


Notes: Percentage of the use of competitive procedures in Albania and average of EU Member States. Data for Albania 2022 is not available. Source: Albania data provided by Public Procurement Agency. EU data provided by Government Transparency Institute, 2024.

In the field of PPP or concessions, no new calls for competition were published in 2023, although two concessions were awarded as a result of invitations to tender published in 2022.

The use of instruments and techniques for the awarding of public contracts is on the rise as compared with previous years. In 2023, procuring entities concluded 767 framework agreements (740 in 2022). Dynamic purchasing systems (DPS) are also used more often, although only for buying international air transport tickets, with 303 DPS established in 2023 (290 in 2022). Electronic auctions, although provided for in the legislation, are not yet applied in practice. The e-procurement system (EPS) allows for electronic processing of public procurement and concession procedures, including the publication of contract notices, downloading and uploading of tender documentation and tender submissions, and e-archiving. Contracting authorities are required to use EPS for all transactions above the threshold of ALL 100 000, the minimum value of contracts covered by public procurement provisions.

In 2023, competition in public procurement, expressed as the average number of tenders per procurement procedure, increased as compared with 2022 from 2.5 to 3.37. Unfortunately, the reasons underlying this improvement are not given in the PPA's annual report for 2023. The largest number of tenders were submitted in open procedure for works (8.02), followed by the restricted procedure above high monetary threshold for services (4.7) and restricted procedure for services (4.0). Fewer tenders were submitted in cases of contracts for goods. Almost one in four contracts in 2023 was awarded via a procedure in which only one tender was submitted. Similarly, more than 24% of procurement procedures launched in 2023 were later cancelled.

Figure 52. Average number of tenders submitted and share of procedures with only one tender

Notes: Percentage of competitive procedures with only one tender submitted, average number of tenders submitted per competitive procedure in Albania, and average of EU Member States. Data is not available for Albania about share of procedures with only one tender in 2021 and 2022 and about the average number of tenders submitted.

Sources: Albania data provided by the PPA, 2024. EU data provided by the Government Transparency Institute, 2024.

SIGMA conducted in 2024 two surveys of businesses in Albania. First the general SIGMA Survey of Businesses on public administration, which was a telephone survey to a random sample of businesses in Albania. Second, the SIGMA Survey of Business on public procurement, which was a self-administered survey sent to businesses whose contact is in the database of the public procurement authority.

Results from the general SIGMA Survey of Businesses on public administration show that 42% of business representatives who responded refused to participate in public procurement procedures in the last three years because the procurement procedure seemed to be tailor-made for certain bidders.²⁵⁸ This percentage is higher than the average for the region (30%). Other frequent answers were that the procedure seemed too bureaucratic (19%) or that the deal seemed to have been sealed before the tender was published (18%). Other answers were that the deadline for submitting the bids was impossible to meet (13%) or that the evaluation criteria were unclear (9%).

Results from the SIGMA Survey of Businesses on public procurement based on a smaller sample of businesses who have been in contact with the public procurement authority show that a similar percentage of business representatives (41%) declared that their company decided not take part in a public tender because the criteria seemed to be tailor-made for certain participants. However, the response that the deal seemed to have been sealed before the tender was published was much more frequent (56% of respondents).

In principle, the PPL provides for free choice between the lowest price and the best price/quality ratio. There is no recommendation or obligation to use the best price/quality ratio, except in competitive dialogue and innovation partnership procedures. Implementing rules establish a minimum weighting of the price criterion, which must be at least 50%, in general, and 20% in cases of services of an intellectual character where physical activity does not prevail. The “lowest price” criterion remains the most often used: in 2023, it was employed by contracting authorities in 96.43% of procedures. In fact, the application of quality/price criteria diminished as compared with the previous two years.

²⁵⁸ The question offered the respondents to select more than one answer.

Unlike in cases of qualification and selection of economic operators where the PPA produced a number of guidelines, models and recommendations, no equivalent support has yet been provided with regard to the application of contract award criteria. Implementing regulations (DCM) do contain some methodologies, such as algorithms for the evaluation of tenders, but good practical examples and models are still wanting. The absence of those tools is very likely responsible for the low application of quality-related criteria in the awarding of contracts.

Procuring entities, as well as economic operators, are supported by various activities of the PPA related to the preparation of recommendations, instructions or guidelines. Training sessions are also organised but mainly for procuring entities. As regards training materials, these do not cover all relevant stages of the procurement process, with material related to the evaluation of tenders notably absent. A certification system for procurement officers was introduced as of 1 August 2024.²⁵⁹

Support in the field of concessions and PPP should also be enhanced with training materials updated to reflect legal changes.

Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations

Indicator 29.2. Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations		2024 indicator value	75/100
Sub-indicators		Points	
1.	Availability of advisory and operational support	32.4/36	
2.	Availability of advisory and operational support for PPPs/concessions	6/12	
3.	Availability of quality training for procurement officers and other actors	18.4/28	
4.	Availability of quality training for officers and other actors in the area of PPPs/concessions	9/12	
5.	Role of civil society	9/12	

Procuring entities, as well as economic operators, albeit to a much lesser degree, are supported by various activities of the PPA. First, the PPA has developed standard tender documents for all types of procurement procedures. These include contract notices, self-declaration forms, tender evaluation forms, contract award notices and contract terms forms. Second, the PPA has issued instructions and recommendations covering various stages of public procurement (although documents on the application of contract award criteria are still pending). Third, the PPA in co-operation with the Albanian School of Public Administration (ASPA), which is the main institution responsible for co-ordinating and monitoring the implementation of training programmes dedicated to public administration, organises training sessions on public procurement for procuring entities. In 2023, several training courses on procurement were organised according to level of knowledge (basic, medium and advanced). Moreover, the PPA has collaborated with the Organization for Security and Co-operation in Europe (OSCE), which has assisted in the preparation and finalisation of a roadmap on the professionalisation of the procurement function. As a follow-up, the PPA continued its co-operation with the OSCE and ASPA to develop a comprehensive and certified training programme aimed at professionalising the public procurement function in Albania, in line with international best practices. The Professionalisation Roadmap and the training curricula have since been finalised; four training curricula for basic, medium, advanced and expert levels have been put in place based on the ProcurCompEU²⁶⁰ model. Following completion of the training of trainers process and subsequent certification, as well finalisation of the curricula, in June and July, and in September 2023, the piloting of

²⁵⁹ DCM No. 498 of 1 August 2024, Article 75/1.

²⁶⁰ The European competency framework for public procurement, https://commission.europa.eu/funding-tenders/tools-public-buyers/professionalisation-public-buyers/procurcompeu-european-competency-framework-public-procurement-professionals_en.

basic level training sessions for employees of procuring entities, was completed. In total, during the period between June and December 2023, 247 employees from the 98 contracting authorities were trained under the new curricula. With the amendment of DCM, applicable as of 1 August 2024, certification of public procurement officers was introduced.²⁶¹ New provisions on the professionalisation in public procurement were also introduced. More specifically, ASPA, in co-operation with the PPA, designs training curricula, organises and develops training modules related to public procurement. Training curricula for public procurement are organised into four levels of knowledge: basic, average, advanced and expert level. ASPA is the institution responsible for the organisation of training and testing, in relation to public procurement and the provision of the training certificate for the relevant level. Persons responsible for procurement, as well as persons employed in structures dedicated to procurement, if any, within a contracting authority/entity, have the obligation to be equipped with a certificate of knowledge in this field, at least at the basic level. The contracting authority/entity must enable persons concerned to participate in mandatory basic training in the field of public procurement and/or applying for the certificate. The training certificate is valid for five years. At the end of the 5-year period, the certified person is obliged to be trained/tested in connection with the renewal of the certificate or to move to a higher level of certification.

The PPA issues interpretations, explanations and advice on application of the regulatory framework on a constant basis with a view to ongoing procedures. The PPA also provides support on a daily basis responding to questions or issues, legal or technical, via e-mail or telephone help desk. A collection of good solutions for use in procurement procedures is also available on the PPA website. Procuring entities and economic operators are mostly satisfied with the level of support provided by the PPA, which brings clear advantages to the intensity of competition in public procurement. For example, the average number of tenders in procedures in which PPA recommendations were followed amounted to 4.5, while in procedures without this support of PPA it was only 2.8. The quality of submitted tenders is also apparently better with the number of responsive tenders increasing in procedures assisted by the PPA. In 2023, the PPA issued 210 opinions on the interpretation of procurement provisions sought by various institutions and dealt with 370 requests submitted in electronic form. It also produced 2 269 certificates requested by economic operators confirming that they are not covered by provisions on exclusion from public procurement.

No equally efficient support is provided in the field of concessions/PPP. ATRAKO publishes guidelines for contracting authorities regarding concessions/PPPs, but there is no facility in place to quickly answer questions about the practical application of PPPs/concessions rules for contracting authorities. Similarly, there is a lack of regularly updated solutions to common practical problems faced by practitioners available online.

Civil society organisations (CSOs) have access to information in each phase of the public procurement process including planning and contract performance. All relevant information on public procurement procedures, starting with planning and continuing with contract notices, award notices and ending with the signed contract notice, are published on the PPA website where they can be accessed by any interested party. There is also an “Open data” portal through which real-time information regarding public procurement procedures, from 2010 onwards, is available and can be downloaded in Excel format. The PPA also takes into account feedback received from civil society. For example, during the consultation phase on legal and sublegal acts in the public procurement arena, CSOs were invited to submit their views and opinions. The PPA organised a dedicated consultation session related to the provision on social procurement to which CSOs provided recommendations, some of which were reflected in the final draft. Consultations were also held on amendments to Law 162/2020 as well as the draft Public Procurement Strategy 2024-2030. The PPA initiates administrative investigations either on its own or on the basis of audit reports or indications of the other parties, including mass media or NGOs. However, at present there is no active community of purchasers organised through associations or other means.

