

# Budget Analysis of SDG Related Spending in Albania: 2015 - 2017

Final REPORT

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# POLICY DEVELOPMENT FRAMEWORK

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## *NSDI- NATIONAL POLICY DOCUMENT*

The Albanian central government policy development framework is streamlined through the Integrated Planning System (IPS), consisting of the National Strategy for Development and Integration (NSDI) as the core policy document; the Medium Term Budget Programme (MTBP) as the main budget document and the European Integration and External Assistance processes. Otherwise known as the main strategic policy document, the NSDI II (2015 – 2020)<sup>1</sup> document has duration of 5 years and it is structured around five main strategic pillars as below:

- Good governance, democracy and the rule of law;
- Growth through competitiveness;
- Growth through fiscal stability and enhancement of competitiveness;
- Social development and cohesion through human investment and development;
- Sustainable growth through efficient use of resources.

The overarching goal of national policy is the country's full membership into the European Union (EU), which is intended to be pursued through the collective achievement of goals under each pillar.

**NSDI II is an umbrella document of sectorial strategies, whose general goals and specific objectives aim at facilitating an integrated sectorial fulfillment of NSDI II's pillars<sup>2</sup>.** At the policy level, NSDI implicitly identifies sectorial inter-linkages and potential for mutual reinforcement of achievements. NSDI and the sectorial strategies provide the strategic framework for allocation of financial resources over the medium term<sup>3</sup>. **However, the integration and its potential benefits for the implementation of NSDI II have yet to be quantified in terms of:**

- Efficiency gains e.g. resources per outcome, time path to target;
- Effectiveness: public service delivery, social development and wellbeing of citizens etc;
- Sustainability and resilience of national resources and development patterns;

Each sectorial strategy lays out the amount of financial resources needed to achieve its objectives, including the expected financing sources and funding gaps.<sup>4</sup> **As many sectorial strategies are crosscutting or with interferences<sup>5</sup> the costing exercise should clearly refer to common activities, expenditures programs, policy centers in order to allocate both direct and indirect related costs for cost drivers pertinent to each sector.** It implies that while the benefits are enhanced through synergies and increased efficiencies of integration, sharing rather than replicating the common costs is the key to achieving these synergies. This analysis does not appear to have been carried out in costed sectorial strategies. It goes without saying that the estimation of total cost of policy alternatives in different sectors in Albania cannot be equated with

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<sup>1</sup> NSDI I (2007 – 2013) is the precursor strategy to the current NSDI II.

<sup>2</sup> There are nonetheless several sectorial or particular strategies that are not related to NSDI II either because their lifespan does not fit NSDI II duration or because they are formulated after NSDI II approval. A process of mid term review of NSDI II, which could have screened such strategies, their financial outlays would have been a wise approach to streamline all policy documents with NSDI II.

<sup>3</sup> Through the three year MTBP.

<sup>4</sup> In accordance with formal IPS requirements: in practice, these are applied to varying degrees in each sector.

<sup>5</sup> Water is part of environment strategy, part of rural development strategy, decentralization and a government priority too. Land is also a government priority but also part of rural development strategy, good governance and state of law etc.

the sum of the cost of sectorial strategies in as much as the interlinkages between sectors, and their respective cost implications, are not fully taken into account. The direct implication for the budgeting exercise, especially for MTBP, is that it remains uninformed on the true cost and benefits (e.g. outputs, outcomes) pertaining to different programs or institutions, whose outputs are shared from more than a single sector.

**A positive trend of monitoring sectorial strategies with passport indicators has started under the guidance and supervision of the Department for Development and Good Governance at the Prime Minister's Office (PMO), responsible for strategic planning. Further work remains to be done to clarify the link between the lower levels of indicators (measuring activities or outputs) and meta-indicators in order to inform decision makers<sup>6</sup>.** The process is assisted from SIGMA in some crosscutting strategies.<sup>7</sup> The monitoring reports for the period 2015-2017 has found a clear progress since 2015 based on a methodology for various dimensions of these strategies. Yet, other sectors<sup>8</sup> have yet to start developing these passports of indicators or have encountered challenges to develop them.

**The need of developing monitoring indicators and proper measurement guidelines especially for meta indicators based on international guidelines is closely linked with the capacity of INSTAT to guide, support and manage the process, as the responsible authority for official national statistics.** In addition, other government entities have still to strengthen the process of generation and reporting of such data in line with INSTAT guideline. Currently, the internal capacities in public government institutions are uneven amongst different line ministries or public agencies and even within the PMO strategic planning unit: while agencies of education, health, agriculture have established statistical departments, the PMO still has no proper statistics/research related department. This constrains the ability of central authorities to develop, argue, screen and select the best policy alternative measures on their own and increases the demand for donor supported technical expertise.

### *SDGS- SUSTAINABLE DEVELOPMENT GOALS*

**The adoption of SDGs and streamlining with the national policy development framework offers a new opportunity for improving the policy cycle in Albania according to internationally agreed standards<sup>9</sup> and its alignment with budgeting.** The baseline report<sup>10</sup> is a first step, which has been supplemented further with weighting of different SDGs according to NSDI II pillars based on *ad hoc* judgments of involved experts<sup>11</sup>. Such an initial mapping and respective weights may be modified afterward based on statistics collected and

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<sup>6</sup> The noncompliance of lower level of indicators, which are related to activity or outputs, signals a need for an increased effort to reach the target; the noncompliance with meta levels of indicators, which are related to specific or general goals signal the need for new policy measures. The first may need only correction rather than additional resources in general, provided that the flow of activities has been designed in an appropriate way; the second one may need new policy measures, which, always, will influence resources.

<sup>7</sup> For instance in Public Administration Reform (PAR) Strategy and Public Finance Management (PFM) Strategy.

<sup>8</sup> So far, the consultants have seen the passport indicators for PFM, PAR and Justice whether the monitoring for other strategies is done at the level of Action Plans.

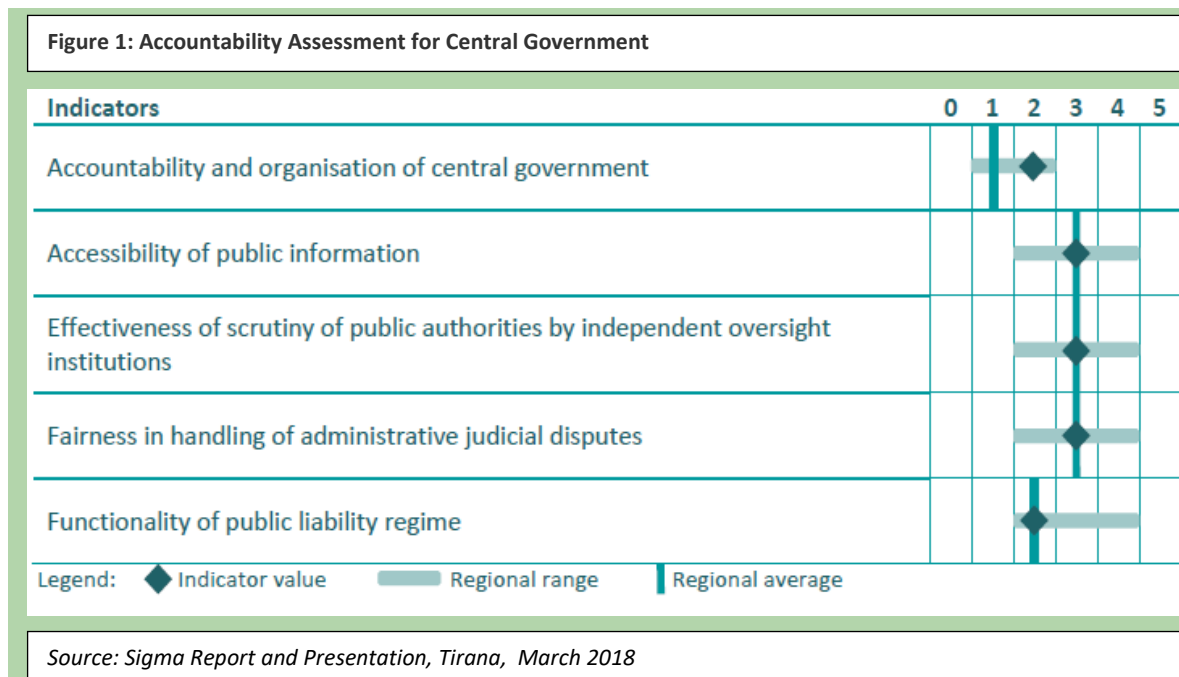
<sup>9</sup> Given the needs for additional technical capacity for analysis and selection of sound policy alternatives the sharing of international practices, know-hows, regional and global statistical data or comparative studies is going to benefit the process of policy analysis in the long run.

<sup>10</sup> Albania: Report on the Harmonization of the Sustainable Development Goals with Existing Sectoral Policies, 2018.

<sup>11</sup> Reference is made to meeting with the author of Base Line Report, Mr. IlirCiko.

developed during the process of SDGs monitoring in line with national or international evidence on their statistical determinants or analysis and judgment on multipliers and accelerators of interconnected SDGs.

**Another group of benefits is expected to come from the boost in accountability of policy process in general because of international expertise, knowledge repository, transparency and external oversight of policy drivers for respective SDGs.** In this regard Albania, although scores equal to regional average level<sup>12</sup>, has the potential to improve its performance and become a frontrunner in the region. The most important challenge in this regard is the institutional setting for coordination and monitoring of policy process.



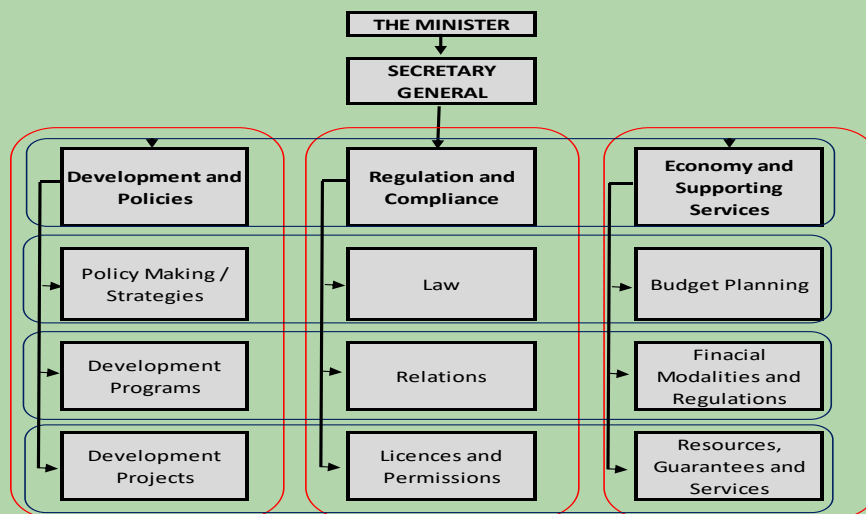
**The institutional setting of policy coordination and implementation has undergone a major restructuring in the immediate aftermath of the 2017 general elections.** In short it consists of merger of several ministries and transfer of policy and functional responsibilities between new line ministries or between departments within the same governmental entities. The rationale underpinning the institutional reengineering design has been to make the institutional structure more efficient in terms of both policy development/ implementation and service delivery. The standard structure at the core of reorganization for central level is specified in the following Fig. 2. Although the flow of information will be improved and systematized there are at least two challenges that need to be faced, namely:

- **The new structure must be justified in terms of value for money, cost benefit ratio, cost for public service delivery units etc. From the perspective of costing and budgeting the primary reference to count for the value would be outputs (for projects) and outcomes (for programs and strategies).** Yet, while for project level, given the operational nature of the tasks involved, the information on outputs and related costs allows for an effective performance management, at program and strategy level the measurement information on outcomes, by definition, is not available on annual basis. That means that the only insight on the validity of decision-making process available to program or strategy officials is the information from the projects. This is not different from what the process was before restructuring; what is different, though, is that the hierarchy of decision making for making necessary corrections, for improving the most likely outcomes, would not be entrusted to programs officials but to general directors,

<sup>12</sup>“The principles of Public Administration: Albania, November 2017”, SIGMA Report, 2018.

as there is no immediate hierarchical link between programs and projects. The same applies one level up to the level of strategies. **The performance management burden with all responsibility, merits, and workload is therefore biased: program and strategy officials would be in less advantageous position than the projects' managers and above all general directors. The degree of management autonomy will be also unequal across the function.**

Figure 2: Core Structure for Line Ministry



Source: Reformation of the governance system: Ministries' set-up – structural organization model" DAP, MOG, October 107

- The internal audit and external audit are still not acquainted with performance audits standards and practices<sup>13</sup>. Thus, there is a risk that the audit will shift more and more towards projects' departments or general directors where both financial and performance information is readily available. **For programs and strategy officials however, it would be difficult to hold them accountable because the degree of managerial authority, responsibility, and autonomy for delivering performance is clearly non-matching the ultimate outcome of their activity.** In other words, the materiality criteria, which is one of the most important criteria in the auditing and legal practice, will be working, mostly, either at the benefit of programs and strategies' officials (no responsibility for "disappointing" outcomes) or at their disadvantage (no merit for "great achievements") and by exemption will be working fairly,
- Both above mentioned deficiencies will be highly inflated in the case of projects and strategies of crosscutting nature that are implemented across different sectors, which is the case also with some of the SDGs<sup>14</sup>; hence the need to raise awareness of national authorities and donors involved for addressing them.

<sup>13</sup> "Public expenditure and financial accountability (PEFA) performance assessment report", December 2017, pg. 86-91, pg. 97-99. In addition, the IPSA (accrual accounting standards) are still not fully adopted.

<sup>14</sup> From multiplication of two weaknesses across several happenings/events the expected outcome generally is at least not better off than the ones related to each weakness in particular.

# BUDGET FRAMEWORK

## ANNUAL BUDGET

Budget framework in Albania consists of annual and medium-term budget plan (MTBP) with a duration of 3 years, that is the annual budget and two more years. Last PEFA national has concluded that budget's credibility, comprehensiveness and transparency have all improved during the period 2012-2016.

Figure 3: Albania, main outturn, PEFA 2016

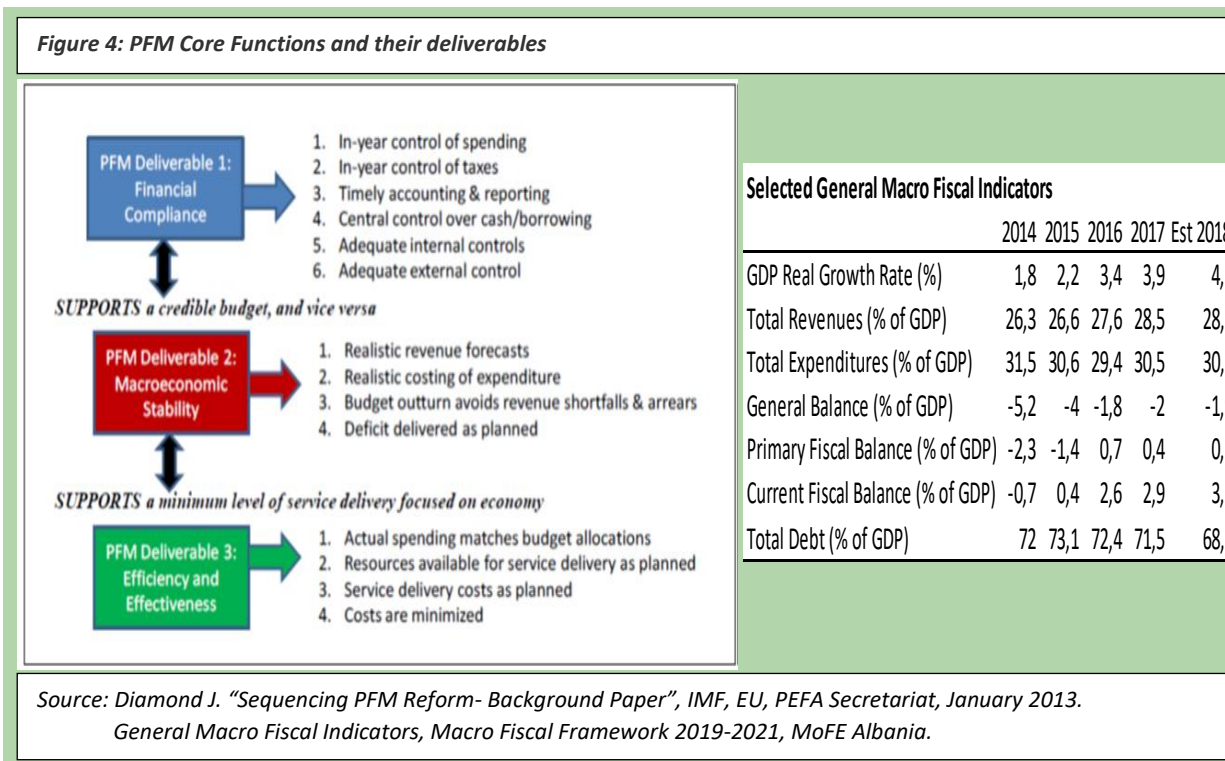
Indicator/Dimension	Score PEFA 2011	Score PEFA 2016	Description of requirements met in PEFA 2016
<b>A. PFM-OUTTURNS: Credibility of the Budget</b>			
PI-1 Aggregate expenditure outturn compared to original approved budget	A	A	Aggregate expenditure outturn excluding donor funded projects was between 95% and 105% of the approved aggregate budgeted expenditure: 97.3 % in 2016, 102.9% in 2015 and 104.9% in 2014.
PI-2 Composition of expenditure outturn compared to original approved budget	D+	D+	Scoring method M1 (weakest link)
PI-3 Aggregate revenue outturn compared to original approved budget	D	A	Actual revenue was between 97% and 106% of budgeted revenue in 2014 and 2016.
PI-4 Stock and monitoring of expenditure payment arrears	NR	B+	Scoring method M1 (weakest link)
<b>B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency</b>			
PI-5 Classification of the budget	A	A	The budget classification and Chart of Accounts are based on economic, administrative, and functional (and sub-functional) classification and can produce information.
PI-6 Comprehensiveness of information included in budget documentation	B	A	For the BCG, Albania fulfills 8 elements, out of the 9 elements for this dimension. For the FY 2011 assessment only 6 out the 9 elements were met.
PI-7 Extent of unreported government operations.	A	B+	Scoring method M1 (weakest link)
PI-8 Transparency of inter-governmental fiscal relations.	B+	B	Scoring method M2 (average)
PI-9 Oversight of aggregate fiscal risk from other public sector entities.	C+	C+	Scoring method M1 (weakest link)
PI-10 Public access to key fiscal information	B	A	The government makes available to the public 5 of the 6 listed types of information

Source: "Public expenditure and financial accountability (PEFA) performance assessment report", December 2017

In the period after the general election of 2013, the new government engaged in a macro fiscal consolidation program with the assistance of IMF, whose main objective was to restore the budget credibility, clear the expenditures' arrears related to major public works and consequently put the public debt to downward trajectory. On the legal improvement the government amended Organic Budget Law by

introducing quasi fiscal rules in budget formulation and execution for different elements of budget framework, including i) related to macro fiscal framework guiding it, ii) budget execution modalities during electoral years, iii) cap on public private partnerships anchored in fiscal revenues. In addition, the government engaged also in a quasi-fiscal rule for intergovernmental transfers in the law of local finances.

The improvements that followed in a relatively short time 2013-2016, indicate that besides the government's willingness and firmness in following a macro fiscal consolidation strategy supported from international partners, the Public Finance Management (PFM) core functions are well in place.



In addition, Albania has invested a lot of efforts and resources in other PFM measures of second order like Financial Management systems<sup>15</sup>, Public Internal Audit and Financial Control, External Audit and Public Procurement. The accounting system is modified cash/accrual and there is a strategy and action plan in place for gradual adoption of IPSAS (fully accrual accounting system).

Budget documentation is highly available for both expenditures and revenues (PI 6 and PI 10 in the table of Fig. 3), during all the stages of budget formulation and execution, and has had a positive effect in improving budget transparency. Data on expenditures and revenues from Treasury are available with a month lag and are open and downloadable in both summarized version (e.g. Fiscal Indicators), budget mid-and end year report and also at detailed level (i.e. transaction level from Treasury). The financial information is almost complete as the amount of financial public expenditures or revenues that is managed via extra treasury accounts according to all estimations is less than 5%, which means that Single Treasury Account accounts for at least 95% of Expenditures and Revenues.

The detailed information from Treasury comes in three dimensions as below:

<sup>15</sup> The integration of all policy development, coordination and monitoring (IPSIS), Treasury System and MTBP (AFMIS), and of foreign aid management (EAMIS) will be integrated with interfaces to each other as from 2019.



- Administrative classification (Which and Where?) which consists of codes and description of the general government units by type (Government Entity: central government unit, local government unit, extrabudgetary funds); as well as sub-classifications to the level of spending unit (Line Ministries, Institutions, and all spending units);
- Economic classification (What?), classifying transactions on expenditures or revenues by economic nature;
- Functional (and sub-functional) classification (How?), classifies expenditures in line with the government functions, and sub functions, they belong to or objectives they aim to achieve. The functions categories are based on the International COFOG classification. One further level down the expenditures only are classified on programs (**Why?**), which specifies the objectives they aim to. At the last level the treasury provides information on expenditures related to “projects” with a defined time of implementation, which are identified also by code and description.
- Additional information: Financing sources.

The availability of Information on both summarized and detailed form has been important in improving budget transparency also according to other international standards and benchmarks: Open Budget Initiative (OBI) country score in 2017 is highest since 2006.