Principle 30: An independent procurement review system ensures effective, rapid and competent handling of complaints.

²⁶¹ DCM No. 498 changing DCM No. 285, <https://www.app.gov.al/GetData/DownloadDoc?documentId=c35ce58a-9f92-46b1-b9b3-d8981ba9ad7c>

Appeals submitted by economic operators are reviewed by an independent procurement review body (PPC). The PPL incorporates review provisions and requirements stemming from relevant rules of the EU Procurement Remedies Directive. The PPC's performance has greatly improved in terms of compliance with time periods for decision making, a number of rulings of the PPC which were appealed, and as regards the share of decisions of the PPC overturned by the administrative court. The new appeals system managed by the PPC significantly increased the transparency of the review process.

Indicator 30.1. Independence, effectiveness and competence of the review system		2024 indicator value	91/100
Sub-indicators		Points	
1.	Mechanisms and procedures to challenge procurement decisions	18/18	
2.	Mechanisms and procedures to challenge decisions taken by contracting authorities as regards PPPs/concessions	8/8	
3.	The independence and responsibility of the review body and its members	13/13	
4.	The independence and responsibility of the review body for PPPs/concessions and its members	7/7	
5.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions	9/9	
6.	Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions for PPPs/concessions	2/5 ⁱ	
7.	Complaint submission in practice and fairness of fee rates for initiating review procedures	7/9	
8.	Quality of decision making by the review body	11/11	
9.	Right to challenge decisions of the review body which is not judicial in character	4/6	
10.	Public availability and timeliness of data on the review system	12/14	

Note: i = data not available or not provided.

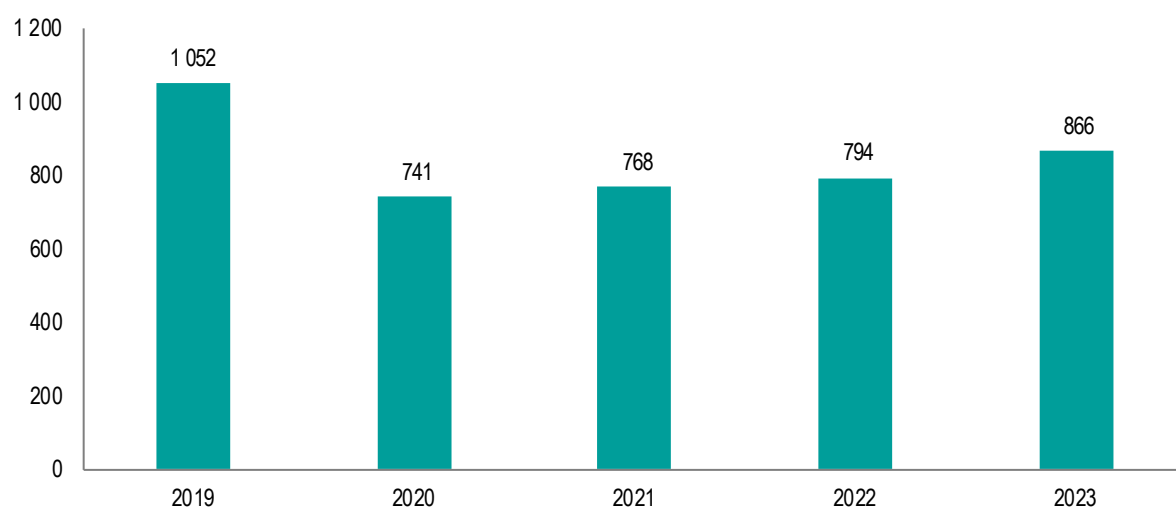
Economic operators are entitled to challenge decisions of contracting authorities in procedures concerning contracts both above and below the EU financial thresholds. The PPC, established in 2010, as the highest administrative body in the field of procurement, reviews complaints related to public procurement procedures, as well as concessions and PPPs. It also deals with appeals that are not related to public procurement but are submitted in the context of public auctions and competition procedures for obtaining mining permits. Details of the organisation and operation of the PPC are regulated in internal rules established by the PPC. The PPL explicitly stipulates that the PPA and PPC should co-operate on issues related to the public procurement system.

Appeals in public procurement procedures must be submitted simultaneously to the PPC and the contracting authority concerned by means of the Electronic Complaints System, in accordance with the relevant forms and with payment of an appeal fee, the amount of which is regulated by the DCM. The contracting authority deals with the appeal first and the PPC is involved later, if: 1) the appeal is rejected by the contracting authority, 2) is only partly accepted by the contracting authority, or 3) another participant of the procurement procedure (an "interested economic operator") submits a complaint against a decision of the contracting authority in relation to the acceptance of an appeal. Time limits for the submission of appeals, as well as the duration of the standstill period concerning contracts valued more than above high monetary thresholds, are equal to those required by provisions of the Remedies Directives and shorter below those thresholds. Since (according to the currency exchange rate applied at the moment) high financial thresholds are higher than respective EU thresholds, Albanian provisions are not consistent with the EU requirements. In the case of contracts awarded on the basis of the Normative Act on Combating Natural Disasters, the time period for appeal to the PPC is only three days, far too short to comply with the EU *acquis*.

The PPC concludes its review with a decision adopted within 30 days of receiving information or documentation from the contracting authority (entity) in cases of procurement above the high monetary

threshold, and 20 days below this threshold. In 2023, the median duration of review procedures was 10 days, an improvement on previous periods. The PPC is entitled to adopt all types of rulings required by the Remedies Directives, including the invalidation of illegally concluded contracts. On the basis of a declarative ruling by the PPC, aggrieved economic operators may also seek court damages. There are also provisions ensuring the enforcement of rules on review: contracting authorities are financially penalised for not respecting provisions concerning the standstill period and the obligation to suspend the procurement procedure; a financial penalty is also provided in the PPL for lack of co-operation with the PPC. The PPC monitors implementation of its decision by procuring entities and requests relevant information from them.²⁶²

Figure 53. Number of appeals submitted to the PPC



Source: data provided by the PPC.

The number of appeals submitted to the PPC amounted to 866 in 2023, significantly more than in previous periods (794 in 2022, 768 in 2021 and 741 in 2020) but fewer than during the peak of 2019 when the PPC received 1 052 appeals. In 2023, as in previous periods, most appeals were submitted against decisions of contracting authorities concerning the evaluation of tenders. In 2023, the PPC reviewed in total 847 complaints, fully accepted 54.8% and rejected 27.6%. The remaining cases were closed as a result of the decisions of contracting authorities (entities) (11%), withdrawal by appellants (5.2%) or were left unconsidered (1.4%). Despite the growing number of submitted complaints, the share of rulings adopted by the PPC and appealed to court has diminished from 10% in 2020 to 4.4% in 2023. All decisions adopted by the PPC are published in full on its website, with a rationale, immediately after their adoption.

The new complaint review system became operational in November 2021, enabling economic operators to file complaints and interact with contracting authorities online. The current website of the PPC²⁶³ significantly improved the overall transparency of the system: it contains the register of complaints, the PPC's decisions, manuals and instructions for contracting authorities and economic operators, and other useful information. Search tools based on a number of criteria enable easy identification of an appeal²⁶⁴ and corresponding decisions of the PPC.²⁶⁵ Documents and decisions adopted under the CPPPL are subject to the same review and remedies system. Appeals are also reviewed by the PPC, with some

²⁶² Annual Report of the PPC for 2023, p. 61.

²⁶³ <https://kpp.al>.

²⁶⁴ <https://kpp.al/en/Ankesa?nrReferimi=&nrProtokolli=&autoritetiKotraktues=&id=>.

²⁶⁵ <https://kpp.al/en/Historiku?nrVendimi=&OperatoriEkonomik=&idOperatori=&autoritetiKotraktues=&id=>.

differences, such as the amount of the fee required for submitted appeals. Decisions adopted on the basis of the CPPPL represent a small fraction of the PPC's activities. In 2023, as in the previous two years, no complaints were submitted with regard to concessions procedures²⁶⁶

External audit

Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

Legislation ensures the independence of the SSAI and no interference has been reported recently. The SSAI carries out its work in line with international standards. Its mandate is wide covering all public funds and performing financial, compliance and performance audits in line with international standards. However, although the SSAI systematically monitors and reports on the implementation of recommendations, their implementation rate is not high. The SSAI has continued to develop its performance audit capacity and quality management but is restricted in its impact due to the Parliament's limited use of their reports.

Indicator 31. Adequacy of the legal framework for external audit and its effectiveness in practice		2024 indicator value	79/100
Sub-indicators		Points	
1.	Constitutional, legal, organisational and managerial independence of the SAI	17.9/20	
2.	Adequacy and coverage of the SAI mandate and its alignment with IFPP	10/10	
3.	Governance and management of the SAI	9/10	
4.	Compliance of audit methodology with ISSAIs / Audits are conducted in accordance with the ISSAIs	9/10	
5.	Quality management of the SAI	9/10	
6.	Reporting and the follow-up of audits	9/10	
7.	Implementation of audit recommendations	7.8/15	
8.	SAI external engagement and communication	5/5	
9.	Use of SAI reports by the legislature	2/10	

The SSAI is established under the Constitution²⁶⁷ as an independent audit institution, which also defines its role in broad terms. The Law on the Organisation and Functioning of the State Supreme Audit Institution²⁶⁸ sets out in more detail the SSAI's functional, operational and financial independence and, together with the Constitution, this defines the legal framework for the SSAI. The legal framework is consistent with the International Standards for Supreme Audit Institutions (ISSAI).