### *MEDIUM TERM BUDGET FRAMEWORK*

**The country advanced in third stage of PFM development system, that is Medium Term Framework, relatively early, in 2000.** Gradually increasing the central budget coverage, the quality of MTBP and alignment with policy development cycle, underlined in the previous section, has improved in time. Integrated Planning System, whose main document is NSDI, was designed and started, in 2005, as an institutional mechanism to facilitate and achieve the integration between both processes: policy development and budgeting. **As we report, despite progress and improvements, the alignment and integration between both processes are still to be assured.** There are several explanations that may be forwarded for explaining the challenges that national authorities are facing and the slow advancement in this regard. Below we list some of them:

- Macro fiscal forecasting, which ground any forward multiannual fiscal framework (i.e. multiannual projection of revenues and expenditures) and MTBP, is considered as “advanced”<sup>16</sup> from the factors that are taken into consideration, coverage, documents published and their quality. **Yet, the quality of macro fiscal forecasting in the past has been undermined from the overoptimistic view, which as might be seen in the Figure 5, for the period 2002-2012 has been overestimated at an average of 2 percentage points (ppt) for GDP real growth rate, whereas for revenues and expenditures from 2 (for budget year) to 4 ppt (for last year of MTBP or Budget or t+2). The direct implication for policy development activity is that the fiscal space for new policy initiatives has been on average overestimated with the base-effect<sup>17</sup> and the overestimation has been higher for outer years constantly for around a decade.** In the period 2009-2013, Albania followed an intensive capital spending program on average 5.7% of GDP (i.e. enhancement of internal demand) in public works as a countermeasure to the impact of worldwide financial crisis of 2008-2009, financed mostly with internal (on average 60%) rather than external financing sources. Yet, in this period, the MTBP’s total ceilings and those of respective line ministries, upon which they have entered in multiannual expenditures

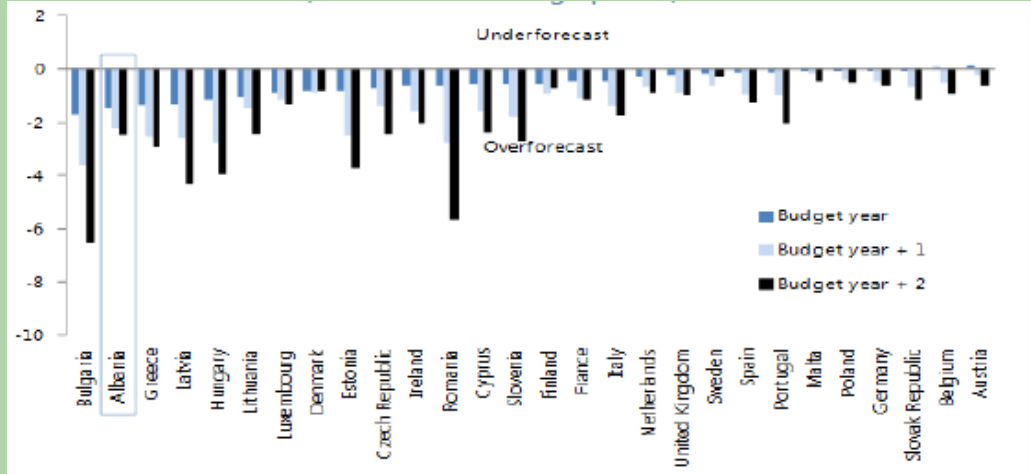
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<sup>16</sup> “Albania Fiscal Transparency Evaluation”, IMF, January 2016, pg. 24

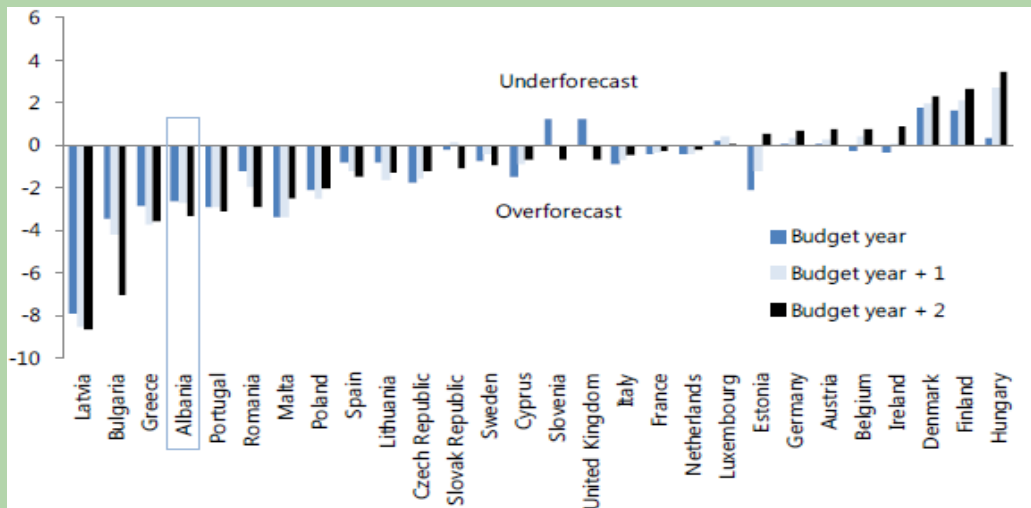
<sup>17</sup> If fiscal space for new policies is expressed in percentage of growth rate, then the overestimation is related to overestimated GDP real growth rate; if it’s expressed in percentage of total expenditures (or revenues) then the overestimation of fiscal space for new policies is related to overestimation of expenditures (or revenues)

Figure 5: Albania, Average Forecasts Errors 2002-2012

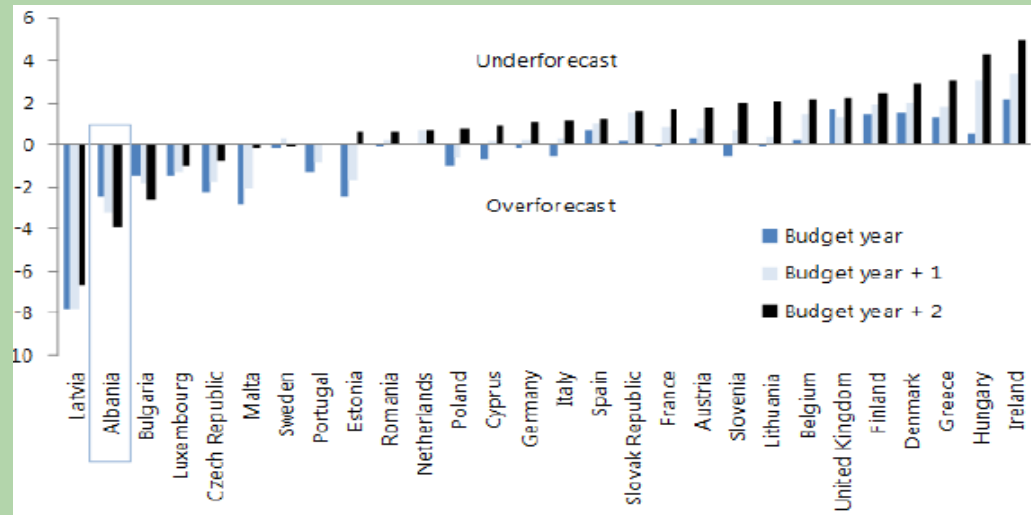
GDP Real Growth Rate Average Forecast Errors in % points



Revenue Forecast Errors in % points



Expenditures Forecast Errors in % points



Source: "Albania Fiscal Transparency Evaluation", IMF, January 2016,  
 Note: Albania is compared to EU countries with "Advanced" status in Macro Fiscal Forecasting.

commitments, were overestimated leading to a stock of expenditures arrears, which at the end of 2013, was 54-55 bn ALL or 413 ml €<sup>18</sup>. The clearing of this amount was the object of Albania-IMF extended arrangement and it was done in the following two years respectively 34 bn ALL (or 2.4% of GDP) in 2014 and 17.5 ALL (or 1.2 of GDP) in 2015. During the same period 2014-2015, new capital investments were kept constant at 4.4% of GDP, down from 5% of GDP on average during the previous three years (2010-2013), and almost entirely for investments contracts already signed before 2013. The fiscal space, from internal resources for new policy left to new Government and new NSDI II (2015-2020) was, therefore, almost null; thus, any new policy initiative had either to rely on external finances or end/kill /restructure the old investment projects in the areas considered as priority for the new government.

In order to answer the legitimate question whether the credibility of macro fiscal forecasting has been improved after 2013, we do the same exercise as IMF but for the period 2013-2017 based on the data of MoFE's macro fiscal framework and reports of consolidated macro fiscal Indicators. The results are reported in the following Figure 6. **The preliminary results for the period 2013- 2016 show that the macro fiscal forecasts, for entire MTBP range, have been quite conservative therefore the conditions for improving MTBP credibility are in place.** Both primary and current fiscal balances have improved, enabling the country to sustain a reduced but still sound public investment rate (4-4.4% of GDP) necessary for continuation of public works contracted before 2013 and some new policy investments in local and regional level of not more than 1% of GDP<sup>19</sup>. Three reasons stand behind the improvements: i) adherence to new methodology and macro fiscal forecasting, which links it to IMF World Economic Outlook that was introduced also in the new amendment of Organic Budget Law in Albania (June 2016); ii) the enforcement and performance improvement in the collection of electricity bills in order to reduce the losses in the sector iii) improvement of business registry records with new entities registered as result of anti-informality campaign and iv) higher tax revenues as result of the changes in levels and structure of direct/indirect taxes. Despite improvements, **the selected group of new public investment projects (PIP) proposed in MTBP to be funded and the set of PIPs that finally have been approved in the approval of annual budget law, and equally entered in multiannual commitment, hardly coincide.** The establishment of National Single Project Pipeline (SPP), which was designed as mean to align the strategic national selection of projects in MTBP with regional integration initiative (e.g. Western Balkans Project Facility, Berlin Process) that contributes also to overreaching goal NSDI II, namely EU accession, did not reduced the discrepancies. In 2017 for instance the amount of capital expenditures foreseen in MTBP was around 550 ml €, whereas in SPP more than 2 bn €. Nonetheless, the PIM guidelines, which i) sanction the role of MoFE as the last and the only custodian for PIPs effectiveness to country's long term economic and social development, and ii) make sure that the list of PIPs in MTBP and the list of projects taking - off from SPP coincide at the point of approval from Council of Ministers, were not yet approved at the end of 2017. **As PIPs are the main vehicle for implementing new policies developed and approved in NSDI II and sectorial strategies, it goes without saying that alignment between both processes, which currently is at best partial, need to be reinforced. In addition, it must include also by all means Public Private Partnership projects or contracts, which although may not have any immediate financial effect in the present, will have budget implications before NSDI II expires.**

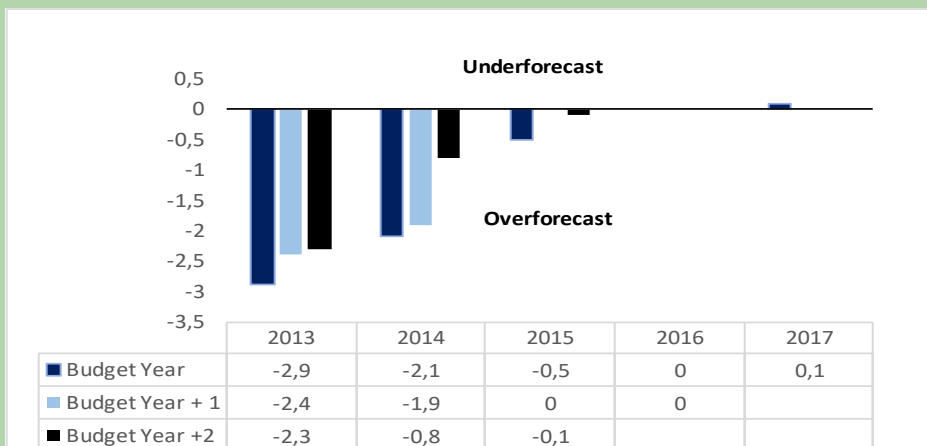
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<sup>18</sup> This amount doesn't include the internal debt between public entities (e.g. public utilities companies vs power distribution and generation companies; municipalities or other budget spending units vs utility companies) that at the end of 2014 were netted off in order to clear and give respective sectors a fresh start.

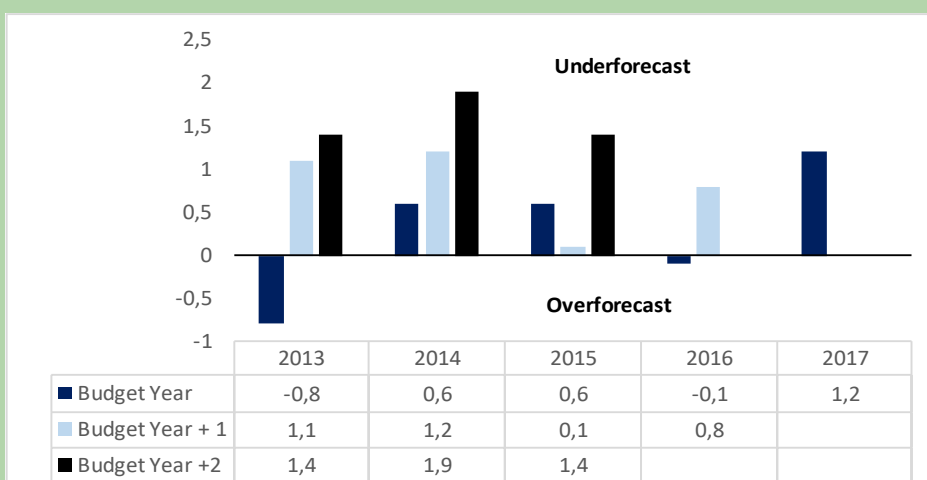
<sup>19</sup> Financed from Regional Development Fund

Figure 6: Albania, Average Forecasts Errors 2013-2017

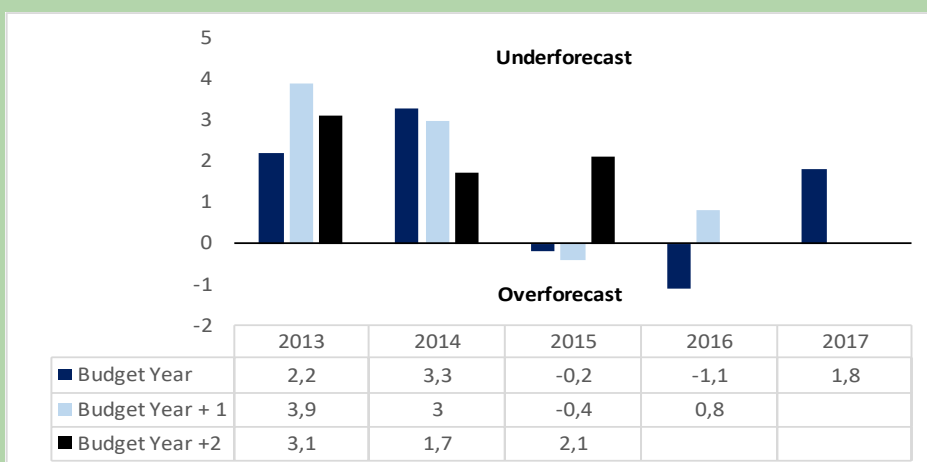
GDP Real Growth Rate Average Forecast Errors in % points



Total Revenue Forecast Errors in % of GDP points



Expenditures Forecast Errors in % of GDP points



Source: Macro Fiscal Framework 2013-2017 and Consolidated Fiscal Indicators 2013-2017 data from MoFE, April 2018.

- Policy documents or strategies are improved both in terms of quality of argumentation and monitoring system. The costing also is improved as it specifies the costing items more and more in economic category of expenditures rather than in common language. There is however an incorrect assumption held by many public officials arguing for or against the realism of strategic planning

**process in Albania, namely that NSDI II cost is the sum of all costs of sectorial strategies referring to it.** Such an assumption is obviously wrong as there are crosscutting strategies (e.g. PAR or PFM being the most excellent candidates for this category) or interfering sectors (e.g. Integrated water and waste management, rural development and environment)<sup>20</sup>. **The next incorrect assumption that is held is also an orthodox attitude towards costing: either you choose top down or bottom up approach.** It doesn't need to be so! Estimating the costs is essentially a top down approach (by deduction and comparison), bottom up (by induction that includes observation of real cases) or both. Both approaches work in different contexts, yet the documentation required is different. In cases when previous history of inputs and corresponding pricing is standardized<sup>21</sup>, exists or is easily deductible, the top down approach works and provides quite reliable cost estimates for outputs or activities (single or project type and milestones). If not, then there is no other alternative but bottom up approach or combined, that is bottom up with top down. While costing it can be either way or both, **the budgeting in the MTBP approach, is always top down. Any strategy action plan must face a hard budget line, under which the proposed array of activities will have to be programmed/optimized in order to enter MTBP.** Absorbing the sectorial strategy into MTBP depends i) on ongoing commitments in the sector and ii) then the cost of new policies (additional requests) being presented subject to likelihood of fiscal space allocated to that particular sector. Both elements may be spotted on current MTBP documents and the new medium-term macro fiscal framework being published at the beginning of each year from MoFE. **Therefore, including a concise section in each strategy document about these two elements and the expenditures' prospects for the sector in the near future<sup>22</sup>, will increase the extent of absorption of costs in MTBP budgets (or in other words alignment Strategies/MTBP) through informed negotiation between line ministry and MoFE, and at the same time, will be compatible with national economic fundamentals.** Such an information, which is crucial for the strategy's credibility is still and largely not the common standard in Albania- both PEFA and SIGMA assessments agree on this topic<sup>23</sup> as it's presented in Figure 7.

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<sup>20</sup> Despite being sector related, the direct costs are exclusively located to unique or finite number of administrative units for example line ministry or agency, which is the lead of the sector. A practical way will be to design unique "cost centers" i.e. government entities as the lead of the sector for facilitating the direct and indirect cost allocation. The indirect costs are proportionally charged, to the same based on volume/value of outputs or set of activities (e.g. projects). For other line ministries in the sector, which benefit from activity sets costed in this way, the cost savings for both direct and indirect expenses will be what efficiency of sector approach is all about. One may push this approach even further and calculate the cost savings and benefits generated as multipliers working along the path of strategy implementation. The sum of savings and benefits will be then what the acceleration is all about. This was the insight behind the cost estimation of NSDI II, where projects of capital expenditures were considered exclusive to cost centers (that is line ministries) whereas expenditures not related to projects (i.e. indirect) were allocated proportionally and by role of each ministry for the total of capital expenditures. Their respective weights were also reduced in time assuming a path of increased efficiency during NSDI II's implementation.

<sup>21</sup> As an example, we may mention expert category fees, public work categories, standard material requirements for category of outputs etc. This implies, however, that in order to judge for the quality of costing of sectorial strategies, either the department of strategies will have reference/ repository documents of cost per unit, outputs considered as realistic in the market, or MoFE should consider issuing references prices or links for different kind of inputs that may be updated periodically and are part of MTBP sectorial guidelines and *de facto* become standards to refer in the practice of strategy costing.

<sup>22</sup> It amounts to what, in PFM literature, is known as sectorial Medium-Term Expenditures Framework (MTEF).

<sup>23</sup> The degree of alignment may deteriorate if sectorial strategies without reference to NSDI are not included in the document through the process of NSDI medium term revision.

Figure 7: PFM Core Functions and their deliverables

Indicator/Dimension	Score PEFA 2011	Score PEFA 2016	Description of requirements met in PEFA 2016
<b>(i) Policy-Based Budgeting</b>			
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	C+	
(i) Multiyear fiscal forecasts and functional allocations	C	C	Forecasts of fiscal aggregates (based on the main categories of economic classification) are prepared for at least two years on a rolling annual basis. No link between forward forecasts and subsequent budget estimates is provided
(ii) Scope and frequency of debt sustainability analysis	A	A	Dept Sustainability Analysis for external and domestic debt is undertaken annually.
(iii) Existence of costed sector strategies	C	C	Statements of sector strategies exist for several major sectors but costed strategies are inconsistent with aggregate fiscal forecasts.
(iv) Linkages between investment budgets and forward expenditure estimates	C	C	Many investment decisions have weak links to sector strategies and their recurrent cost implications are included in forward budget estimates only in a few (but major) cases.

	2015 Baseline Measurement indicator	2015 value	2017 value
<b>Qualitative</b>	Completeness of financial estimates in sector strategies <sup>67</sup> .	2	3
	Extent to which reporting provides information on the outcomes achieved.	3	3
	Annual implementation backlog of planned commitments in the central planning document(s).	Not available <sup>68</sup>	34%
<b>Quantitative</b>	Annual backlog in developing sectoral strategies.	Not available <sup>69</sup>	21%
	Ratio between total funds estimated in the sectoral strategies and total funding identified for corresponding sectors within the MTBF <sup>70</sup> .	42%	56%
	Annual implementation backlog of EI-related commitments.	Not available <sup>71</sup>	47%

Source: "Public expenditure and financial accountability (PEFA) performance assessment report", December 2017  
Sigma Report and Presentation, Tirana, March 2018

## IMPLICATIONS FOR SDGs

NSDI is the national policy framework for implementing also SDGs. Thus, costing and budgeting for SDGs should include the budget analysis along the lines of NSDI II. **However, the exercise of budgeting towards SDGs' targets in a time horizon beyond 2020 reveals to be a complicated exercise, because first one should assess the extent of implementation of NSDI II and its effectiveness in terms of i) of activities implemented in each sector in number or value ii) outputs delivered and iii) actual or likely outcomes.**

- While proxies for the accomplishment of first two stages may be generated ex-ante based on available information from treasury, monitoring information from strategy or MTBP department, the proxies cannot be taken for granted as far as the revision of all NSDI II is not done, thus a conclusion has been reached whether all available fiscal space in the period 2015-2020 is used for NSDI II programmed policies (i.e. ex-post). Note, in particular, the discussion about the cause of non- alignment of MTBP with sector strategies: Does it occur because of non realistic costing strategy or is it related to unilateral decision to include in MTBP policies non-foreseen in the NSDI?

- The third stage is even more challenging. The availability of meta indicators for all sectorial strategies (i.e. the indicators measuring the performance at the level of specific or general goals) is not assured as the passports of indicators are not there for any sector. The same may be said also for objective external indicators, relevant to each sector, which can measure the outcomes of interest in an independent way (e.g. from INSTAT) against a baseline already established back in 2015<sup>24</sup>. Hence, again here, the proxies referring to international data sets, which include Albania, remain the only way to deal with this difficulty. One alternative may be that the consultants refer to DASHBOARD set of data already designed from MAPS team and adapt to Albania's context and the aim of exercise.

In the following sections we try to explore these stages and provide an analysis and coefficients that may serve for further purpose for both policy development in areas relevant to SDGs, their costing and estimation of budget implications in line with growth assumptions and associated risks. As we navigate in "unchartered waters", the assumptions will be in constant revision subject to comments and suggestions from stakeholders in the process.

## PUBLIC EXPENDITURES ANALYSIS IN SDG RELATED AREAS

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### *SOURCES AND DATA MODEL*

The sources of data for public expenditures analysis in SDG related areas, presented in this report, comes from:

- Treasury for both expenditures and revenues for the period 2015-2017. The data of 2017 although were still subject of revision because of closure of accounts for 2017, are still quite reliable and have been offered from treasury in both versions: 7 digits, which is, the actual treasury records on transaction level, and 3 digits for reporting purposes. We have used mainly 3-digit data to preserve the simplicity of analysis. Full record data in excel may be downloaded also from the MoFE website (<http://www.financa.gov.al/al/raportime/thesari/shpenzimet-dhe-te-ardhurat/sistemi-amofts/realizimi-cash-accrual>)
- Chart of accounts data
- NSDI II documents for a description of strategy pillars and policy areas.
- Baseline report study of mapping of SDGs in NSDI II<sup>25</sup>, especially the mapping table in this report presented in Table 1.