The Chair of the SSAI is nominated by the President and confirmed by the Parliament for a seven-year renewable term of office.²⁶⁹ The Chair has the immunity of a Supreme Court judge. The current Chair was appointed in July 2020 according to the required constitutional process, with a gap of 18 months since the end of the previous Chair's mandate.

According to the SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024, perception of the independence of the SSAI is very high, at a level of 80% in 2024.

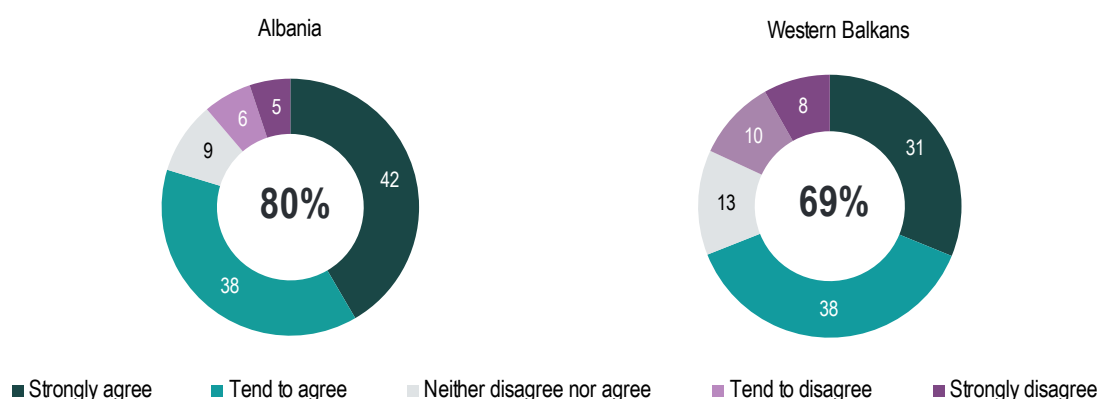
²⁶⁶ PPC, Annual Report for 2023, p. 37.

²⁶⁷ Constitution of the Republic of Albania, Articles 162-165.

²⁶⁸ Law No. 154/2014 on the State Supreme Audit Institution (SSAI Law), Official Gazette, 6 February 2015.

²⁶⁹ Constitution of the Republic of Albania, Article 162 (2).

Figure 54. Perception of SSAI independence among civil servants, compared to the WB average



Notes: Percentages of valid responses to the question: "To what extent do you agree or disagree with the following statements?" "The SAI carries out its work and activities independently of the government". The percentage in the middle is the share respondents who answered "strongly agree" or "tend to agree".

Sources: SIGMA Survey of Public servants on public administration in the Western Balkans.

The SSAI submits its annual draft budget to the Economic and Finance Committee of the Parliament, which reviews it prior to approval by the Parliament. The executive has no direct influence on the budget of the SSAI. Although the SSAI is required to follow standard budget procedures and budget ceilings, the SSAI Law gives full authority to the SSAI to implement its budget free from MoF and Economy oversight, once approved by the Parliament.

The SSAI Law²⁷⁰ provides the Chair of the SSAI with the authority to determine the organisation and management of the institution and to establish recruitment policies and staff salaries. There were no challenges to the exercise of these authorities between 2021 and 2023.

The SSAI has the authority to audit budget implementation and revenue collection as well as the management and protection of public funds and public or state property. In addition, it is also entitled to audit, among others, users of public funds provided by the European Union or other international organisations and state grants to political parties. The audit mandate is comprehensive and is rarely disputed.

The SSAI has a strategic development plan for 2023-2027 and an associated action plan in place, which are monitored and reported upon annually. Objectives include enhancing support to the Parliament through effective audits of public funds and increasing the impact of their work by improving the implementation of recommendations and optimising the professional capacities of their staff.

The SSAI is empowered to carry out financial, compliance, performance and IT audits. The SSAI's annual audit plan sets out mandatory audits (61)²⁷¹ and other audits selected on the basis of risk. In the last three years, the SSAI has completed between 118 and 140 financial and compliance audits per year. While it remains unclear what this number represents in terms of coverage of the overall state budget, more audits are being completed compared to the previous assessment.

²⁷⁰ SSAI Law, Article 25.