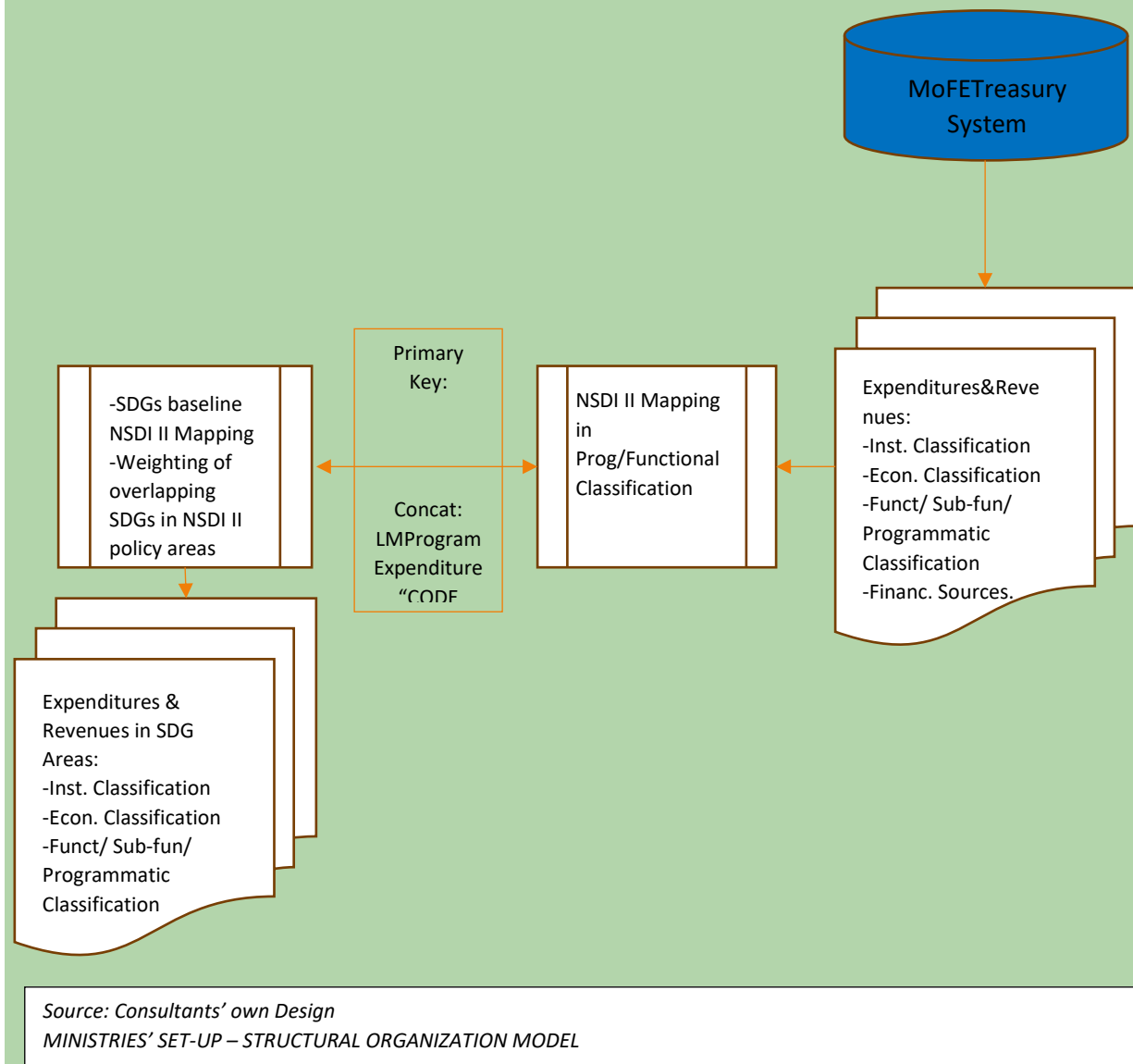
The data modelling exercise is documented in an Excel file that is attached to the database of expenditures analysis. The data model schematic presentation is given in **Error! Reference source not found.** below.

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<sup>24</sup> INSTAT has started the work now on it.

<sup>25</sup> Ciko I. "SDG mainstreaming through the National Strategy for Integration and Development 2015-2020 (NSDI II)", UNDP Albania, 2017

Figure 8: Data Modelling Schema



### Assumptions for the analysis

**NSDI II, as the umbrella document of sectorial strategies, served as the basis for the identification of the SDG framework linkages with sectorial goals, objectives and measures, as identified in the baseline report<sup>26</sup>.** At the policy level, NSDI implicitly identifies sectorial inter-linkages and potential for mutual reinforcement of achievements. NSDI and the sectorial strategies provide the strategic framework for allocation of financial resources over the medium term<sup>27</sup>. In addition, each sectorial strategy lays out the amount of financial resources needed to achieve its objectives, including the expected financing sources and funding gaps.<sup>28</sup>

<sup>26</sup> Albania: Report on the Harmonization of the Sustainable Development Goals with Existing Sectoral Policies, 2018.

<sup>27</sup> Through the three year MTBP.

<sup>28</sup> In accordance with formal IPS requirements: in practice, these are applied to varying degrees in each sector.



The analysis of budgeting and financial outlays against SDGs was based on the mapping of SDGs against NSDI and the identification of budgetary resources allocated to each of the sectors and subsectors based on a programmatic, economic and administrative classification according to the Ministry of Finance and Economy Treasury data.

*On the financial side; budget programmes are the main unit of reference for the allocation of spending by strategic and policy area in the development strategy. Mapping of budget programmes to NSDI has been carried out in the framework of the analysis for the NSDI. Budget programmes usually fit fully to sectoral strategies and NSDI policy areas. A few exceptions persist in the mapping of budget programmes to the NSDI policy area – namely where the latter are linked with cross-sectoral strategies.*

*Further on, the linkages of the budget programmes with SDGs were identified through the mutual linkages with NSDI. However, the baseline mapping nominally identifies the linkages between NSDI policy areas and SDGs, but does not explicitly identify what the relative contribution of each of the NSDI policy areas is to the relevant SDGs. On that basis, the mapping of SDGs towards NSDI and sectoral strategies – and their respective budget programmes and outputs, was further elaborated through weighting of different SDGs according to NSDI II pillars based on the initial judgments of involved experts. This initial mapping and respective weights may be modified afterward based on statistics collected and developed during the process of SDGs monitoring in line with national or international evidence on statistical determinants or analysis and judgment on multipliers and accelerators of interconnected SDGs. (See Table 1)*

*Table 1 Albania, Mapping of SDGs in NSDI II policy areas and Relative weight of contribution of spending under each NSDI policy area to the linked SDGs*

NSDI II	BASELINE MAPPING		Weighting assigned: Weighted contribution of NSDI policy areas to relevant SDGs		
	Linkages between NSDI-II pillars and SDGs	SDGs linked as per baseline mapping			
7.0	Albania's Overarching Goal: Accession to the European Union	n/a mainly EU-related	n/a	-	-
8.0	Foundations: Good Governance, Democracy and the Rule of Law				
8.1	An Open Judicial System with Equal Access for All	SDG 16	SDG 16: 100%	-	-
8.2	Strengthening Legislative and Electoral Processes	SDG 16 + 5 (ref. gender)	SDG 16: 100%	SDG 5: 30%	-
8.3	Integrated Border Management	SDG 16	SDG 16: 100%	-	-
8.4	The Fight against Organized Crime, Terrorism and Trafficking	SDG 16	SDG 16: 100%	-	-
8.5	Ensuring Public Order	SDG 3 + 16	SDG3: 10%	SDG 16: 90%	
8.6	Strengthening Human Rights	cross-cutting (1 + 10 + 16...)	SDG 1 - 17: 1/17 each	-	-
8.7	Reforming Public Administration and the Civil Services	SDG 16	SDG 16: 100%	-	-
8.8	Transparency and the Fight against Corruption	SDG 16	SDG 16: 100%	-	-

8.9	Decentralization and Local Government Reform		n/a		
8.10	Strengthening Albanian Statistics	SDG 17	SDG 17: 100%		
8.11	The Increasing Importance of Foreign Policy	SDG 10	SDG 10: 100%		
8.12	A Stronger Defence	n/a mainly NATO-related	n/a		
8.13	Civil Society	SDG 17	SDG 17: 100%		
9.0	<b>Pillar 1: Growth Through Macro-Economic and Fiscal Stability</b>				
9.1	Strengthening the Financial System and Monetary Policy	SDG 8 + 10 +17	SDG8:40%	SDG10: 40%	SDG 17: 20%
9.2	Strengthened Public Finance for Fiscal Stability	partially SDG 10	SDG 10: 100%		
10.0	<b>Pillar 2: Growth Through Increased Competitiveness</b>				
10.1	Assuring and Protecting Property Rights	SDG 1	SDG 1: 100%		
10.2	Promoting Business and Foreign Direct Investment	SDG 8	SDG 8: 100		
10.3	Expanding Scientific Research and Innovation	SDG 9 +17	SDG 9: 75%	SDG 17: 25%	
10.4	Investing in Information Technology and Communications	SDG 9	SDG 9: 100%		
10.5	Ensuring Consumer Protection and Market Surveillance	SDG 2 + 12	SDG2: 40%	SDG 12: 60%	
10.6	Protecting Competition and Providing for State Aid Control		n/a		
11.0	<b>Pillar 3: Investing in People and Social Cohesion</b>				
11.1	Expanded, Better Quality Educational Opportunities	SDG 4	SDG 4: 100%		
11.2	A Stronger, More Accessible Health Care System	SDG 3	SDG 3: 100%		
11.3	Expanding Employment Opportunities	SDG 8	SDG 8: 100%		
11.4	Strengthening Social Security		n/a		
11.5	Consolidating Social Protection	SDG 1 + 10	SDG1: 70%	SDG 10: 30%	
11.6	Building a More Inclusive Society	SDG 8 + 10	SDG 8: 50%	SDG 10: 50%	
11.7	Ensuring Gender Equality	SDG 5	SDG 5: 100%		
11.8	A Greater Focus on Arts and Culture	SDG 4 + 11	SDG4: 50%	SDG 11: 50%	
11.9	Strengthening the Role of Sports		n/a		
12.0	<b>Pillar 4: Growth Through Sustainable Use of Resources</b>				
12.1	Energy / Utilities	SDG 7	SDG 7: 100%		
12.2	Transport Infrastructure	SDG 9	SDG 9: 100%		
12.3	Agriculture and Rural Development	SDG 2	SDG 2: 100%		
12.4	Regional Development		n/a		
12.5	Environment	SDG 13 + 14 + 15	SDG 13: 33%	SDG 14: 33%	SDG 15: 34%

<b>12.6</b>	Mining	SDG 12	SDG 12: 100%		
<b>12.7</b>	Tourism Development	SDG 8 + 11 + 12	SDG 8: 33%	SDG 11: 33%	SDG 12: 34%
<b>12.8</b>	Water Supply and Sanitation/Sewage	SDG 6	SDG 6: 100%		
<b>12.9</b>	Integrated Waste Management	SDG 11 + 12 + 17 (PPPs)	SDG 11: 40%	SDG 12: 40%	SDG 17: 20%
<b>12.10</b>	Spatial Planning and Urban Development	SDG 11	SDG 11: 100%		

**In practice, many sectorial strategies are crosscutting or with interferences<sup>29</sup>; hence the costing exercise should clearly refer to common activities, expenditures programs, policy centers in order to allocate both direct and indirect related costs for cost drivers pertinent to each sector.** It implies that while the benefits are enhanced through synergies and increased efficiencies of integration, sharing rather than replicating the common costs is the key to achieving these synergies. This analysis does not appear to have been carried out in costed sectorial strategies. In the case of SDGs, the issue is even more enhanced: several SDGs overlap with more than one or two sectorial strategies. Some goals are more difficult to track than others: gender related spending is most difficult to identify, given that apart gender mainstreaming spending; other budget programmes may have been engendered; but the costing exercise needs to avoid double counting. Similarly, expenditure towards water access and environment protection, which is spread across different institutions and programmatic areas, presents a challenge.

Naturally, the estimation of total cost of policy alternatives in different sectors in Albania cannot be equated with the sum of the cost of sectorial strategies/or SDGs in as much as the interlinkages between sectors, and their respective cost implications, are not fully taken into account. The direct implication for the budgeting exercise, especially for the Medium Term Budget Programme (MTBP)<sup>30</sup>, is that it needs to closely analyze the true cost and benefits (e.g. outputs, outcomes) pertaining to different programs or institutions, whose outputs are shared from more than a single sector.

With the data modeled according to the above-mentioned schema we derive the total of spending in general budget in SDG related areas. **As general budget includes both central and local budget we assume that in line with national vision expressed in NSDI II, local spending, which is classified within the same budget programs, may be assumed as classified in the same NSDI II policy areas<sup>31</sup>. A calibration<sup>32</sup> of the data model with the consolidated fiscal indicators tables published from MoFE was carried out, in order to keep the total expenditure envelope and allocations by policy areas in line with national budgets.**

However, the data coming from the above-mentioned sources needs to be modeled in order to match the mapping of baseline report. **It means that first treasury actuals and planned data had to be modeled according to NSDI II policy areas and goals, translated through baseline mapping, and finally presented according to SDGs so the information about expenditures levels in respective areas is collected and analyzed.** In policy areas where there is overlapping of SDGs a preliminary weighting, in consultation with

<sup>29</sup> Water is part of environment strategy, part of rural development strategy, decentralization and a government priority too. Land is also a government priority but also part of rural development strategy, good governance and state of law etc.

<sup>30</sup> MTBP, together with NSDI and the European Integration processes are integral parts of the Integrated Planning System (IPS), the framework guiding policy development in the Government of Albania.

<sup>31</sup> The assumption is only for analysis purposes and doesn't affect the robustness of conclusions as the local budget is on the level of 10% of general budget.

<sup>32</sup> We have only 1% deviation from general consolidated indicators that have to do with interests expenditures and financial outlays that are reported for payment of internal or external debts.

baseline mapping author, has been assumed as a working assumption. It may be modified afterward upon request from beneficiary. The data modeling exercise is documented in an Excel file that is attached to database of expenditures analysis. The data model schematic presentation is presented in **Figure 8**.

## *TOTAL AND INDIVIDUAL SDGs RELATED ACTUAL EXPENDITURES*

### Overview of Total Budget Spending

Total budget outlays from domestic and foreign sources in 2016 and 2017 amounted to 440 and 469 billion lek, respectively (**Figure 9**). The main cost driver for the overall development strategy is social development and cohesion, which takes up approximately half of the total budget in the 2015 – 2017 period. This pillar includes expenditure incurred in the sectors of health, education, culture and social protection. Sustainable growth through efficient use of resources, encompassing government measures in transport, water infrastructure and environment accounts for 18% of total budget outlays in average between 2015 and 2017. Good governance, democracy and the rule of law pillar are financed on average at 17% of the budget resources and include the government's activity, as well as the functioning of several independent institutions. Financing for growth through competitiveness and fiscal stability is rather small at 1,2% in average of the budget. While the private sector is expected to contribute the most towards growth and increased competitiveness; it is interesting to note that beside market surveillance and public financial management, these pillars encompass activities in the area of support for research and development and science.

Figure 9: Total General Budget level of Spending according to Baseline SDGs -NSD II Mapping (Millions ALL)

Row Labels	2015	2016	2017
<b>GOOD GOVERNANCE, DEMOCRACY AND THE RULE OF LAW</b>	<b>74.895,85</b>	<b>72.099,64</b>	<b>82.529,03</b>
ALL SDG (Crosscutting)	3.657,53	3.817,20	4.344,31
No SDG relevance identified	35.872,43	33.379,46	42.230,55
SDG 10	2.979,75	3.629,88	3.290,24
SDG 16	28.169,32	28.237,34	28.471,07
SDG 16, SDG5	1.744,00	1.126,25	1.704,44
SDG 17	400,28	422,30	553,74
SDG3, SDG 16	2.072,54	1.487,21	1.934,68
<b>GROWTH THROUGH COMPETITIVENESS</b>	<b>6.065,87</b>	<b>6.157,30</b>	<b>4.059,71</b>
No SDG relevance identified	60,42	61,66	65,70
SDG 1	1.418,42	1.693,81	335,36
SDG 2, SDG 12	1.951,21	2.745,44	1.974,51
SDG 8	987,15	1.203,20	782,02
SDG 9	48,05	12,62	
SDG 9, SDG 17	1.600,62	440,58	902,11
<b>GROWTH THROUGH FISCAL STABILITY AND ENHANCEMENT</b>			
<b>OF COMPETITIVENESS</b>	<b>57.998,28</b>	<b>65.593,03</b>	<b>62.659,15</b>
No SDG relevance identified	326,02	464,19	688,47
SDG 10	17.948,77	10.356,65	8.078,71
SDG 8, SDG 10, SDG 17	39.723,50	54.772,20	53.891,97
<b>SOCIAL DEVELOPMENT AND COHESION THROUGH HUMAN</b>			
<b>INVESTMENT AND DEVELOPMENT</b>	<b>211.516,40</b>	<b>222.268,85</b>	<b>231.256,84</b>
No SDG relevance identified	118.567,40	126.990,57	132.209,56
SDG 4	33.719,25	34.429,39	35.809,80
SDG 4, SDG 11	1.531,30	1.623,90	1.813,77
SDG 8	3.504,41	4.178,09	3.855,52
SDG 8, SDG 10	64,71	65,92	83,22
SDG I, SDG 10	21.442,04	21.268,29	18.095,86
SDG3	32.687,29	33.712,68	39.389,10
<b>SUSTAINABLE GROWTH THROUGH EFFICIENT USE OF</b>			
<b>RESSOURCES</b>	<b>74.969,35</b>	<b>74.122,09</b>	<b>88.727,55</b>
No SDG relevance identified	8.784,93	6.159,17	9.399,57
SDG 11	2.526,64	2.890,94	8.020,43
SDG 11, SDG 12, SDG 17 (PPPs)	240,87	536,90	904,67
SDG 12	285,06	252,05	270,47
SDG 13, 14, 15	2.240,54	4.417,99	4.728,58
SDG 2	3.736,33	3.899,48	2.547,63
SDG 6	15.467,17	19.948,15	17.800,72
SDG 7	2.183,08	6.271,35	7.730,84
SDG 8, SDG 11, SDG 12	359,68	484,73	541,46
SDG 9	39.145,04	29.261,31	36.783,17
<b>Grand Total</b>	<b>425.445,75</b>	<b>440.240,91</b>	<b>469.232,27</b>

Source:TEAM Excel Database based on Treasury Information (2015-2017).

In line with the baseline mapping, around 282 billion lek, or roughly 60% of the total budget was found to be relevant towards achievement of SDG objectives<sup>33</sup> (Figure 10).

Figure 10: General Budget level of Spending only in SDGs related Areas (Millions ALL)

Row Labels	2015	2016	2017
<b>GOOD GOVERNANCE, DEMOCRACY AND THE RULE OF LAW</b>	<b>39.023,42</b>	<b>38.720,18</b>	<b>40.298,49</b>
ALL SDG (Crosscutting)	3.657,53	3.817,20	4.344,31
SDG 10	2.979,75	3.629,88	3.290,24
SDG 16	28.169,32	28.237,34	28.471,07
SDG 16, SDG5	1.744,00	1.126,25	1.704,44
SDG 17	400,28	422,30	553,74
SDG3, SDG 16	2.072,54	1.487,21	1.934,68
<b>GROWTH THROUGH COMPETITIVENESS</b>	<b>6.005,45</b>	<b>6.095,65</b>	<b>3.994,01</b>
SDG 1	1.418,42	1.693,81	335,36
SDG 2, SDG 12	1.951,21	2.745,44	1.974,51
SDG 8	987,15	1.203,20	782,02
SDG 9	48,05	12,62	
SDG 9, SDG 17	1.600,62	440,58	902,11
<b>GROWTH THROUGH FISCAL STABILITY AND ENHANCEMENT</b>			
<b>OF COMPETITIVENESS</b>	<b>57.672,27</b>	<b>65.128,85</b>	<b>61.970,68</b>
SDG 10	17.948,77	10.356,65	8.078,71
SDG 8, SDG 10, SDG 17	39.723,50	54.772,20	53.891,97
<b>SOCIAL DEVELOPMENT AND COHESION THROUGH HUMAN</b>			
<b>INVESTMENT AND DEVELOPMENT</b>	<b>92.949,00</b>	<b>95.278,28</b>	<b>99.047,27</b>
SDG 4	33.719,25	34.429,39	35.809,80
SDG 4, SDG 11	1.531,30	1.623,90	1.813,77
SDG 8	3.504,41	4.178,09	3.855,52
SDG 8, SDG 10	64,71	65,92	83,22
SDG 1, SDG 10	21.442,04	21.268,29	18.095,86
SDG3	32.687,29	33.712,68	39.389,10
<b>SUSTAINABLE GROWTH THROUGH EFFICIENT USE OF</b>			
<b>RESSOURCES</b>	<b>66.184,42</b>	<b>67.962,91</b>	<b>79.327,97</b>
SDG 11	2.526,64	2.890,94	8.020,43
SDG 11, SDG 12, SDG 17 (PPPs)	240,87	536,90	904,67
SDG 12	285,06	252,05	270,47
SDG 13, 14, 15	2.240,54	4.417,99	4.728,58
SDG 2	3.736,33	3.899,48	2.547,63
SDG 6	15.467,17	19.948,15	17.800,72
SDG 7	2.183,08	6.271,35	7.730,84
SDG 8, SDG 11, SDG 12	359,68	484,73	541,46
SDG 9	39.145,04	29.261,31	36.783,17
<b>Grand Total</b>	<b>261.834,55</b>	<b>273.185,86</b>	<b>284.638,42</b>

Source: TEAM Excel Database based on Treasury Information (2015-2017).

<sup>33</sup> Mapping is expected to be reassessed as relevant budget programmes appear to have been left out of the budget analysis.

In terms of financing for individual SDGs, SDGs 3, 4 and 10 related with health, education and inequalities are the main cost items in total financing, at over 38 billion lek in 2017. Similarly, SDG 9 – related with industry, innovation and infrastructure accounts for 14% of total SDG related outlays in 2017. Measures towards achieving objectives towards decent work and economic growth (SDG 8) appear to have been stepped up by the government, through allocation of 13 of the budget for interventions in vocational training, employment support as well as financing of debt. Environment related SDGs appear to be financed modestly in all years under review. (Figure 11 and Figure 11)

**Figure 11 General Budget level of Spending only in NSDI II-SDGs related Areas (Millions ALL) with Programmatic Classification (Description) in Value and %**

Row Labels	2015		2016		2017	
	Value	%	Value	%	Value	%
<b>GOOD GOVERNANCE, DEMOCRACY AND THE RULE OF LAW</b>	<b>39.023,42</b>	<b>14,90%</b>	<b>38.720,18</b>	<b>14,17%</b>	<b>40.298,49</b>	<b>14,16%</b>
<b>ALL SDG (Crosscutting)</b>	<b>3.657,53</b>	<b>1,40%</b>	<b>3.817,20</b>	<b>1,40%</b>	<b>4.344,31</b>	<b>1,53%</b>
Mbeshtetje per KultetFetare	15,41	0,01%	10,81	0,09%	14,44	0,06%
Planifikimi, MenaxhimidheAdministrimi	121,66	0,05%	255,95	0,73%	161,77	0,82%
Projektetektike per futjen e tekno. tereja		0,00%		0,04%	199,49	0,04%
Sherbime te PergjithshmePublike VII	1.994,27	0,76%	2.007,66	0,50%	2.326,54	0,52%
VeprimtariaGjyqesore	108,68	0,04%	115,36	0,02%	105,34	0,02%
Veprimtaria Informative Shteterore	1.362,80	0,52%	1.375,68	0,00%	1.483,57	0,01%
VeprimtariaTelegrafike e ATSH	54,71	0,02%	51,73	0,00%	53,15	0,07%
<b>SDG 10</b>	<b>2.979,75</b>	<b>1,14%</b>	<b>3.629,88</b>	<b>1,33%</b>	<b>3.290,24</b>	<b>1,16%</b>
Planifikimi, MenaxhimidheAdministrimi	309,14	0,12%	440,98	0,16%	248,02	0,09%
Sherbime te Pergj. Publike	1.955,94	0,75%	1.995,59	0,73%	2.136,13	0,75%
SherbimetePergj. Publike I	194,06	0,07%	191,41	0,07%	191,68	0,07%
Sherbime te PergjithshmePublike III	389,12	0,15%	674,28	0,01%	569,53	0,01%
Sherbime te PergjithshmePublike IV	25,96	0,01%	27,93	0,25%	18,63	0,20%
Sherbime te tjera te pergjithshme	105,54	0,04%	299,68	0,11%	126,24	0,04%
<b>SDG 16</b>	<b>28.169,32</b>	<b>10,76%</b>	<b>28.237,34</b>	<b>10,34%</b>	<b>28.471,07</b>	<b>10,00%</b>
BuxhetiGjyqesor	2.086,14	0,80%	2.127,11	1,50%	2.121,80	1,37%
Drejtoria e Pergjithshme e Burgjeve	5.030,30	1,92%	5.161,57	0,02%	5.048,25	0,02%
Planifikimi, MenaxhimidheAdministrimi	3.996,51	1,53%	4.090,41	0,05%	3.901,80	0,03%
Policia e Shtetit	14.848,04	5,67%	14.936,05	0,00%	15.685,32	0,00%
ProjektiRepoba (rregjiPop.eBanesave)	127,13	0,05%		0,46%	46,32	0,33%
Sherbime te Pergj. Publike	48,76	0,02%	43,85	0,00%	42,96	0,02%
SherbimetePergj. Publike I	69,58	0,03%	132,02	5,47%	96,44	5,51%
Sherbime te Pergj. Publike II	10,84	0,00%	12,26	0,78%	12,47	0,75%
Sherbime te PergjithshmePublike V	1.479,16	0,56%	1.263,78	0,06%	933,46	0,06%
Sherbimi i PermbarimitGjyqesor	100,09	0,04%	99,38	0,00%	125,43	0,01%
Sherbimi i Proves	117,11	0,04%	127,83	0,00%	125,93	0,01%
VeprimtariaArsimore e SHM	59,60	0,02%	68,54	0,04%	89,39	0,04%
Veprimtaria e apelimitterivleresimitkalimtar		0,00%		0,00%	20,52	0,00%
Veprimtaria e komisioneritpublik		0,00%		1,89%	4,79	1,77%
Veprimtaria e rivleresimitkalimtar te magjistratit		0,00%		0,05%	32,23	0,04%

VeprimtariaGjyqesore	196,06	0,07%	174,53	0,03%	183,98	0,03%
<b>SDG 16, SDG5</b>	<b>1.744,00</b>	<b>0,67%</b>	<b>1.126,25</b>	<b>0,41%</b>	<b>1.704,44</b>	<b>0,60%</b>
Administrimi i Zgjedhjeve	136,51	0,05%	111,90	0,14%	143,74	0,12%
Planifikimi, MenaxhimidheAdministrimi	323,11	0,12%	380,71	0,23%	342,31	0,19%
Sherbime te Pergj. Publike	616,35	0,24%	621,64	0,04%	553,34	0,05%
Zgjedhjet e pergjithshmedhelokale	668,03	0,26%	12,01	0,00%	665,05	0,23%
<b>SDG 17</b>	<b>400,28</b>	<b>0,15%</b>	<b>422,30</b>	<b>0,15%</b>	<b>553,74</b>	<b>0,19%</b>
Planifikimi, MenaxhimidheAdministrimi	16,84	0,01%	18,49	0,01%	22,90	0,01%
SherbimeStatistikore	19,33	0,01%	38,47	0,01%	45,00	0,02%
Sherbime te tjera te pergjithshme	364,11	0,14%	365,34	0,13%	485,85	0,17%
<b>SDG3, SDG 16</b>	<b>2.072,54</b>	<b>0,79%</b>	<b>1.487,21</b>	<b>0,54%</b>	<b>1.934,68</b>	<b>0,68%</b>
Emergjencat	661,71	0,25%	56,27	0,04%	30,73	0,04%
Garda e Republikes	1.310,26	0,50%	1.329,96	0,49%	1.793,32	0,63%
Sherbime te PergjithshmePublike VI	100,58	0,04%	100,98	0,02%	110,63	0,01%
<b>GROWTH THROUGH COMPETITIVENESS</b>	<b>6.005,45</b>	<b>2,29%</b>	<b>6.095,65</b>	<b>2,23%</b>	<b>3.994,01</b>	<b>1,40%</b>
<b>SDG 1</b>	<b>1.418,42</b>	<b>0,54%</b>	<b>1.693,81</b>	<b>0,62%</b>	<b>335,36</b>	<b>0,12%</b>
Menaxhimi i burimevenatyrore	24,33	0,01%	24,48	0,61%	24,92	0,11%
Sherbime te PergjithshmePublike VI	1.394,10	0,53%	1.669,33	0,01%	310,45	0,01%
<b>SDG 2, SDG 12</b>	<b>1.951,21</b>	<b>0,75%</b>	<b>2.745,44</b>	<b>1,00%</b>	<b>1.974,51</b>	<b>0,69%</b>
Sherbim. e Insp. Bujq,sigushq. e mbr. Kons.	1.649,31	0,63%	2.399,51	0,13%	1.717,01	0,09%
Sherbimet e Tregut, Akreditim&Inspektim	301,90	0,12%	345,92	0,88%	257,50	0,60%
<b>SDG 8</b>	<b>987,15</b>	<b>0,38%</b>	<b>1.203,20</b>	<b>0,44%</b>	<b>782,02</b>	<b>0,27%</b>
Mbeshtetje e zhvillimitekonomik	662,65	0,25%	509,37	0,25%	397,00	0,14%
Planifikimi, MenaxhimidheAdministrimi	324,49	0,12%	693,84	0,19%	385,02	0,14%
<b>SDG 9</b>	<b>48,05</b>	<b>0,02%</b>	<b>12,62</b>	<b>0,00%</b>		<b>0,00%</b>
Sherbime te Pergj. Publike II	48,05	0,02%	12,62	0,00%		0,00%
<b>SDG 9, SDG 17</b>	<b>1.600,62</b>	<b>0,61%</b>	<b>440,58</b>	<b>0,16%</b>	<b>902,11</b>	<b>0,32%</b>
Fonde per Shkencen	299,85	0,11%	343,42	0,00%	375,74	0,15%
Sherbime te PergjithshmePublike IV	1.202,63	0,46%		0,04%	419,45	0,04%
VeprimtariaAkademike	98,14	0,04%	97,16	0,13%	106,92	0,13%
<b>GROWTH THROUGH FISCAL STABILITY AND ENHANCEMENT OF COMPETITIVENESS</b>	<b>57.672,27</b>	<b>22,03%</b>	<b>65.128,85</b>	<b>23,84%</b>	<b>61.970,68</b>	<b>21,77%</b>
<b>SDG 10</b>	<b>17.948,77</b>	<b>6,86%</b>	<b>10.356,65</b>	<b>3,79%</b>	<b>8.078,71</b>	<b>2,84%</b>
Planifikimi, MenaxhimidheAdministrimi	1.209,37	0,46%	1.432,91	0,52%	1.096,17	0,39%
Sherbime te Pergj. Publike	413,76	0,16%	383,23	0,14%	457,36	0,16%
SherbimetePergj. Publike I	2.699,56	1,03%	2.398,65	0,88%	287,10	0,10%
Sherbime te Pergj. Publike II	66,52	0,03%	54,42	0,93%	69,25	0,91%
Sherbime te PergjithshmePublike III	2.597,22	0,99%	3.543,38	1,30%	3.571,19	1,25%
Sherbime te PergjithshmePublike IV	10.962,33	4,19%	2.544,06	0,02%	2.597,63	0,02%
<b>SDG 8, SDG 10, SDG 17</b>	<b>39.723,50</b>	<b>15,17%</b>	<b>54.772,20</b>	<b>20,05%</b>	<b>53.891,97</b>	<b>18,93%</b>
Pagesat per Borxhin e Brendshem	27.384,62	10,46%	25.526,45	0,00%	21.414,59	0,00%
Pagesat per Borxhin e Huaj	11.257,75	4,30%	29.147,79	0,03%	30.773,99	0,60%
Planifikimi, MenaxhimidheAdministrimi	9,22	0,00%	7,81	9,34%	7,33	7,52%



SherbimetePergj. Publike I	1.071,90	0,41%	90,15	10,67%	1.696,07	10,81%
<b>SOCIAL DEVELOPMENT AND COHESION THROUGH HUMAN INVESTMENT AND DEVELOPMENT</b>	<b>92.949,00</b>	<b>35,50%</b>	<b>95.278,28</b>	<b>34,88%</b>	<b>99.047,27</b>	<b>34,80%</b>
<b>SDG 4</b>	<b>33.719,25</b>	<b>12,88%</b>	<b>34.429,39</b>	<b>12,60%</b>	<b>35.809,80</b>	<b>12,58%</b>
ArsimiBaze (perفشireparashkollorin)	25.987,66	9,93%	26.036,82	0,27%	27.179,15	0,23%
Arsimiimesem (ipergjithshem)	7.055,34	2,69%	7.644,37	9,53%	7.968,49	9,55%
Planifikimi, MenaxhimidheAdministrimi	676,26	0,26%	748,20	2,80%	662,16	2,80%
<b>SDG 4, SDG 11</b>	<b>1.531,30</b>	<b>0,58%</b>	<b>1.623,90</b>	<b>0,59%</b>	<b>1.813,77</b>	<b>0,64%</b>
Arti dheKultura	725,71	0,28%	917,97	0,05%	1.134,24	0,05%
Planifikimi, MenaxhimidheAdministrimi	165,90	0,06%	124,82	0,21%	155,85	0,18%
TrashegimiaKulturore,Muzete,Bibliotekat	639,69	0,24%	581,11	0,34%	523,69	0,40%
<b>SDG 8</b>	<b>3.504,41</b>	<b>1,34%</b>	<b>4.178,09</b>	<b>1,53%</b>	<b>3.855,52</b>	<b>1,35%</b>
Arsimii mesem (profesional)	1.696,67	0,65%	2.194,56	0,06%	2.201,37	0,06%
Inspektimi ne Pune	184,69	0,07%	176,11	0,80%	168,27	0,77%
Punesimi, FormimidheAresimiProfesional	1.623,05	0,62%	1.807,42	0,66%	1.485,89	0,52%
<b>SDG 8, SDG 10</b>	<b>64,71</b>	<b>0,02%</b>	<b>65,92</b>	<b>0,02%</b>	<b>83,22</b>	<b>0,03%</b>
Perفشirja Sociale	64,71	0,02%	65,92	0,02%	83,22	0,03%
<b>SDG I, SDG 10</b>	<b>21.442,04</b>	<b>8,19%</b>	<b>21.268,29</b>	<b>7,79%</b>	<b>18.095,86</b>	<b>6,36%</b>
Perkujdesi Social	21.442,04	8,19%	21.268,29	7,79%	18.095,86	6,36%
<b>SDG3</b>	<b>32.687,29</b>	<b>12,48%</b>	<b>33.712,68</b>	<b>12,34%</b>	<b>39.389,10</b>	<b>13,84%</b>
Perفشirja Sociale		0,00%	1,93	0,10%	4,21	0,13%
Perkujdesi Social	14,96	0,01%	61,17	0,00%	3.589,64	0,01%
Planifikimi, MenaxhimidheAdministrimi	218,98	0,08%	270,10	4,48%	382,12	4,85%
Sherbimet e KujdesitDytesor	18.999,54	7,26%	18.400,48	6,74%	18.780,53	6,60%
Sherbimet e KujdesitParesor	10.715,32	4,09%	12.236,06	0,93%	13.792,96	0,91%
Sherbimet e ShendetitPublik	2.571,56	0,98%	2.550,40	0,07%	2.577,63	0,08%
SherbimiKombetar i Urgjences	166,93	0,06%	192,55	0,02%	233,34	1,26%
Strehimi		0,00%		0,00%	28,67	0,00%
<b>SUSTAINABLE GROWTH THROUGH EFFICIENT USE OF RESSOURCES</b>	<b>66.184,42</b>	<b>25,28%</b>	<b>67.962,91</b>	<b>24,88%</b>	<b>79.327,97</b>	<b>27,87%</b>
<b>SDG 11</b>	<b>2.526,64</b>	<b>0,96%</b>	<b>2.890,94</b>	<b>1,06%</b>	<b>8.020,43</b>	<b>2,82%</b>
ProgrameZhvillimi		0,00%		0,15%	5.952,46	0,11%
StrehimidheUrbanistika	2.432,71	0,93%	2.477,43	0,91%	1.756,66	0,62%
StrehimidheUrbanistikaVendore	93,94	0,04%	413,52	0,00%	311,32	2,09%
<b>SDG 11, SDG 12, SDG 17 (PPPs)</b>	<b>240,87</b>	<b>0,09%</b>	<b>536,90</b>	<b>0,20%</b>	<b>904,67</b>	<b>0,32%</b>
SherbimetPublike	240,87	0,09%	536,90	0,20%	904,67	0,32%
<b>SDG 12</b>	<b>285,06</b>	<b>0,11%</b>	<b>252,05</b>	<b>0,09%</b>	<b>270,47</b>	<b>0,10%</b>
Mbeshitetje per mbikqyrjen e standartevetekniketehidrokarburevedhemierave	285,06	0,11%	252,05	0,09%	270,47	0,10%
<b>SDG 13, 14, 15</b>	<b>2.240,54</b>	<b>0,86%</b>	<b>4.417,99</b>	<b>1,62%</b>	<b>4.728,58</b>	<b>1,66%</b>
Administrimi i Pyjeve	752,35	0,29%	1.004,53	0,07%	977,25	0,10%
Emergjencat	3,73	0,00%	626,44	0,37%	871,30	0,34%
Planifikimi, MenaxhimidheAdministrimi	297,55	0,11%	178,77	0,95%	293,66	0,91%
Programe per mbrojtjen e Mjedisit	1.186,91	0,45%	2.608,25	0,23%	2.586,38	0,31%

<b>SDG 2</b>	<b>3.736,33</b>	<b>1,43%</b>	<b>3.899,48</b>	<b>1,43%</b>	<b>2.547,63</b>	<b>0,90%</b>
Kerkimidheekstensioni	242,59	0,09%	185,40	0,09%	206,28	0,09%
Mbe.eprodh. Bujq, blek, agroji, dhe market.	2.768,67	1,06%	3.107,42	0,14%	1.987,62	0,03%
Mbeshtetje per Peshkimin	485,04	0,19%	369,47	1,14%	93,69	0,70%
Planifikimi, MenaxhimidheAdministrimi	240,03	0,09%	237,19	0,07%	260,03	0,07%
<b>SDG 6</b>	<b>15.467,17</b>	<b>5,91%</b>	<b>19.948,15</b>	<b>7,30%</b>	<b>17.800,72</b>	<b>6,25%</b>
Administrimi i Ujrave	171,50	0,07%	96,10	2,21%	245,55	1,84%
Infrastruktura e ujitjesdhekullimit	2.641,09	1,01%	6.039,11	0,04%	5.241,59	0,09%
UjesjellesKanalizime	11.919,86	4,55%	12.999,55	0,30%	11.633,70	0,24%
UjesjellesKanalizimeVendore	734,72	0,28%	813,39	4,76%	679,88	4,09%
<b>SDG 7</b>	<b>2.183,08</b>	<b>0,83%</b>	<b>6.271,35</b>	<b>2,30%</b>	<b>7.730,84</b>	<b>2,72%</b>
Mbeshtetje per Energjine	96,96	0,04%	489,34	1,95%	1.871,94	1,97%
Mbeshtetje per Gjeoshkencat e te tjera	488,63	0,19%	457,74	0,18%	238,63	0,66%
Planifikimi, MenaxhimidheAdministrimi	1.597,49	0,61%	5.324,26	0,17%	5.620,27	0,08%
<b>SDG 8, SDG 11, SDG 12</b>	<b>359,68</b>	<b>0,14%</b>	<b>484,73</b>	<b>0,18%</b>	<b>541,46</b>	<b>0,19%</b>
Planifikimi, MenaxhimidheAdministrimi	215,93	0,08%	194,59	0,07%	335,04	0,12%
Programe te turizmit	0,19	0,00%		0,00%		0,00%
Zhvillimi i Turizmit	143,56	0,05%	290,14	0,11%	206,42	0,07%
<b>SDG 9</b>	<b>39.145,04</b>	<b>14,95%</b>	<b>29.261,31</b>	<b>10,71%</b>	<b>36.783,17</b>	<b>12,92%</b>
Aviacioni Civil	15,72	0,01%	15,25	0,15%	15,12	0,20%
Hekurudhat	588,58	0,22%	497,40	0,00%	431,21	0,05%
Mbeshtetje per Energjine		0,00%		0,00%	138,71	0,01%
Mbeshtetje per Gjeoshkencat e te tjera		0,00%		0,00%	33,04	0,05%
Mbeshtetje per mbikqyrjen e standartevetekniketehidrokarburevedheminerave		0,00%		5,68%	148,06	8,71%
Menaxhimi i TransportitRrugor	11.104,09	4,24%	11.931,59	4,37%	10.464,12	3,68%
Planifikimi, MenaxhimidheAdministrimi	349,38	0,13%	400,72	0,33%	565,30	0,07%
Portet	929,78	0,36%	910,39	0,18%	205,77	0,15%
Rrjeti i RrugeveNacionale	26.157,49	9,99%	15.505,96	0,01%	24.781,84	0,01%
<b>Grand Total</b>	<b>261.834,55</b>	<b>100,00%</b>	<b>273.185,86</b>	<b>100,00%</b>	<b>284.638,42</b>	<b>100,00%</b>

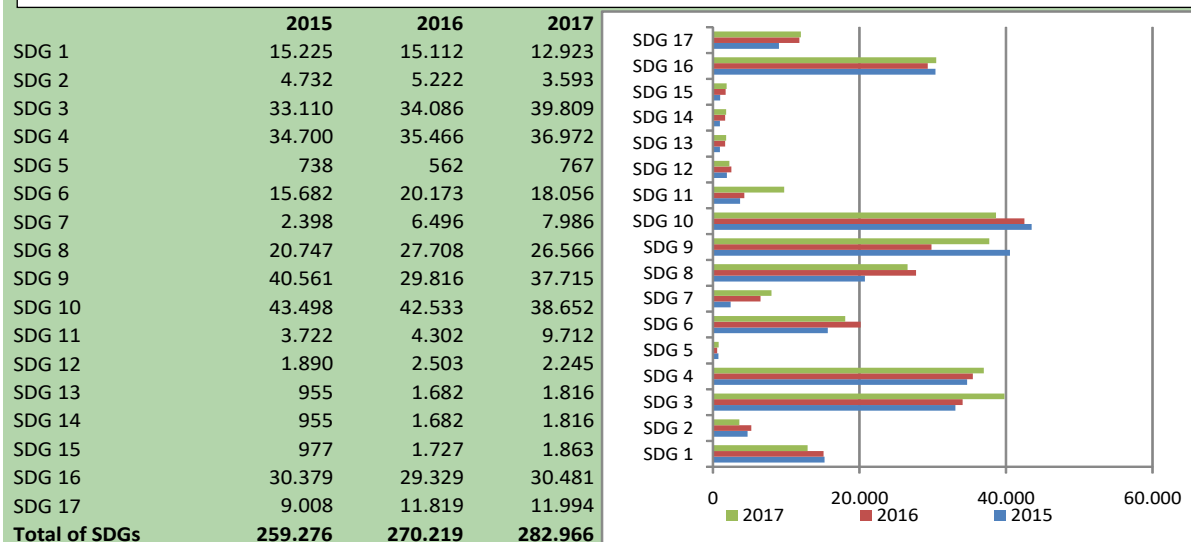
Source:TEAM Excel Database based on Treasury Information (2015-2017).

## Spending by Individual SDGs

Based on the initial weighting matrix we disaggregate the data on the level of individual SDGs and relative importance of them that is presented in **Figure 12** below<sup>34</sup>.

<sup>34</sup> The discrepancies between the sum of the numbers and the totals in previous table are mostly related to weighting of Human Rights policy areas that is not finite and determinate amount.

Figure 12: The level of Spending on individual SDGs (Millions ALL)



Source: TEAM Excel Database based on Treasury Information (2015-2017).

### SDG 1: No Poverty

The Albanian government has spent on average 0,97% of the GDP on poverty reduction goals between 2015 and 2017. Spending on SDG1 is dominated by cash benefit outlays, which account for about 94-95% of the total spending. The cash benefit programme is composed of two main sub-programmes: cash benefit payment for poverty alleviation (social assistance – ndihma ekonomike NE); and cash payment benefits for people with disabilities to help with their care costs and to compensate them for their inability to work, which are managed by the Ministry in charge of social affairs<sup>35</sup>. The third component of the programme includes activities in the realm of social care services; however its relative weight to the overall programme budget is very modest.