²⁷¹ Decision of the Constitutional Court No. 9, 1 March 2021.

Table 4. Audits completed by the SSAI, 2019-2023

	2019	2020	2021	2022	2023
Financial and compliance audits ²⁷²	106	49	118	140	121
Performance audits	16	9	18	16	17
IT and thematic audits ²⁷³	18	15	22	21	22
Total	140	73	158	177	160

Source: SSAI Annual Performance Reports 2019 to 2022 and Statistical Bulletin 2023.

The SSAI has continued to develop its performance audit capacity and has completed 55 performance reports during the period 2021-2023. The performance audits cover aspects of the following key sectors: economic development, education, environment, justice and police, health, public administration, infrastructure and social security. All performance audit reports are submitted to the Parliament and published on the SSAI website.

The SSAI has procedures and guidelines in place for managing audit quality. The results of the quality review performed by the SSAI indicated that 61.5% of audit files met the evaluation criteria.²⁷⁴ The main weaknesses, similar to the 2021 assessment, were poor documentation and lack of evaluation criteria. The SSAI has sought to develop its quality management and since February 2023 it has participated in an international pilot project²⁷⁵ to set up a System of Audit Quality Management based on the most recently issued international quality standards. At the time of the assessment, the pilot project had just completed the needs assessment phase.

According to the results of the SIGMA Survey of Public Servants on public administration in the Western Balkans 2024, 70% of respondents considered that the SSAI reports were easy to understand. Furthermore, 69% stated that the reports contain relevant and useful recommendations.

The recommendations made in the audit reports are generally accepted by the auditees. Of the 4 631 recommendations delivered in 2022, 97% (4 494) were accepted by the auditee. This represents an improvement compared to the 2021 acceptance rate of 80%. The rate of implementation of recommendations reported in the Follow-up of Recommendations Report, issued in 2024, was 44.2%,²⁷⁶ lower than the 2021 rate of 50%. The SSAI has a structured and transparent process for following-up on the progress of implementation of recommendations.

The SSAI seeks to engage with external stakeholders (public, civil society and international partners) in the annual planning process and on specific audit reports or topics, and has published a strategy for the period 2022-2025 on improving communication and therefore trust in the SSAI. The SSAI actively promotes its reports in public and seeks regular and systematic feedback about its work from a variety of stakeholders. In the SIGMA Survey of Citizens on public administration in the Western Balkans 2024, 77% of respondents knew about the SSAI and its role and activities.

²⁷² Includes combined audits.

²⁷³ Includes follow-up audits.

²⁷⁴ 2022 SSAI Annual Performance Report, p. 129

²⁷⁵ Pilot project run by the Intosai Development Initiative (IDI).

²⁷⁶ SIGMA's methodology for the calculation of the implementation rate of recommendations differs from the SSAI's methodology. While SIGMA only considers the recommendations that are fully or partially implemented (counting the latter at a weight of 50%), the SSAI counts the percentage of implemented recommendations that are fully and partially implemented, as well as those in the process of being implemented.

The Economy and Finance Committee is responsible for relations with the SSAI in the Parliament, at present. The Committee holds hearings on the two mandatory reports²⁷⁷ produced by the SSAI, but not on the institution's other audit reports. This limited use of SSAI reports by the legislature has reduced the effectiveness of the external audit system in Albania.

To rectify this situation and further develop the co-operation between the Assembly and the SSAI, the Parliament of Albania has recently established a Sub-committee for Auditing in the Public Sector,²⁷⁸ furthermore, in coherence with the Parliament of Albania and in order to co-ordinate the activity with the Sub-committee, the Chairman of the SSAI has approved the creation of the Directorate of Relations with the Parliamentary Sub-committee.²⁷⁹ Among other competences, the Sub-committee will be responsible for reviewing the audit reports of the SSAI, organising hearings and following-up on the implementation of the recommendations.

Financing of local governments

Principle 32: Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

Legislative guarantees for fiscal autonomy of local governments are in place. The main challenge in the funding of local governments is the significant disparity in revenues per capita, which the equalisation mechanism has not been sufficiently addressing. Most municipalities have payment arrears indicating a low level of financial management discipline among local governments.

Indicator 32. Fiscal autonomy of local governments		2024 indicator value	52/100
Sub-indicators		Points	
1.	Legislative guarantees for fiscal autonomy and diverse sources of revenues of local governments	12/19	
2.	Rules for fiscal equalisation to mitigate disparities among local governments	4/10	
3.	Mechanisms for financial oversight of local governments	11/12	
4.	Local governments' right to raise and manage own finances	8.5/23	
5.	Rules for conditional and unconditional grants to local governments	4.6/10	
6.	Financial balance and fiscal sustainability of local governments	11.6/26	

Legislative guarantees for the fiscal autonomy of local governments are largely secured. Several of the adopted regulations are the direct consequence of the ratification of the European Charter of Local Self-Government. Diverse sources of revenues are provided in the legislation, specifically in the 2017 Law on Local Self-Government Finance.²⁸⁰

As in most other Western Balkan administrations, the Law provides local governments with borrowing rights (Law on Local Borrowing).²⁸¹ Borrowing requires not only the approval of the MoF but also guarantees for the loan issued by the central government. As a consequence, only a few large cities borrowed funds for investments, usually using international financial institutions such as the European Bank for Reconstruction and Development (EBRD). The Law does not define the limits of accumulated

²⁷⁷ Report on the implementation of the State Budget; SSAI's Annual Performance Report.