Table 2 SDG 1 related expenditure 2015 – 2017 per capita and in % of GDP

SDG 1	2015	2016	2017
<b>Per capita spending (Lek)</b>	5.275,69	5.255,4	4.492,3
<b>In % of GDP</b>	1,1%	1,0%	0,8%

Spending related with SDG1 in 2017 has decreased by 15% compared with 2015 and 2017. The difference is mostly accounted for by reductions in outlays in the cash benefit programme amounting to over 2 billion lek. Likely this is a result of the reforms in the NE programme aiming at better targeting of the poor households. (See Annex). It is worth noting that these figures do not include the pension programme under the Institute of Social Security, which could arguably have poverty-related outcomes, in particular the social pension subprogramme.

<sup>35</sup> Ministry of Social Welfare and Youth (MSWY) until 2017; Ministry of Health and Social Protection (MHSP) from September 2017.

## SDG 2: Zero Hunger

Budget programmes classified under SDG2 relate mainly with agricultural production and support to agriculture, falling under the Agricultural and Rural Development policy area of the NSDI (on average approximately 75% of outlays). Other NSDI policy areas also contribute to this SDG, namely Consumer Protection and Market Supervision (on average 19%) as well as other policy areas such as Human Rights and Civil Society, to a lesser extent.

Table 3 SDG 2 related expenditure 2015 – 2017 per capita and in % of GDP

SDG 2	2015	2016	2017
<b>Per capita spending (Lek)</b>	1.639,74	1.816,0	1.249,0
<b>In % of GDP</b>	0,331%	0,355%	0,231%

Public spending on SDG2 related goals has averaged 0,3% of GDP in the 2015 – 2017 period, with a significant decrease in 2017, when per capita spending fell to 1,249 Lek from 1,816 Lek in 2016. Contributions to this SDG derive primarily from the Ministry of Agriculture and Rural Development (87% of total spending in average for the three years) and 54% are materialized through spending in the “Support to agricultural Production” budget programme, which encompasses a series of measures ranging from the activity of Regional Agriculture Directorates, to the Agency for Agriculture and Rural Development (AZHBR). Spending under this programme has decreased by 720 million lek in 2017 as opposed to 2016 and accounts for approximately 44% of the total difference in spending for SDG2. This appears to be mainly attributable to a steep decrease in the farmer subsidies programme under AZHBR, which has allocated approximately 85% less funds in transfers in 2017 than in 2016 (211 million lek and 1,4 billion lek in 2017 and 2016, respectively). Operation and maintenance expenditure under this programme has slightly increased in 2017 due to activities of the regional agriculture directorates, and other agencies such as the Agency for Seeds and Seedlings, agriculture statistical departments, etc.

## SDG 3: Good Health and Well-being

Health – related expenditure amounted to 107 billion lek in the three years under review, amounting to an annual average of more than 35 billion and peaking in 2017 at 39,8 billion lek. The main programmes under this SDG are expenditures in primary healthcare (34% annual specific weight in average) and secondary healthcare services (53%). Public spending on health related goals has averaged 2,4% of GDP, peaking in 2017 at 2,6% at GDP due to the fast increase in funding allocations.

Table 4 SDG 3 related expenditure 2015 – 2017 per capita and in % of GDP

SDG 3	2015	2016	2017
<b>Per capita spending</b>	11.473,33	11.853,5	13.839,1
<b>In % of GDP</b>	2,3%	2,3%	2,6%

The increase in spending between 2017 and the previous years is primarily attributable to increases in the social care programme (disability benefits) and the primary healthcare programme, mainly related with the drug reimbursement programme under the Institute for Healthcare Insurance. Spending under this SDG is

balanced in terms of economic nature of expenditure: personnel expenditure average 32% annually; operation and maintenance expenditures are on average 26% of total expenditure, while transfers to individuals and households average 34% on an annual basis. Investments were approximately 9% and 7% of total expenditure in 2015 and 2016 respectively, and fell down to 3% in 2017 (decrease in investment occurred both in relative and absolute figures).

#### *SDG 4: Quality Education*

Budget programmes classified under SDG4 relate primarily with the activity of the Ministry of Education, falling under the social policy area of the NSDI. The main budget programmes contributing to this development goal are naturally primary education (74% of total outlays) and secondary general education (21% of total outlays). Other programme with modest contributions include among others “Art and Culture” (1,3%); management costs under the Ministry of Education (2,2%)

*Table 5 SDG 4 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 4</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	12.024	12.333	12.853
<b>In % of GDP</b>	2,43%	2,41%	2,38%

Public spending on quality education amounted to 107 billion lek in the three years under review, the second largest SDG related programme, together with health. Spending on education has maintained a steady growth pace in terms of absolute figures between 2015 and 2017, with a 2,2% and 4,2% annual growth in 2016 and 2017 respectively. However, its relative weight to the GDP has slightly decreased, given the faster growth pace of the latter.

Increase in spending towards quality education is attributed primarily to increased financing in the primary education programme (including pre-school education), which has grown by 1,14 billion lek in 2017 as opposed to the previous year, accounting for 76% of the increased allocations. 22% of the increase was verified in the secondary general education programme. In 2016 and 2017 over 20% of total expenditure in education was spent by local government units (7,1 and 7,6 billion lek respectively in 2016 and 2017. Local governments are responsible for maintenance of pre-university school facilities and management and personnel costs in pre-school education.

Investment in education varies between 2,8 and 3 billion lek each year; while personnel costs (teachers salaries mainly) amount to 31 billion lek in 2017, with a considerable increase as opposed to the two previous years (29 billion lek in 2016 and 2017), likely due to measures for increase in teacher’s salaries as well as recruitment of new staff such as assistant teachers for children with special abilities.<sup>36</sup>

Other measures for inclusive education, which include programmes such as reimbursement of transportation costs to school for children and teachers where schools are distant from the inhabited areas and provision of free textbooks for given categories of children in primary education (elementary grades 1 – 5, for children from poor families, Roma, etc.) have been financed at growing rates over the three years under review,

<sup>36</sup> The cost of assistant teachers is not discernible in the financial data, but it is likely not a considerable contribution to the total personnel cost line item.

accounting for 1,6% of total expenditure under this SDG in 2017 as opposed to 1,5% in 2015 (594 and 520 million lek respectively in 2017 and 2015).

### *SDG 5: Gender Equality*

The main programmes classified under the Gender Equality SDG relate with management activities for gender mainstreaming at the institutional level, primarily the Ministry in charge of social affairs. This classification takes into account direct costs for gender related activities to avoid double counting. Where activities benefitting gender equality and/or women have no marginal cost for their engenderment, they have been attributed to the main cost center for purposes of this analysis. According to this perspective, spending on gender equality in Albania is modest at 0,05% of GDP.

*Table 6 SDG 5 related expenditure 2015 – 2017 per capita and in % of GDP*

SDG5	2015	2016	2017
<b>Per capita spending</b>	256	196	267
<b>In % of GDP</b>	0,05%	0,04%	0,05%

It is worth noting that it is particularly difficult to identify gender-related spending. Targeted expenditures, which have been identified and classified under SDG 5 in line with the general methodology for this analysis, are usually related with management and administration costs as well as particular events on gender issues.

The extent to which gender related expenditure is mainstreamed across all sectors is far more important than expenditure identified under the gender equality bureaucracy of the government. However, gender specific projects amount to small fractions of the government’s budget and it is not easily traceable, as it is usually planned and executed at sub-programme or output level of the budget, which is not yet visible in the government financial information systems.

UN Women Albania has worked with the Albanian Government, in particular the Ministry of Finance and several line ministries, to introduce gender responsive budgeting guideline and practice at budget planning level. According to UN Women Albania, 9 budget programmes were engendered in 2015; and the number had grown to 24 different budget programmes by 2017. In absolute figures, the gender responsive outputs constituted 4,8 billion lek, or roughly 1,14% of the total budget in 2015 and went up to over 15 billion lek, or 3,2% of the budget in 2017. (See Table 7 below and Table 20 in the Annex for more detailed information).

*Table 7 Gender responsive budget outputs at planning level, 2015 – 2017 (Un Women Albania data)*

Line Ministry / Budget Institution	Gender Responsive Output Expenditure 2015 (in 000 LEK)	Gender Responsive Output Expenditure 2016 (in 000 LEK)	Gender Responsive Output Expenditure 2017 (in 000 LEK)
<b>Ministry of Economic Development, Tourism, Trade and Entrepreneurship</b>	14.000	30.000	20.000
<b>Ministry of Urban Development</b>	-	2.034	2.000
<b>Ministry of Culture</b>	12.916	44.418	82.200

<b>Ministry of European Integration</b>	28.719	28.020	2.200
<b>Ministry of Agriculture, Rural Development and Water Administration</b>	23.941	23.941	25.300
<b>Ministry of Education and Sports</b>	-	160.000	250.400
<b>Ministry of Justice</b>	-	582.408	535.443
<b>Ministry of Interior Affairs / State Police</b>	750	417.075	280.929
<b>Ministry of Social Welfare and Youth</b>	4.762.440	5.800.047	5.510.265
<b>Ministry of Health</b>	-	770.000	8.395.626
<b>Ministry of Environment</b>	-	-	30.328
<b>Ministry of Finance</b>			1.835
<b>Total planned by year</b>	<b>4.842.766</b>	<b>7.857.943</b>	<b>15.136.526</b>
<b>Of which: NE programme benefitting all members of household</b>	4.700.000	4.506.416	4.506.416
<b>Of which: Primary healthcare check up programme open to all adult population</b>			8.294.496

It is important to note that this data is collected at budget planning level. No data on actual execution level is available yet<sup>37</sup>.

The methodology used by UN Women to track gender responsive classifies all policy/programme measures addressing gender equality goals, including those where gender equality is not the primary objective, but incorporate action to close the gender gap; as gender related/gender mainstreamed. In the case of Albania, the cash benefit programme for poor households has been classified fully as a gender programme, on account of the government policy that women are entitled to withdraw the benefits on behalf of the household. Likewise, the primary health-care check-up programme has been identified as fully gender related in 2017, on account of information that 60% of beneficiaries are women. In both these cases, the primary policy goals is not strictly related to women and there are no marginal costs related with the gender dimension of the programme: the NE programme's main goal is to alleviate poverty; whereas the check-up programme's main goal is the well-being of the overall population, regardless of gender.

Nevertheless, based on the preliminary data (at planning level) provided by UN Women, an alternative analysis would suggest that spending on SDG 5 in Albania has increased from 1,678 lek in 2015; to 5,262 lek per capita in 2017. If we adjust the assumption on the "engenderment" of the poverty cash benefit and healthcare programmes based on the approximate numbers of women beneficiaries, per capita planned expenditure would be lower at 2,749 lek in 2017 (Table 8).

*Table 8 SDG 5 2015 – 2017 budget per capita, based on Un Women Albania*

<b>Per capita planned expenditure for SDG 5 (Lek)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>SDG 5: Un Women assumption</b>	1.678	2.733	5.262
<b>SDG 5: UN Women assumption with adjusted weights for NE (50%) and Health Check-up (60%)</b>	864	1.949	2.749

<sup>37</sup> Un Women is currently working on the identification of actual outturn for the gender responsive budget outputs.

### *SDG 6: Clean Water and Sanitation*

Public spending on clean water and sanitation amounted to 54 billion lek between 2015 and 2017 (15,7 billion, 20,2 billion and 18,1 billion lek in 2015, 2016 and 2017 respectively). The main budget programmes classified under this SDG includes water supply and sewerage (68% at the national level and 4% at the local level) and irrigation and drainage (18% at the national level and 8% at the local level). The lionshare of contributions to this SDG derive from the NSDI policy area on access to water and sewerage networks (98%).

*Table 9 SDG 6 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 6</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	5.434	7.015	6.277
<b>In % of GDP</b>	1,10%	1,37%	1,16%

Outlays in this sector are dominated by capital expenditure: 86% of overall expenditure is in investments in water and sanitation (66% or 35,6 billion lek) and irrigation and drainage (20% or 10,6 lek). Operation and maintenance expenditure is quite low at only 0,9% of total expenditure (average for three years) in water and sanitation and 3,9% in irrigation and drainage. Subsidies to water companies constitute 3,5% of total expenditure.

### *SDG 7: Affordable and Clean Energy*

Public spending on SDG 7 in the three years under review amount to 18,4 billion lek, of which more than 50% was spent in 2017. This SDG is linked with the NSDI policy area on efficient use of resources, contributing 95% of spending under this outcome. The main budget programmes classified herewith fall under the activity of the Ministry of Energy, namely the operation of the institutions (75%, of which 69% is investment) and support to energy (15% of which 11% is investment).

*Table 10 SDG 7 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 7</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	831	2.259	2.776
<b>In % of GDP</b>	0,17%	0,44%	0,51%

The outstanding growth in allocations to this SDG between 2015 (total 2,5 billion) and 2017 (total 9,3 billion) is attributable mainly to the increase in the “Support to energy” budget programme, which accounts for 90% of the increase in 2017 as opposed to 2016; and to the investment programmes under the management of the Ministry of Energy in 2016, which account for 91% of the increase between 2016 and 2015. One of the main investment programmes under the Ministry of Energy in 2017 is related with the market preparations for introduction of solar panels.



## *SDG 8: Decent Work and Economic Growth*

Total public spending for SDG 5 between 2015 and 2017 amounted to 75 billion lek. SDG 8 is linked with two main policy areas of NSDI II: Maintenance of macroeconomic stability (contributing the lionshare of resources to this SDG, and Social Policy and Employment, the contribution share of the latter to SDG 8 having decreased in terms of specific weight between 2015 and 2017 (from 15% to 4%), mainly due to the fast growth of debt related expenditure.

The main budget programmes under this SDG are domestic and foreign debt management (78% annual expenditure contribution on average or 58 billion lek total for three years) followed by VET and employment support (11,4 billion lek total for three years or 15% specific weight average for three years). Other programmes contributing to this SDG with very modest budgets are tourism, and support to economic development.

*Table 11 SDG 8 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 8</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	7.189	9.635	9.235
<b>In % of GDP</b>	1,45%	1,88%	1,71%

When having a closer look at expenditure contributing to this SDG, aside from debt related expenditure, total outlays amount to 16,8 billion lek over the three years, ranging from 5,3 billion in 2015 to 5,7 billion in 2017. The main budget programme (excluding debt) is vocational education, at 36% of total expenditure, or 6,1 billion lek in total. Expenditure for VET education have increased by 30% between 2016 and 2015, driven by an almost 6 fold increase in capital expenditure. Expenditure under this programme have remained at steady levels in 2017, with a slight reduction in investment but increase in personnel and operation expenditure. The budget programme on employment and vocational training contributes 28,5% or 4,8 billion lek to this SDG, driven by personnel costs (26%) and subsidies to companies and individuals under the employment support programmes (62%), which have however steeply decreased between 2017 and 2016.

## *SDG 9: Industry, Innovation and Infrastructure*

Spending on Industry, Innovation and Infrastructure in Albania amounted to 108 billion lek between 2015 and 2017, the largest expenditure for individual SDGs. 97% of resources for this SDG are contributed through the NSDI pillar on Efficient use of resources. It includes a variety of infrastructure related budget programmes, such as national road infrastructure (62% of expenditure) and public transport (31%), as well as other infrastructure such as railroads, sea ports and air transport at less than 4% of total expenditure.

*Table 12 SDG 9 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 9</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	14.055	10.369	13.111
<b>In % of GDP</b>	2,84%	2,02%	2,43%

Other budget programmes linked with this SDG include Support to Science and the Academy of Science (0.7%), as well as a small share of energy related programmes such as mining and geo-sciences (the lion-share of these two programmes has been classified under SDG 7).

On average 87% of total outlays in this SDG related area are capital expenditures, concentrated mainly in road infrastructure (78%).

### *SDG 10: Reduced inequalities*

The NSDI II policy areas contributing to this development goal have been identified as Macroeconomic Stability and economic growth and Social Policy. The main budget programmes included herewith are domestic and foreign debt (74%); fiscal administration (12%) as well as social protection programmes (social care, support for religions, support for political persecutes for less than 10% of total outlays).

Total spending towards SDG 10 has amounted to 270 billion lek in the three years under review, mainly driven by debt cost allocated under this NSDI policy area/SDG (199 billion).<sup>38</sup> Other important cost drivers classified under this SDG include public financial management (PFM) and fiscal administration (Tax and Customs authorities) related expenditure.

*Table 13 SDG 10 related expenditure 2015 – 2017 per capita and in % of GDP*

SDG 10	2015	2016	2017
<b>Per capita spending</b>	15.073	14.791	13.437
<b>In % of GDP</b>	3,05%	2,89%	2,49%

When looking at spending outside of PFM related areas (PFM, payment execution, fiscal administration, debt), total spending amounts to 25 billion in three years, with the social care programme as the main cost driver at 18 billion lek total (73%).

It is worth noting that some arguably relevant programmes for inequalities have not been classified under this SDG, such as regional development programme (tagged as not SDG relevant), health and education, to just name a few.

### *SDG 11: Sustainable cities and communities*

NSID policy areas contributing to SDG 11 on sustainable cities and communities include Spatial Planning, and Regional development under the “Sustainable Growth through Efficient Use of Resources” Pillar. Total spending under this SDG amounts to 17,7 billion lek in the three years under review, of which 9,7 billion lek was incurred in 2017. The major budget programmes contributing to this SDG include expenditure under the Housing and Territorial Planning programme in the (former) Ministry of Urban Development and local governments (38% and 4% respectively); as well as “Development Programme” under the same ministry, which accounts for 61% of total outlays in 2017 only<sup>39</sup>, or 34% of total expenditure in all years (6 billion lek).

<sup>38</sup> Some of the debt costs were allocated to SDG 8.

<sup>39</sup> No expenditure incurred under this programe in 2015 and 2016

Expenditure under this programme is related with capital expenditure under the Regional Development Fund, implemented in 2017 by the Albanian Development Fund, as well as a number of municipalities. It includes a variety of smaller and bigger projects in road infrastructure, water supply and urban renovation initiatives.

*Table 14 SDG 11 related expenditure 2015 – 2017 per capita and in % of GDP*

SDG 11	2015	2016	2017
<b>Per capita spending</b>	1.290	1.496	3.376
<b>In % of GDP</b>	0,26%	0,29%	0,62%

7,5 billion lek were spent between 2015 and 2017 under the budget programme “Housing and territorial planning” at the national and local level. Despite the name of the programme, the majority of capital expenditure incurred in this area has been allocated for infrastructure refurbishment programmes at the municipal level mainly, and only a fraction was spent on spatial planning and similar studies, mainly from foreign financing. Spending on social housing appears to be also relatively low. 62% of outturns in the three years (11 billion lek) is allocated to investments (77% or 7,5 billion in 2017).

#### *SDG 12: Responsible Consumption and Production*

NSDI policy areas linked with SDG12 include Consumer Protection and Market Supervision (55%); Waste Management and Efficient Use of Resources (8 – 9% each) as well as less prominent policy areas (in terms of spending contribution) such as social policy and human rights. Spending under this SDG is quite modest at slightly more than 1 billion lek total in the three years, with a steady 10% annual increase.

*Table 15 SDG 12 related expenditure 2015 – 2017 per capita and in % of GDP*

SDG 12	2015	2016	2017
<b>Per capita spending</b>	655	871	780
<b>In % of GDP</b>	0,13%	0,17%	0,14%

#### *SDG 13: Climate Action; SDG 14: Life Below Water; SDG 15: Life on Land*

SDGs 13, 14 and 15 are closely linked with the Environment policy area of the NSDI II. The main budget programmes under this sector include Environment Protection programme (44% contribution in the three years); Forest Administration (19%), operation and administration of the Ministry of Environment, which carried out the lion-share of expenditure linked with the environment SDGs and the Emergency programme<sup>40</sup> (10%).

*Table 16 SDG 13, 14 and 15 total related expenditure 2015 – 2017 per capita and in % of GDP*

SDG 13, 14, 15	2015	2016	2017
<b>Per capita spending</b>	1.104	1.894	2.041

<sup>40</sup> Expenditure incurred under this programme usually aims at alleviating damage from natural disasters.

<b>In % of GDP</b>	0,22%	0,37%	0,38%
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Total spending in environment related areas is quite modest at a total of 14,5 billion lek in three years. Nevertheless, spending in the sector has grown considerably between in the last years: from 3,2 billion in 2015 to 5,45 billion in 2016 (70% increase) and 5,9 billion in 2017. A considerable growth in both the forest administration and environment protection budget programmes is noticeable in 2016 as opposed to 2017 and are the main drivers for the increased environment budgets. Hence, spending in environment protection grew more than two-fold from 1,2 billion in 2015 to 2,6 billion in 2016 and remained at comparable levels during 2017. Likewise, there was a 30% increase in forest administration costs, from 762 million lek in 2015 to over 1 billion in 2016. Nevertheless, spending remains modest at 0,38% of GDP in 2017.

### *SDG 16: Peace and Justice, Strong Institutions*

Budget programmes classified under SDG16 relate mainly with support for government functions, as well as the operation of several independent institutions. The main budget programmes contributing to SDG 16 in terms of specific weight are State Police (49% of total expenditure), the Penitentiary System (16,6%) and the Court Budget (7%). This SDG falls primarily under the Justice and Home Affairs pillar of the NSDI.

Public spending on SDG16 related goals has averaged 2% of GDP in the 2015 – 2017 period, without major fluctuations from year to year (between 30 and 31 billion lek each year). The Ministry of Interior executes 60% of the total spending related with this SDG and the Ministry of Justice 21%. Other institutions include the Prosecutor General, Parliament, Bailiff services, Central Election Committee, Constitutional court and the Vetting process administration and many more institutions.

*Table 17 SDG 16 related expenditure 2015 – 2017 per capita and in % of GDP*

<b>SDG 16</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Per capita spending</b>	10.527	10.199	10.596
<b>In % of GDP</b>	2,13%	1,99%	1,96%

Over 66% of total expenditure related with SDG 16 is Personnel cost, while operation and maintenance amounts to 18% of total costs.

### *SDG 17: Partnerships to Achieve Goals*

Spending on SDG 17 is related with the NSDI policy area of maintenance of Macroeconomic Stability as well as justice and Home Affairs, Effective Government and Human Rights and Civil Society.