²⁷⁸ Parliament Decision No. 70 of 25 July 2024 establishes the Sub-committee and defines its scope and powers.

²⁷⁹ Decision of the Chairman of the SSAI No. 145 of 30 July 2024.

²⁸⁰ Law 68/2017 on Local Self-Government Finance.

²⁸¹ Law 9869/2008 on Local Borrowing.

debt or debt re-payment but this is determined by the Government,²⁸² and due to the minimal level of municipal activity on the borrowing market, such a regulation is not perceived as urgent.

Figure 55 presents the composition of local government revenue in Albania against the background of other administrations of the Western Balkans. Local government own revenues account for 41% of total municipal budgets, above the rest of the Western Balkans. The most important sources of own revenues are taxation from new constructions (almost one-third of all own revenues), property taxes (18% of own revenues) and cleaning fees²⁸³ (15% of own revenues). Property tax, which is the main local tax, may be regulated by local governments within the limits set at the central level, but the overall revenues are limited, well below 0.5% of annual GDP. Tax sharing plays only a limited role in Albania, providing just 4% of local government revenues. The system of sharing is diversified – in the case of share in personal income tax (PIT) it is allocated according to a formula which is close to per capita distribution, producing an equalising effect, albeit one that is very limited due to the negligible role of this source in the overall budget structure). Revenues from shares in other taxes (e.g. 25% of the vehicle circulation tax) are distributed according to the origin of the levied amounts.²⁸⁴

Figure 55. Composition of local government revenue in the Western Balkans, 2021



Source: NALAS (Network of Associations of Local Authorities of South-East Europe) (2024), *Fiscal Decentralisation Indicators for South-East Europe*, 9th Edition, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>.

The formula for equalisation is written in the annual budget law, the main criteria are specified in the Law on Local Self-Government Finance, ensuring stability. Due to very diversified local tax collection practices and the inability to measure the local tax base in each municipality, the formula refers to general indicators of local economic development and the unconditional transfers include general socio-economic criteria with an equalising effect, such as population density. Overall horizontal inequalities have remained large. Moreover, despite the major territorial reform in 2015, which resulted in one of the largest average population municipality sizes in Europe, the own revenue potential across local governments is extremely diversified.

The variation in revenues between municipalities is considerable and the equalisation effects have been limited. The difference of per capita own revenues between the 1st and 9th decile of municipalities was over 28 times in 2022. In terms of total revenues per capita, the variation is smaller but still considerable (Figure 56). The Gini coefficient of per capita total revenues is 0.437, a high level. This is partly explained by the fact that some of the classical cost categories, such as teachers' salaries for primary education, are not part of local government budgets. Nevertheless, these figures indicate that equalisation in Albania has not been very effective, with the level of inequalities in the financial potential of local governments to provide local public services among the highest across all administrations in the Western Balkans. For

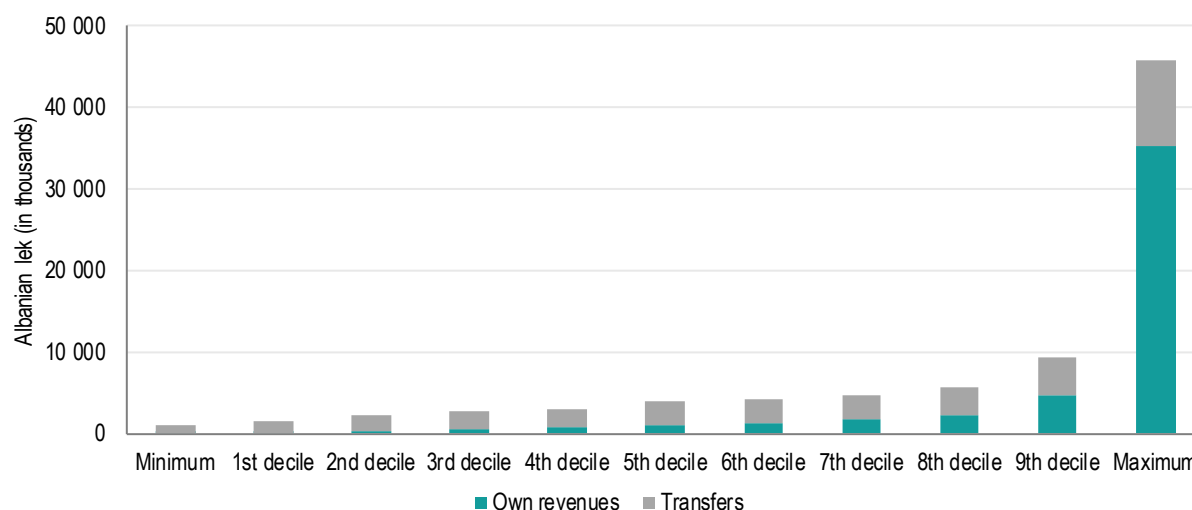
²⁸² Instruction No. 35/2008 on implementation of the Law on Local Government Borrowing.

²⁸³ The fee paid for waste collection.

²⁸⁴ Shares are not allocated by the formula; instead, each municipality receives a proportion of the amount collected within its territory. Accordingly, allocation is "based on origin", not on a general allocation formula.

2024, the level of unconditional transfers to local government, which provide for an equalising effect, have been raised to a level of ALL 36 657 million,²⁸⁵ consisting of the total part, the salary compensation part and the sectoral part to cover for the decisions for decentralisation made over the past years.²⁸⁶

Figure 56. Per capita revenues of local governments in Albania, before and after equalisation, 2022



Note: Calculations are based on data provided by the MoF.

Source: MoF.

Basic regulations concerning the financial oversight of local governments follow required standards, with most local governments audited by the Supreme Audit Institute on an annual basis.

The Law on Local Self-government Finance states that the transfer of new functions to municipalities must be accompanied by new sources of revenue.²⁸⁷ Drafts of new regulations are reviewed in consultation with local governments within the framework of the Consultative Council of the Central Government with Local Government Units. During an interview, representatives of the Association of Albanian Municipalities confirmed that the consultations function well in practice, but expressed disappointment that these meetings do not take place at an earlier stage of policy formulation.²⁸⁸

The share of local government expenditure in total public expenditure is just half the average of most EU countries (Figure 57), and below the average of the Western Balkan region. This is broadly in line with the limited competencies of Albanian municipalities in comparison with those of many EU countries. However, the high level of payment arrears reflects financial stress which may be partly related to underfunded public services.

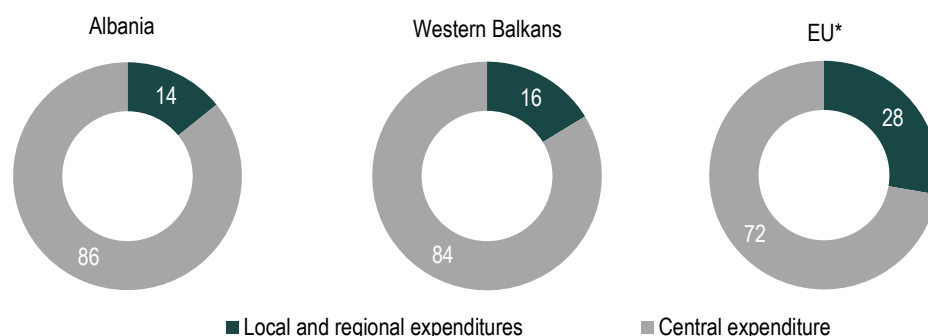
²⁸⁵ Equivalent to about EUR 366 million.

²⁸⁶ Annex 1 of the 2024 annual budget law of Albania.

²⁸⁷ Articles 20, 21 and 34.

²⁸⁸ In consultations with local governments; see also the analysis under Principle 14.

Figure 57. Share of local and regional government expenditures in total public expenditure, 2022



Note: EU* is the simple average of the 22 EU Member States included in the NALAS fiscal decentralisation database.

Source: <https://www.oecd.org/tax/federalism/fiscal-decentralisation-database/>, NALAS fiscal decentralisation indicators (<http://www.nalas.eu/category/publications/>) and data provided by Ministries of Finances in the Western Balkan administrations.

As regards financial management at the local level, cases of late annual local budget approval are relatively rare and close to 90% of local governments have an operating surplus or at least a balanced operating budget. However, in spite of this positive outlook, 10% of local governments had an operating deficit in 2022, and a vast majority of municipalities (53 out of 61) were in considerable arrears with payments in 2023. In 11 municipalities the level of unpaid payment obligations exceeded the amount of their annual total revenue in 2023.²⁸⁹ Such situations are a consequence of weaknesses in financial management practices, with financial stress among local governments often reflected not in budget deficits but rather in payment arrears.

²⁸⁹ 2023 Annual Financial Report of the Government, MoF.

Public administration in Albania 2024

This report provides analysis on how Albania performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.



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