Table 18 SDG 17 related expenditure 2015 – 2017 per capita and in % of GDP

SDG 17	2015	2016	2017
<b>Per capita spending</b>	3.122	4.110	4.170
<b>In % of GDP</b>	0,63%	0,80%	0,77%

Spending on SD 17 has amounted to 104 billion lek in the period 2015 – 2017. However, it must be noted that domestic and foreign debt outlays dominate spending in this area (96%, or 99,5 billion lek). Outside of debt related expenditure, SDG 17 related outlays amount to 4,4 billion lek in the three years, of which 1,77 billion in 2017.

The single largest institution under this SDG (excluding debt) is the activity of the Institute of Statistics, at 1,32 billion lek in three years, or 34%. Instat’s budget has increased by 5% and 31% respectively in 2016 and 2017 as opposed to the previous year. The Agency in Support of Civil Society account for 9% of spending contributions<sup>41</sup> towards this SDG, at 359 million lek in three years. Other central government institutions also contribute towards this SDG (12%), as well as several line ministries such as Education and Social Protection.

## CONCLUSIONS AND STEPS FORWARD

This budget analysis focused on public spending in the Republic of Albania between 2015 and 2017 in relation with the Sustainable Development Goals. An Excel – Pivot Database of spending between 2015 – 2017 by Secor/Institution/Programme/Economic classification and linkage with SDGs through NSDI pillars/objectives has been built in the framework of this exercise and is available to use. The information presented in this report is only a fraction of the wealth of data and analysis that can be done using the database, tailored to specific needs.

The methodology for carrying out this budget analysis – and more importantly – the data model that supports has its own limitations. Based on the assumption that the national development strategy is the key document that guides budget and spending policy, including policy/budget outcomes and value for money analysis; the NSDI pillars/objectives and baseline mapping of SDGs to NSDI have served as a reference point for the budget mapping. The contribution of each NSDI objective to each SDG has been weighted (i.e. when an NSDI objective is linked with 3 SDGs, a judgment call has been made to identify what the relative contributions of each NSDI policy area towards the achievement of that objective are). The budget programmes match fully to only one institution and fully to one NSDI objective for sectoral strategies (not always for cross-sectoral strategies). Because SDGs overlap across strategies, they don’t usually match one-to-one with budget programmes. The calibration exercise used for purposes of this analysis has been presented in this report and is easily traceable in the Pivot database. However, there may be a need to reconsider the weighting of SDGs to NSDI.

This data and analysis provides a baseline of actual spending by SDGs, and NSDI further to the typical budget classification system. As a result, the spending for SDGs in total and for each SDG individually is easily traceable. It is further possible to complement this data with budget information in the medium term, to

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<sup>41</sup> Excluding debt

obtain a longer time series for purposes of analysis; as well as estimate financing needs and claims on domestic resources and external donors' support financing.

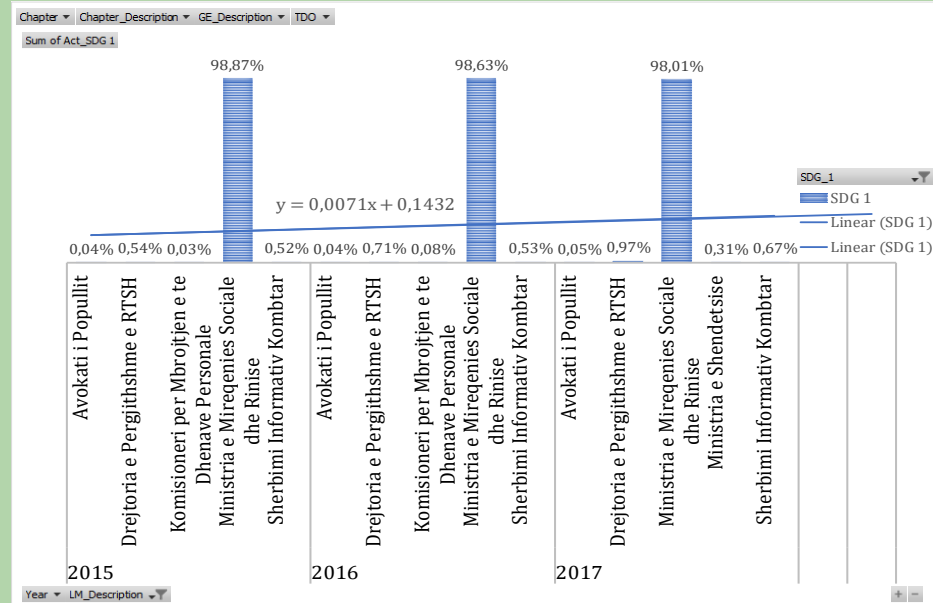
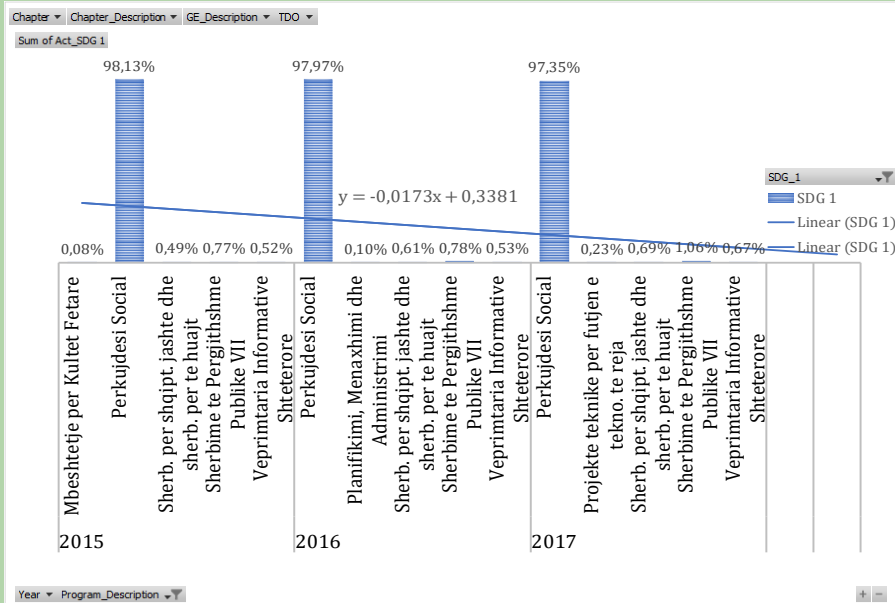
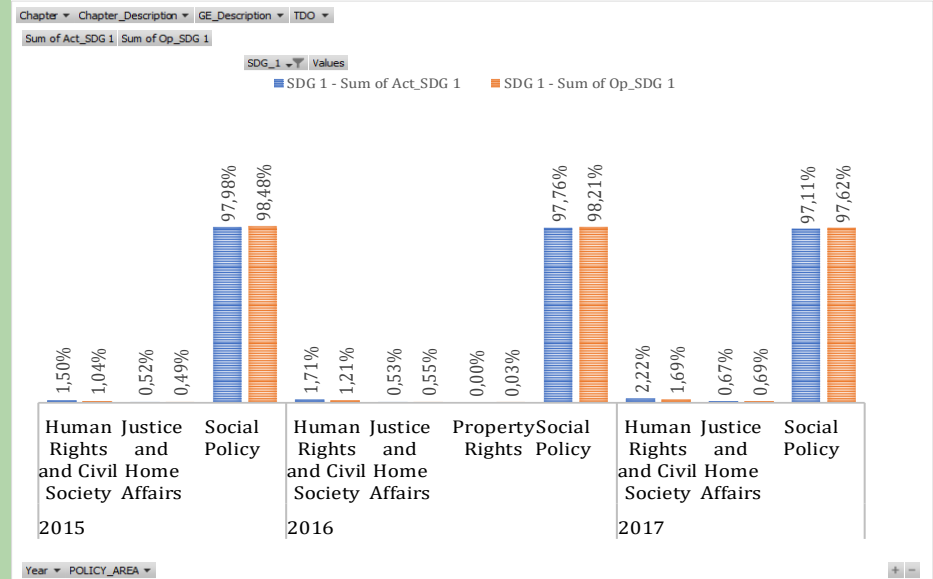
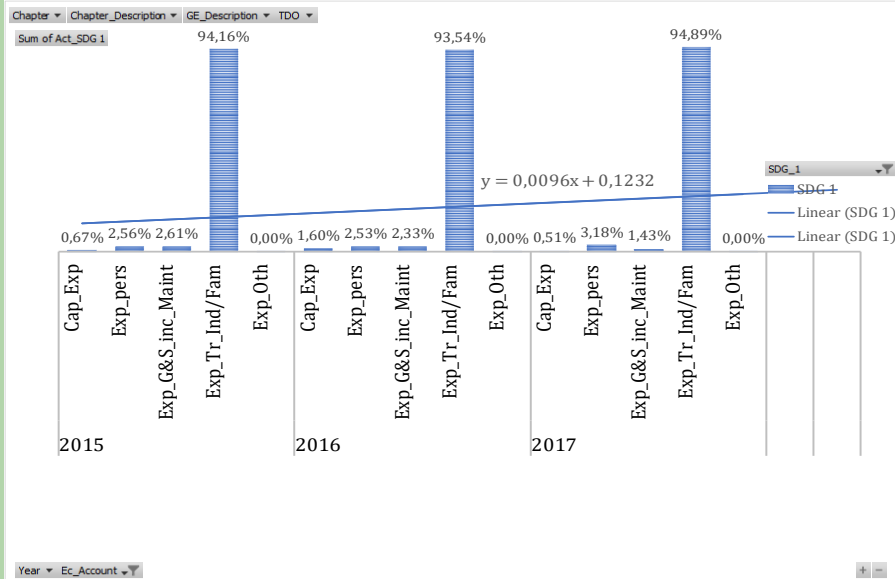
The Government of Albania and UN Albania may use this preliminary analysis to discuss the validity of the baseline mapping and SDG reference in financial terms, including possibly the reconsideration of the EU integration pillar of the NSDI to be acknowledged as SDG relevant.

Once SDG policy discussions become more tangible and the government is closer to setting medium and long term targets, this body of data could prove useful in terms of estimating costs of achieving SDG outcomes at given scenarios of financing levels. In that case, it would be necessary to integrate *output/outcome level financial information from the Medium Terms Budget Programme to enable monitoring of results (value for money)*.

Several SDG area warrant a more thorough analysis of the cost driver and determinants in each sector. Targeting of the acceleration fund could benefit from such analysis, which would enable linkage with performance indicators and simulation of expected results.

## ANNEXES: DETAILED DATA

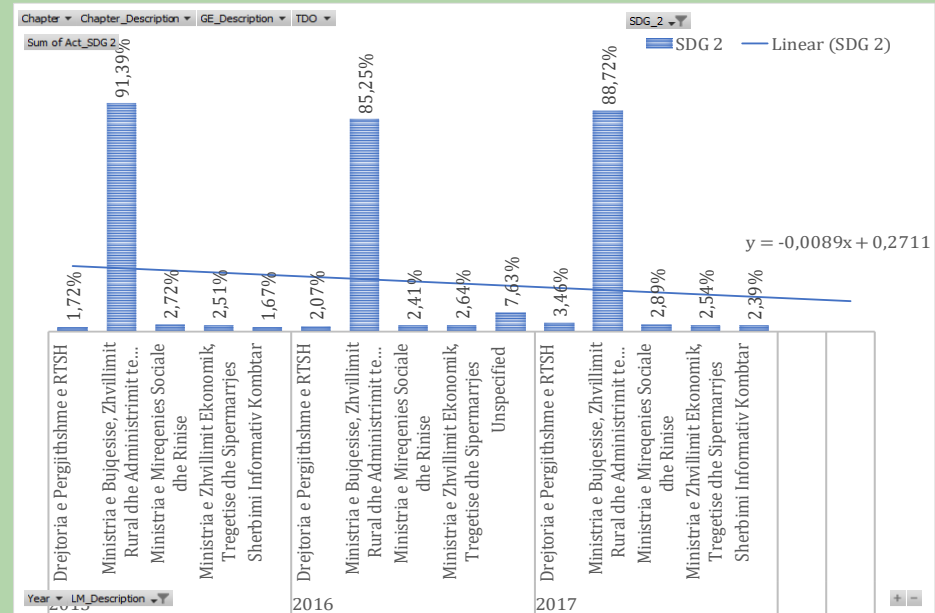
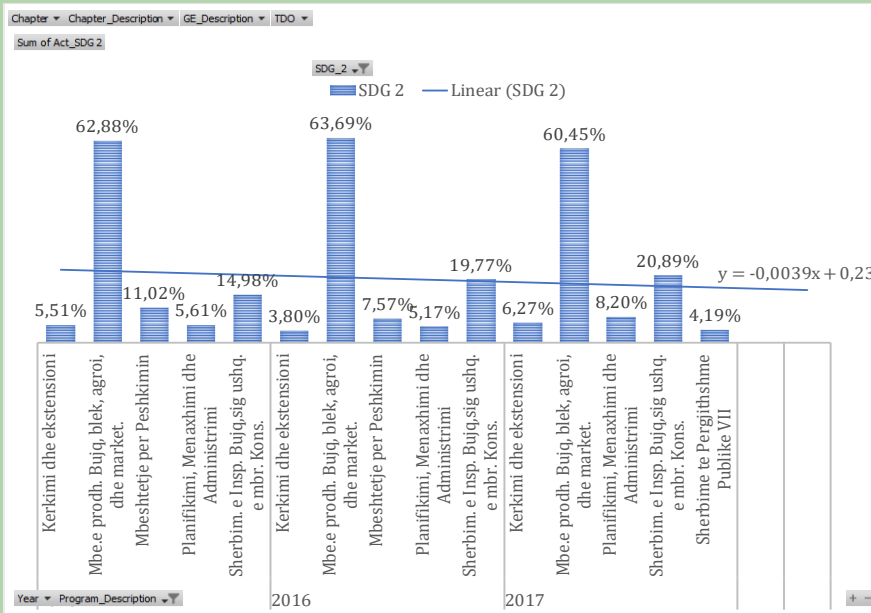
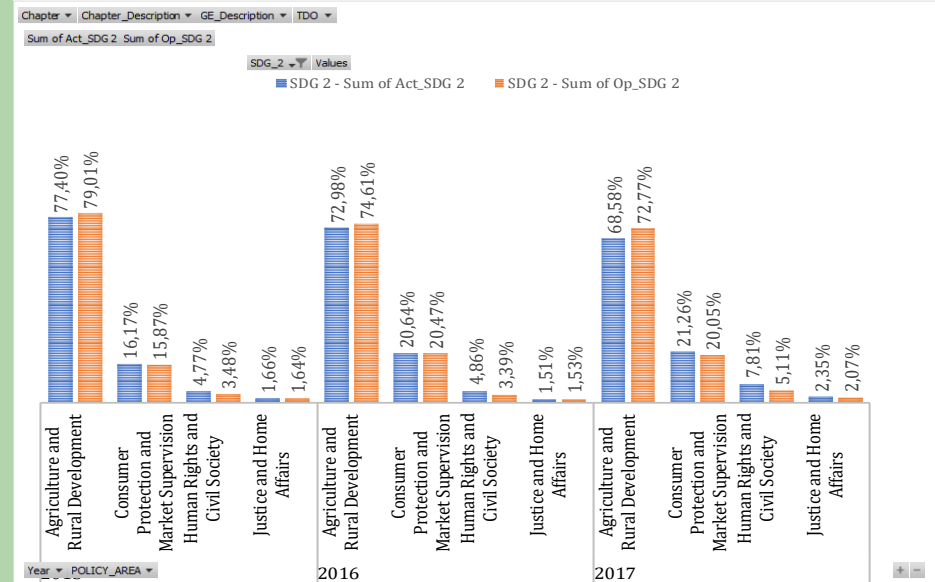
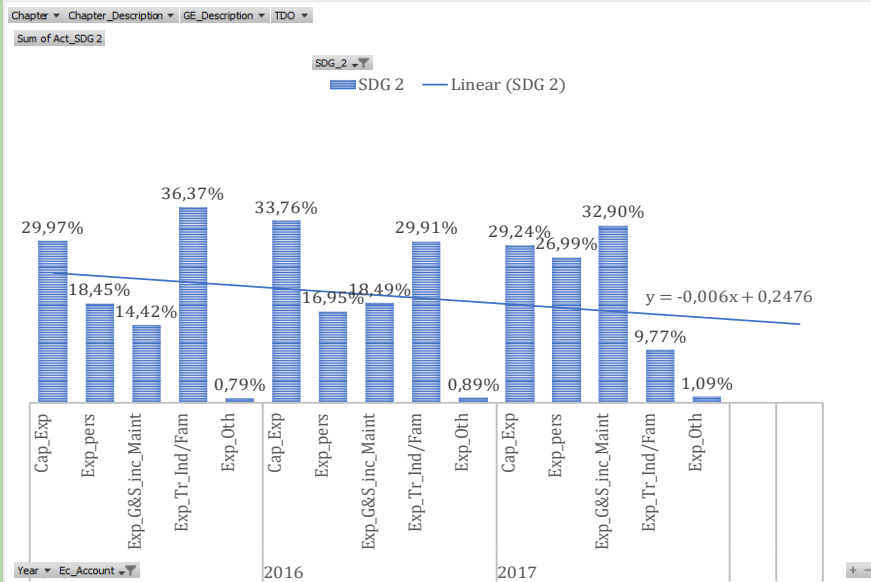
Figure 13: SDG 1- Structural Coefficients according to economic classification, programmatic and institutional Classification. And Policy Planning vs Actual



Source: TEAM Excel Database based on Treasury Information (2015-2017).

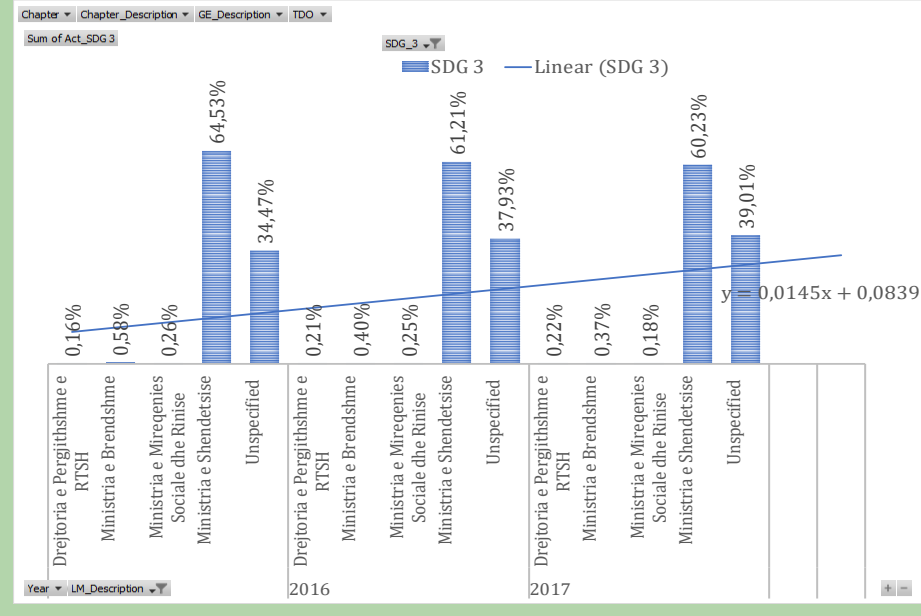
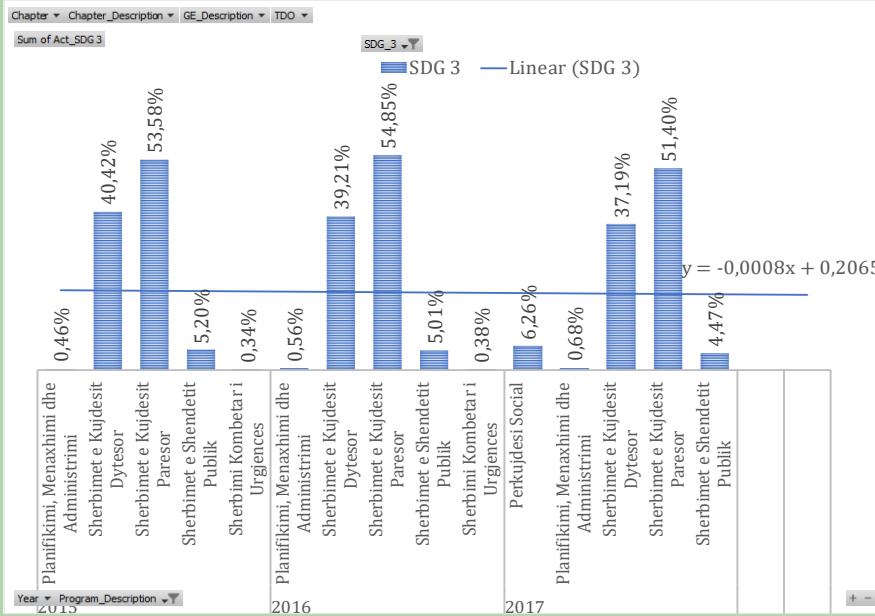
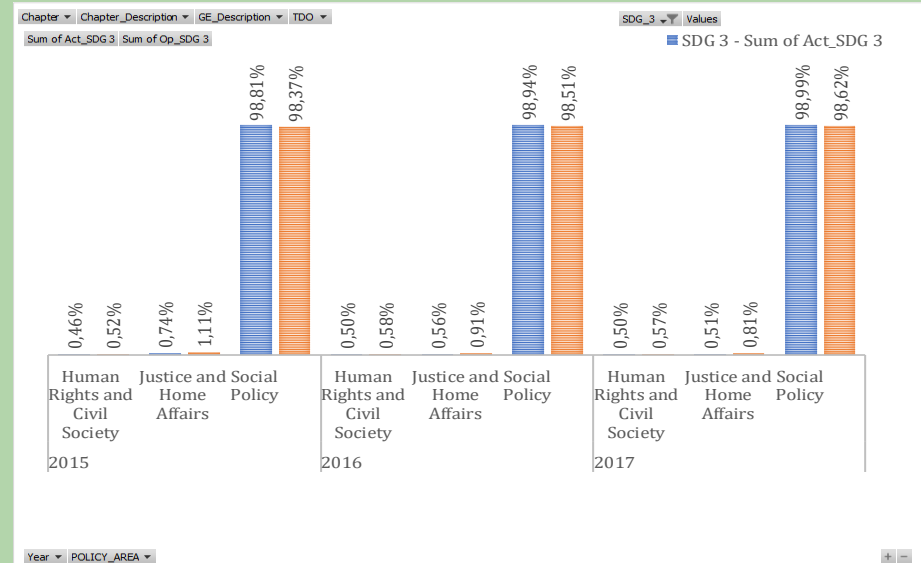
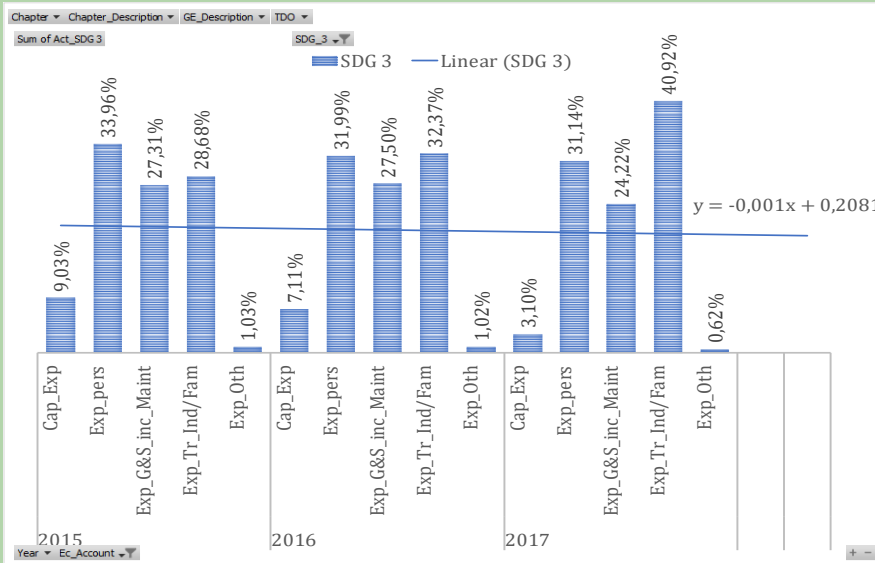


Figure 14: SDG 2- Structural Coefficients according to economic classification, programmatic and institutional Classification. And Policy Planning vs Actual



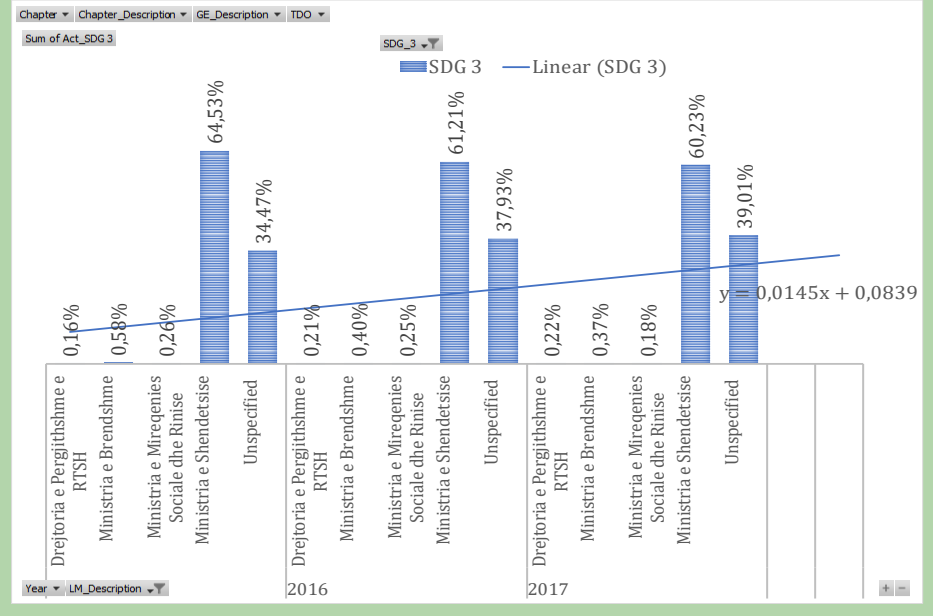
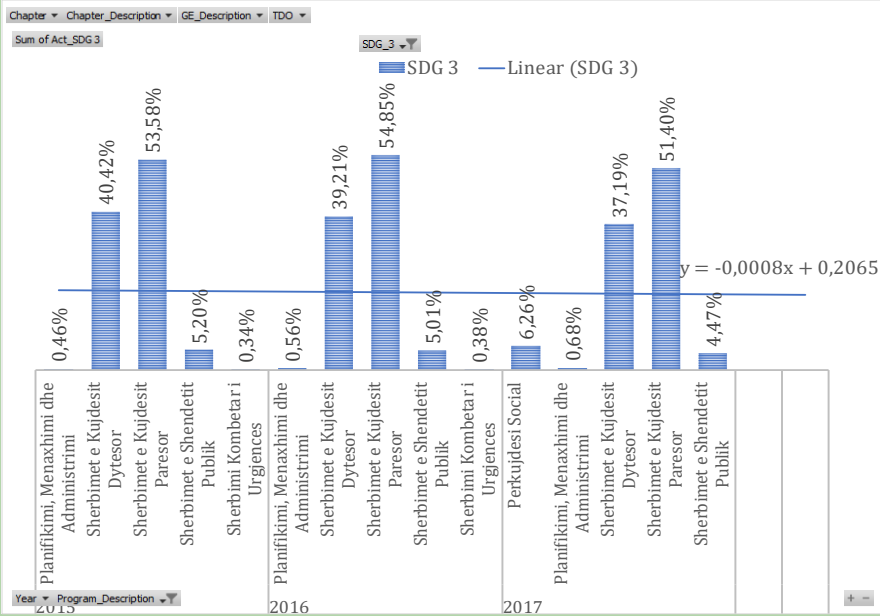
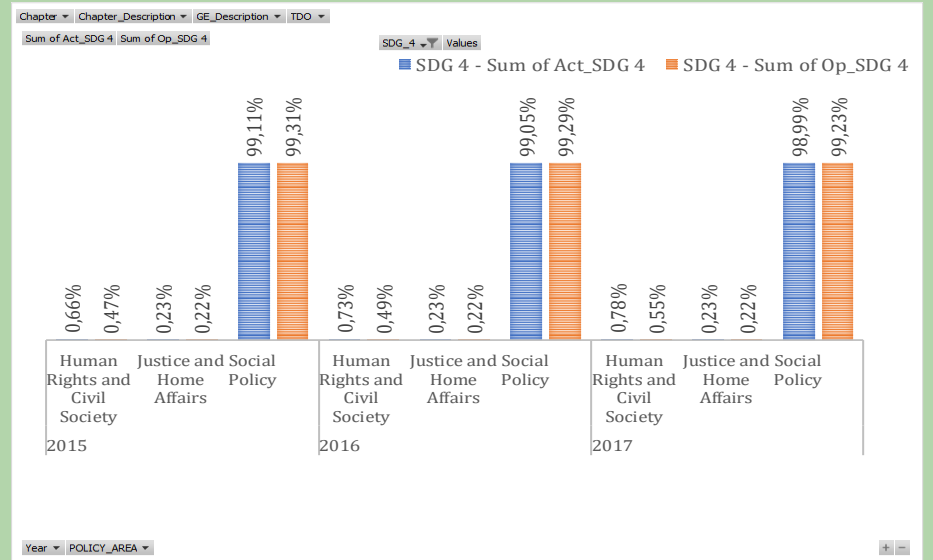
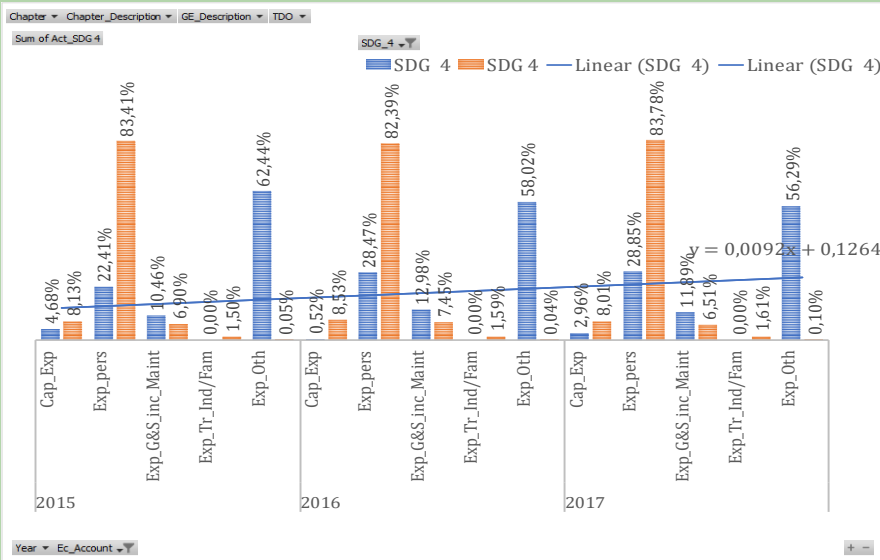
Source: TEAM Excel Database based on Treasury Information (2015-2017).

Figure 15: SDG 3- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual



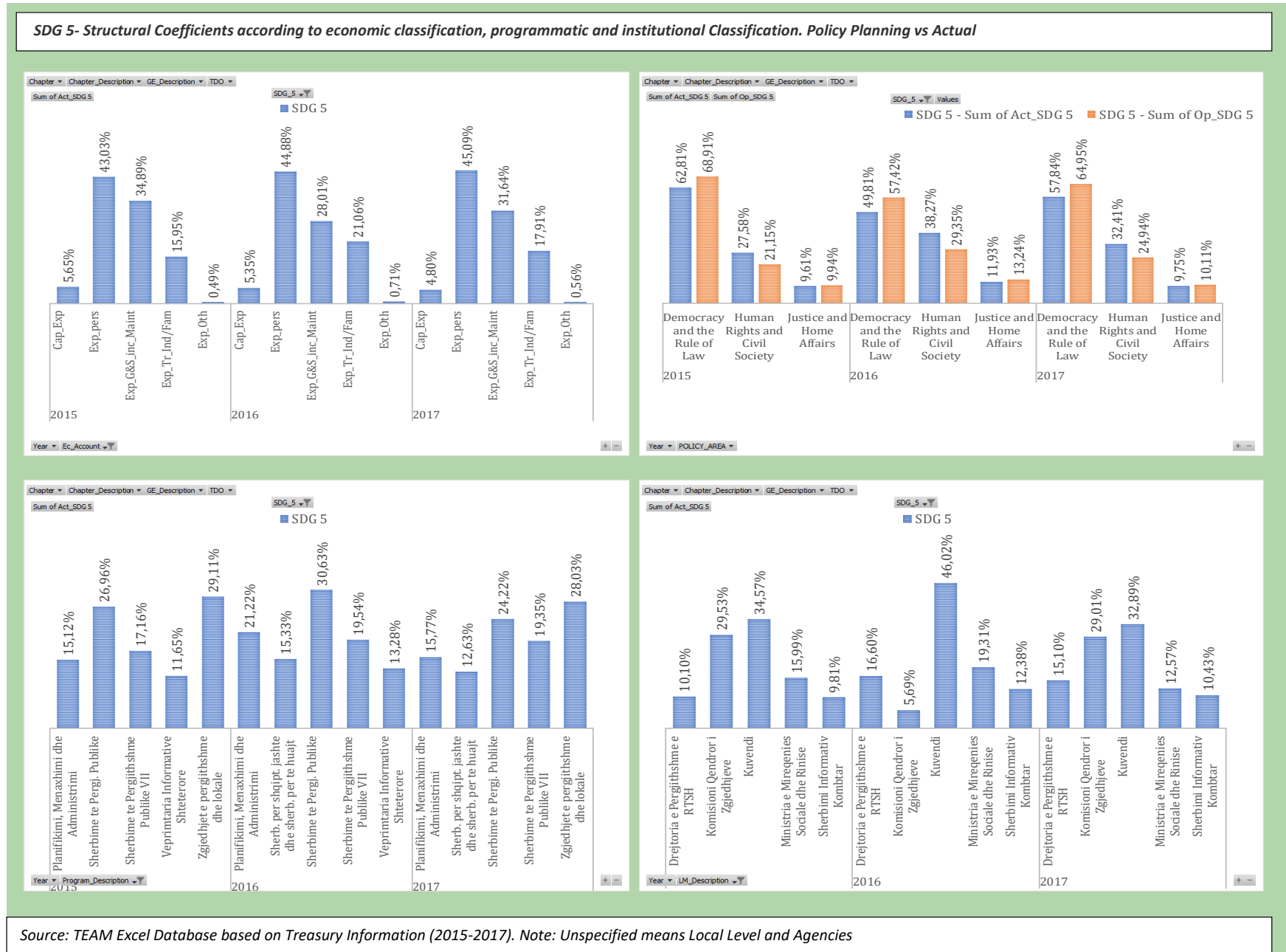
Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 16: SDG 4- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

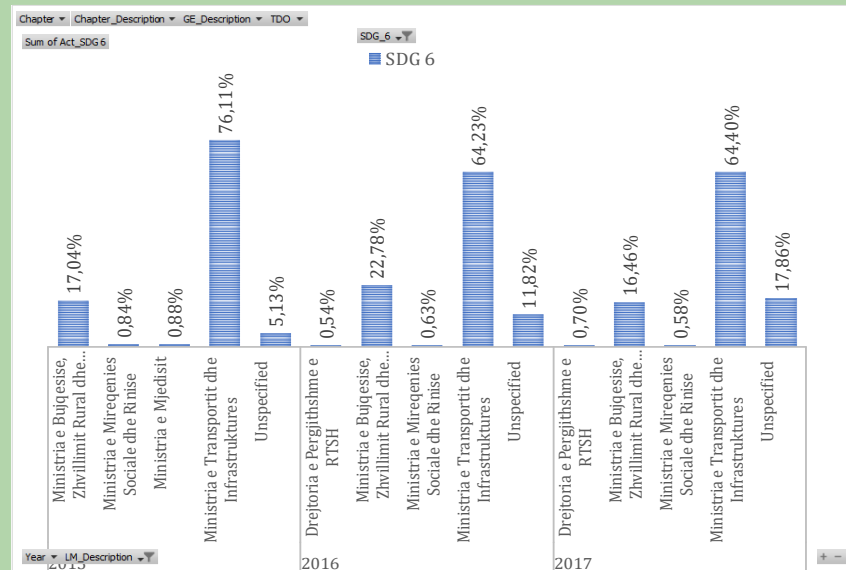
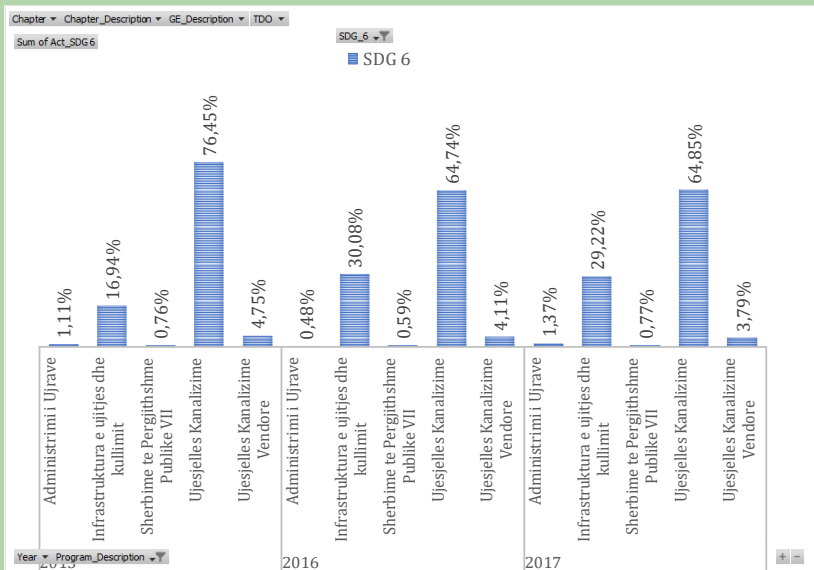
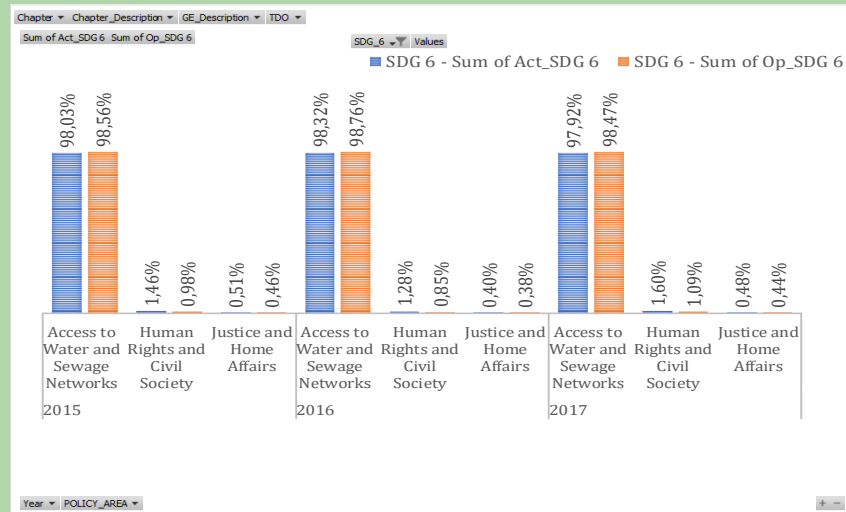
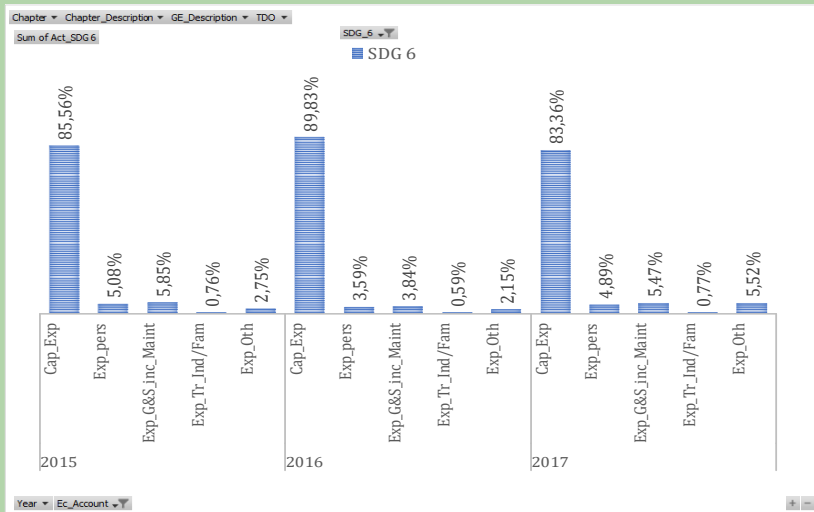
Figure 17



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

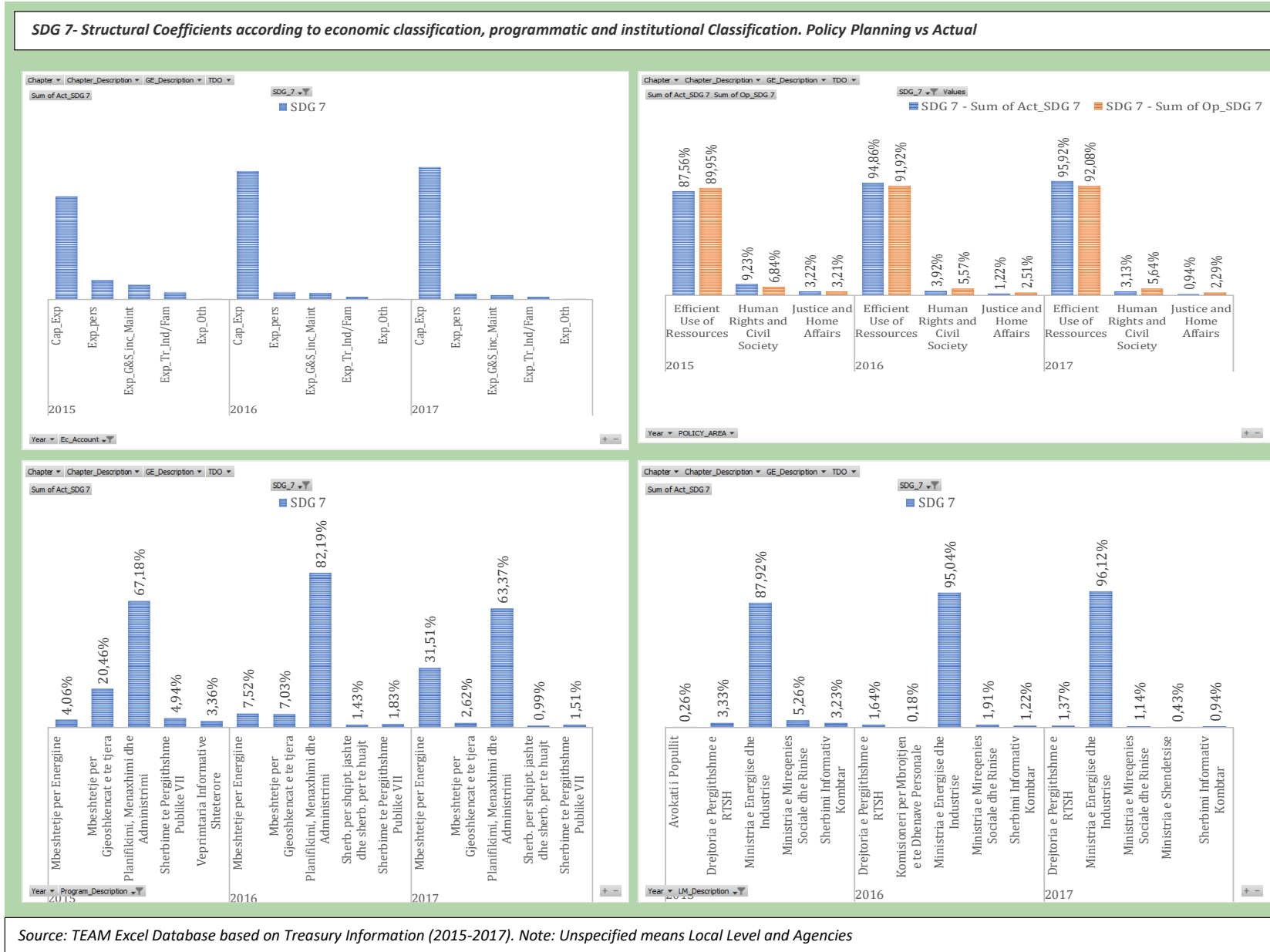
Figure 18

**SDG 6- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual**



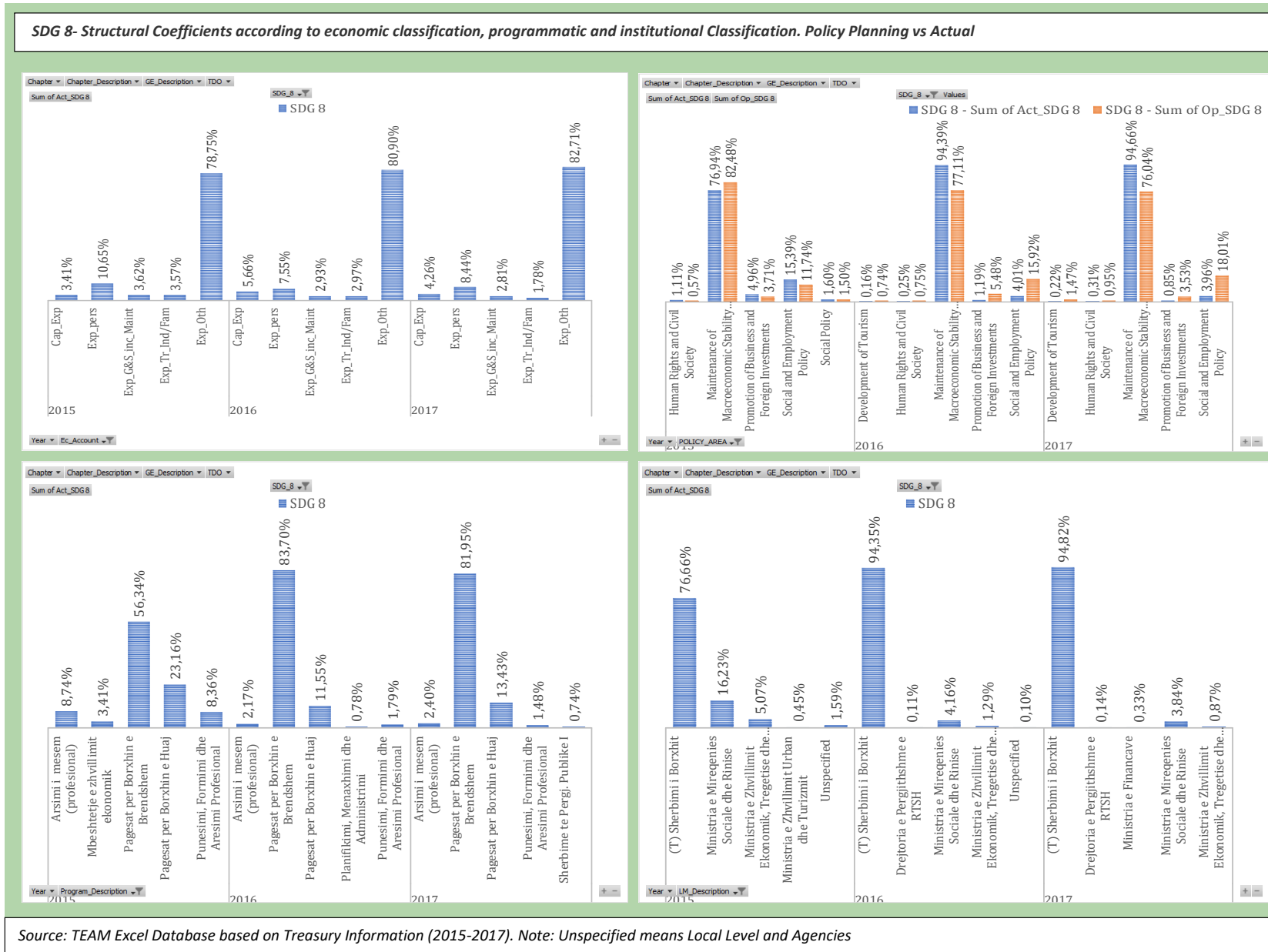
Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 19



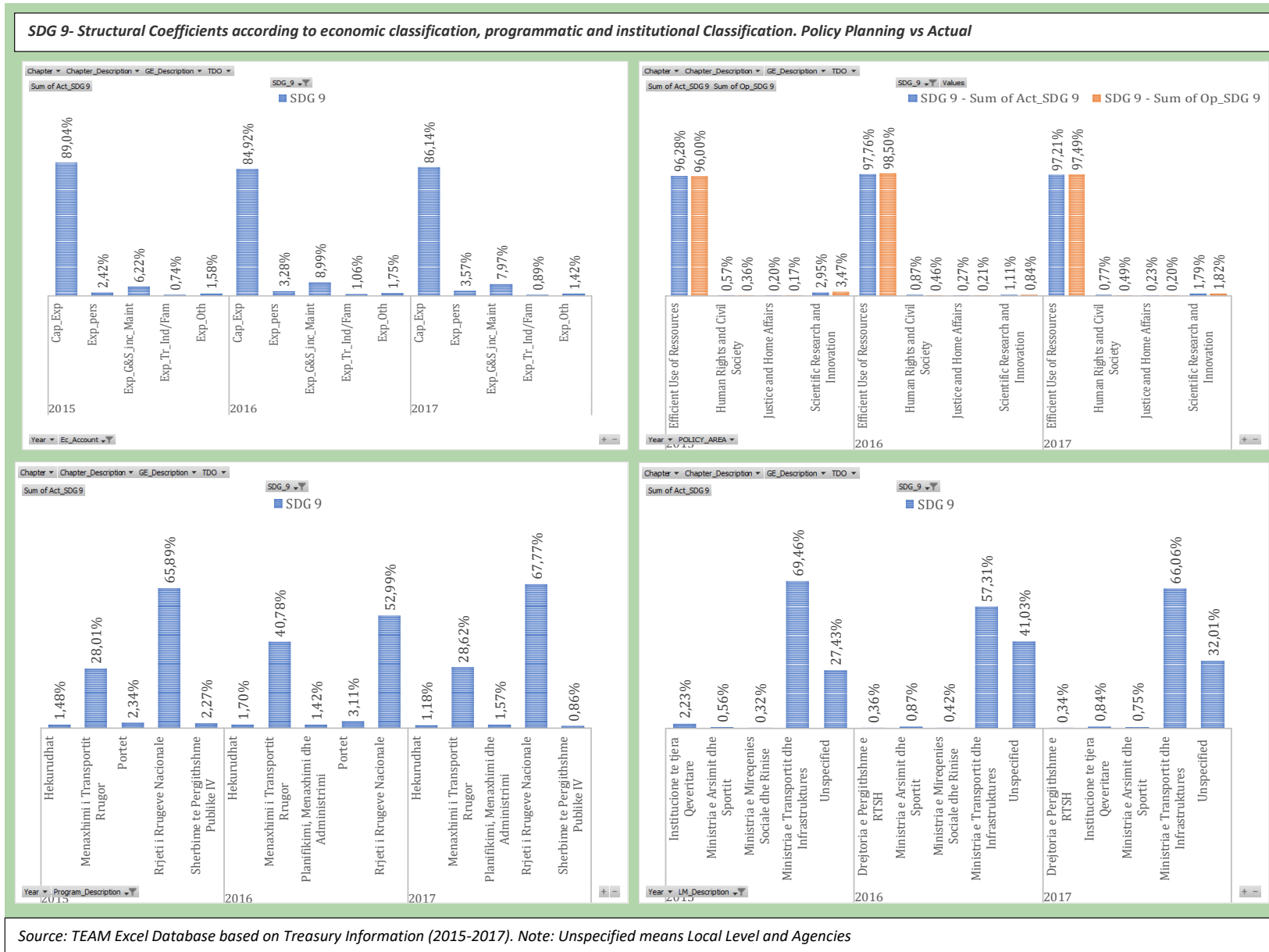
Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 20



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 21



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies



Figure 22

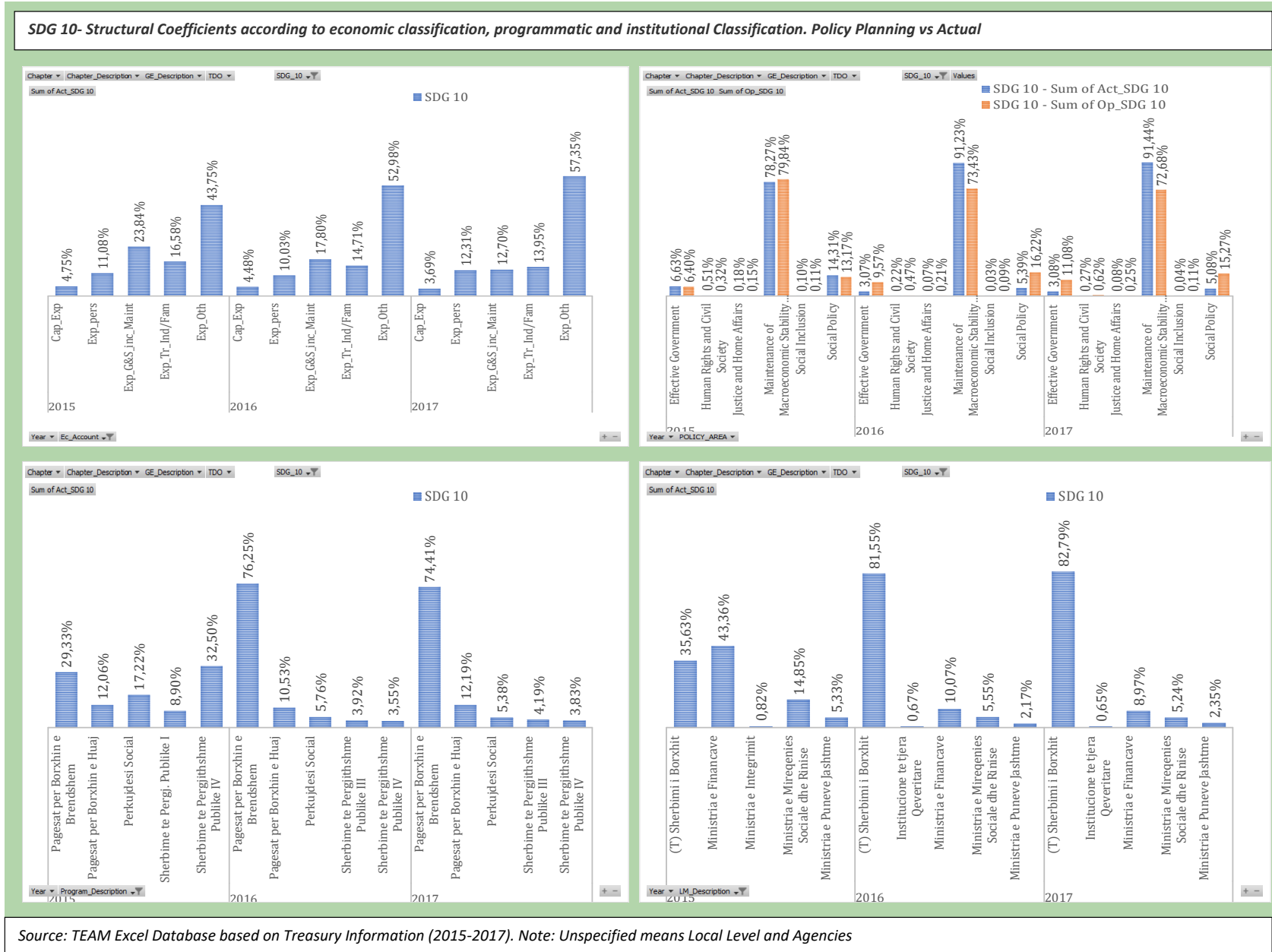
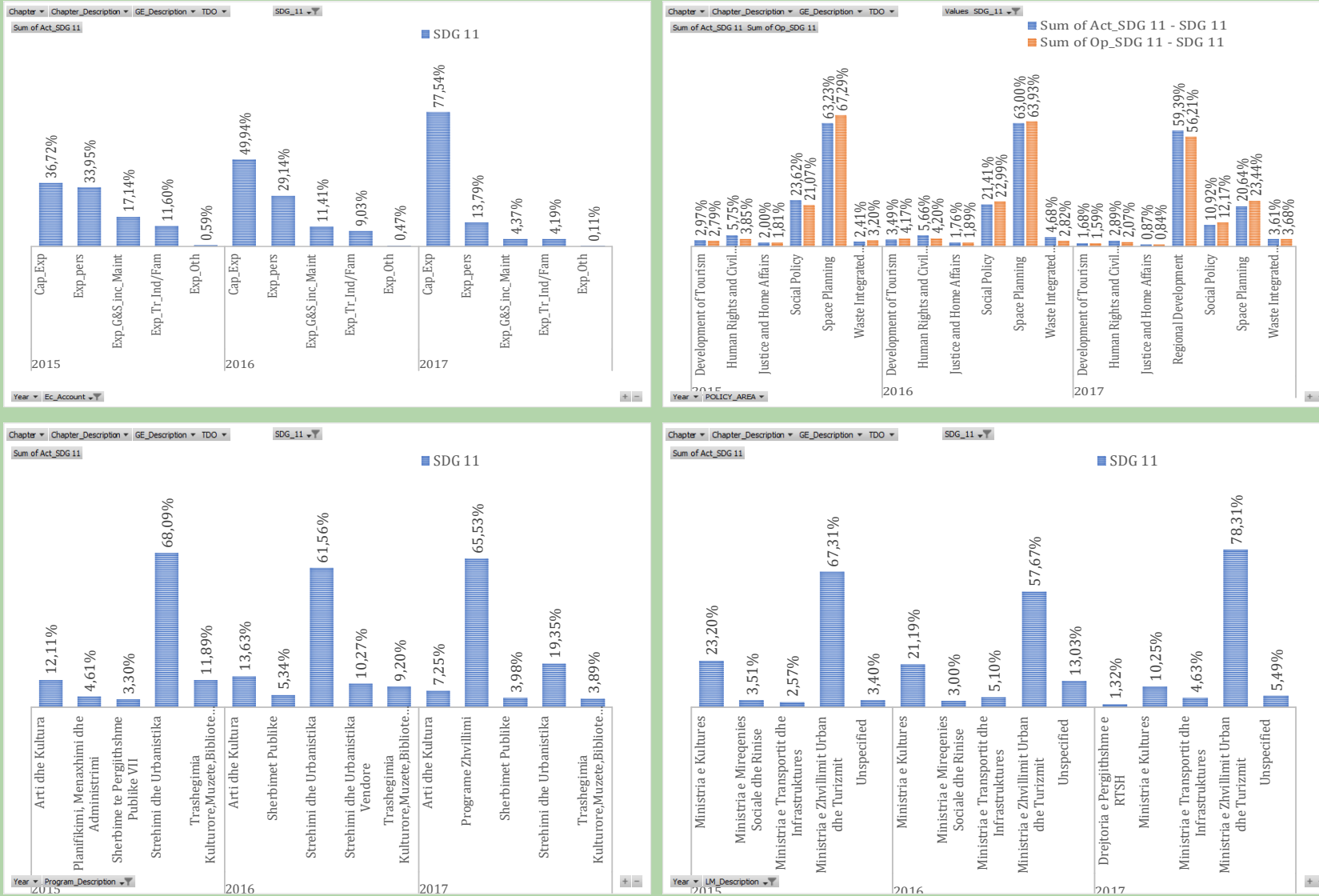


Figure 23

SDG 11- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 24

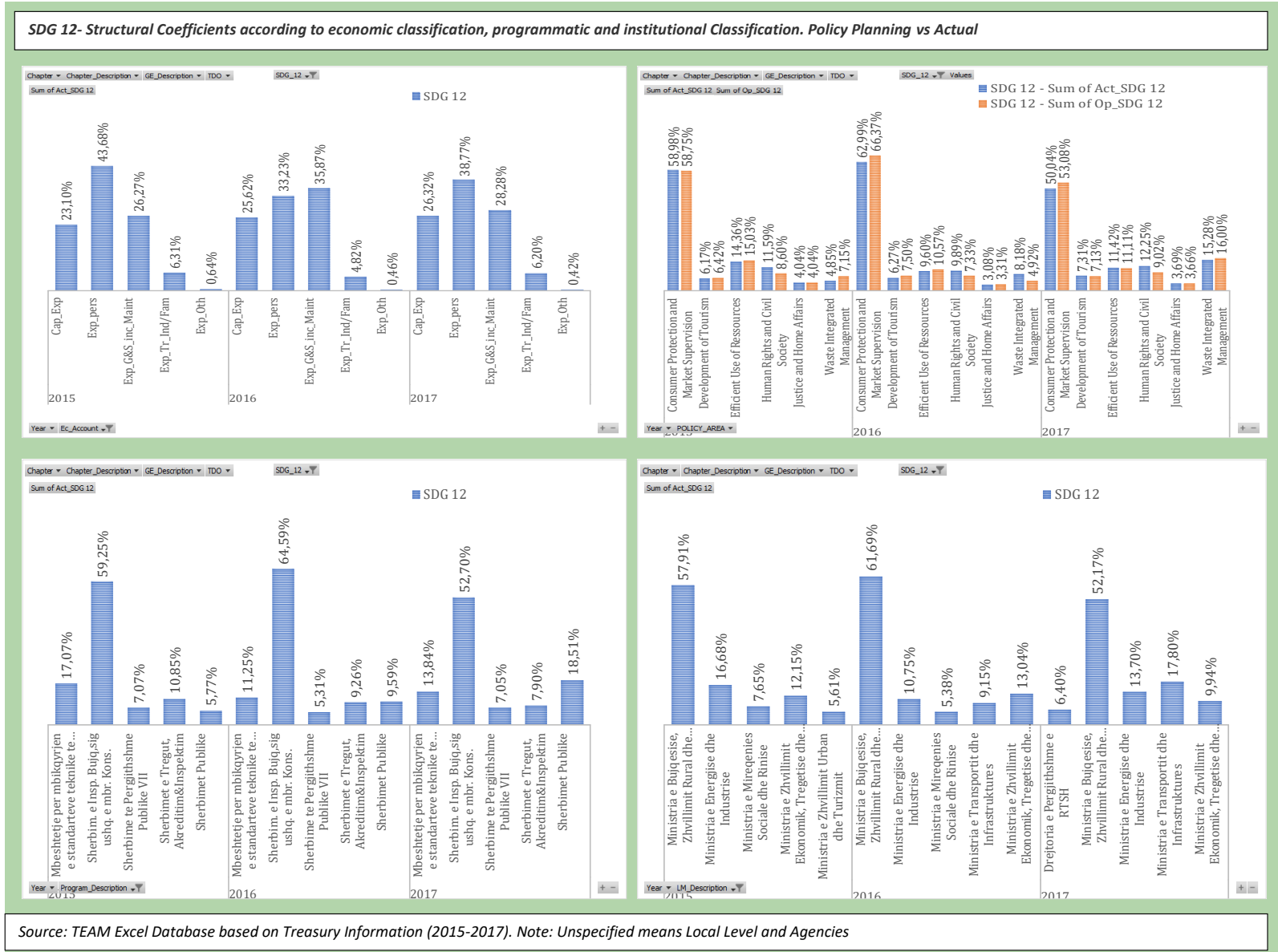


Figure 25

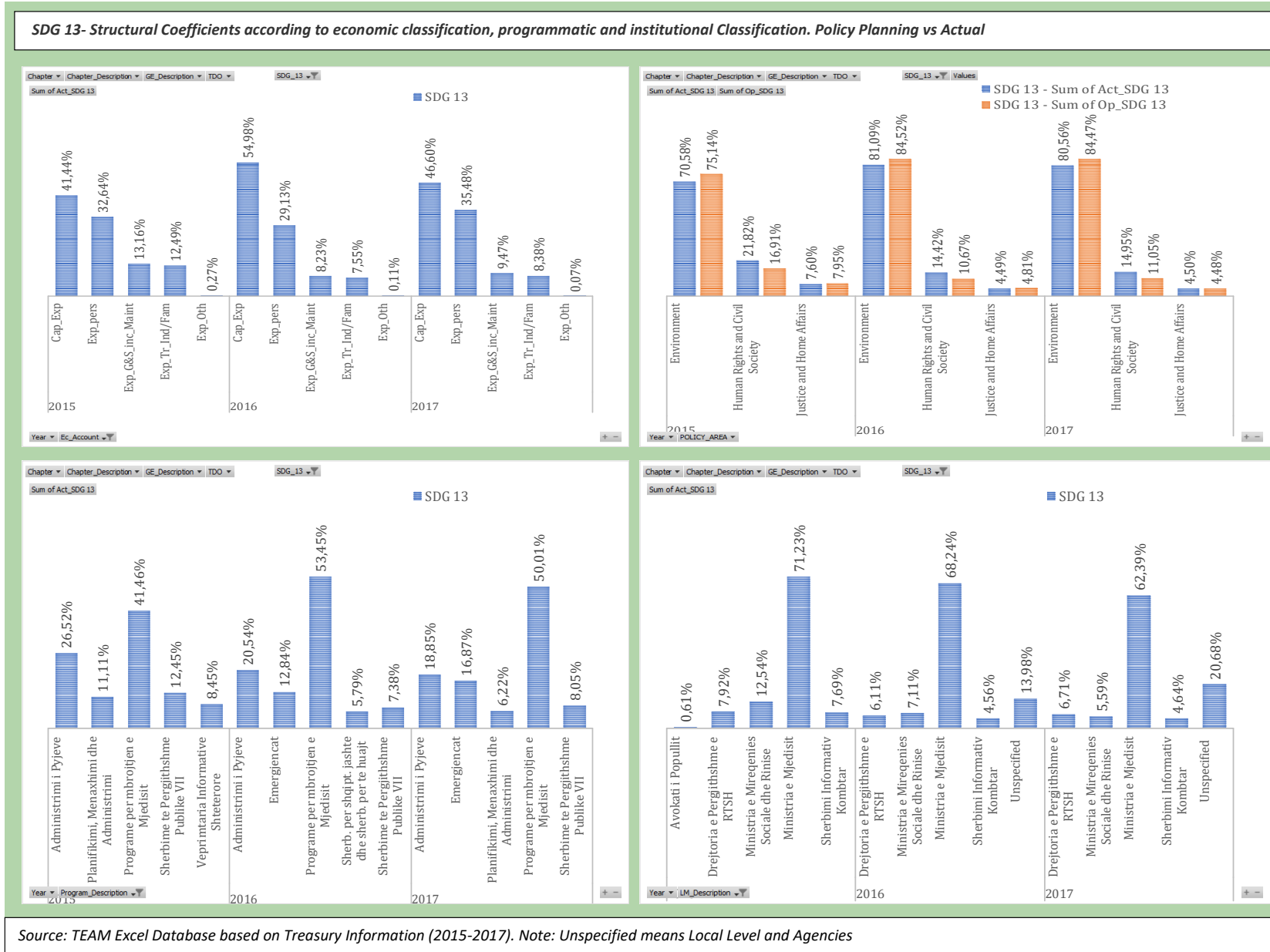


Figure 26

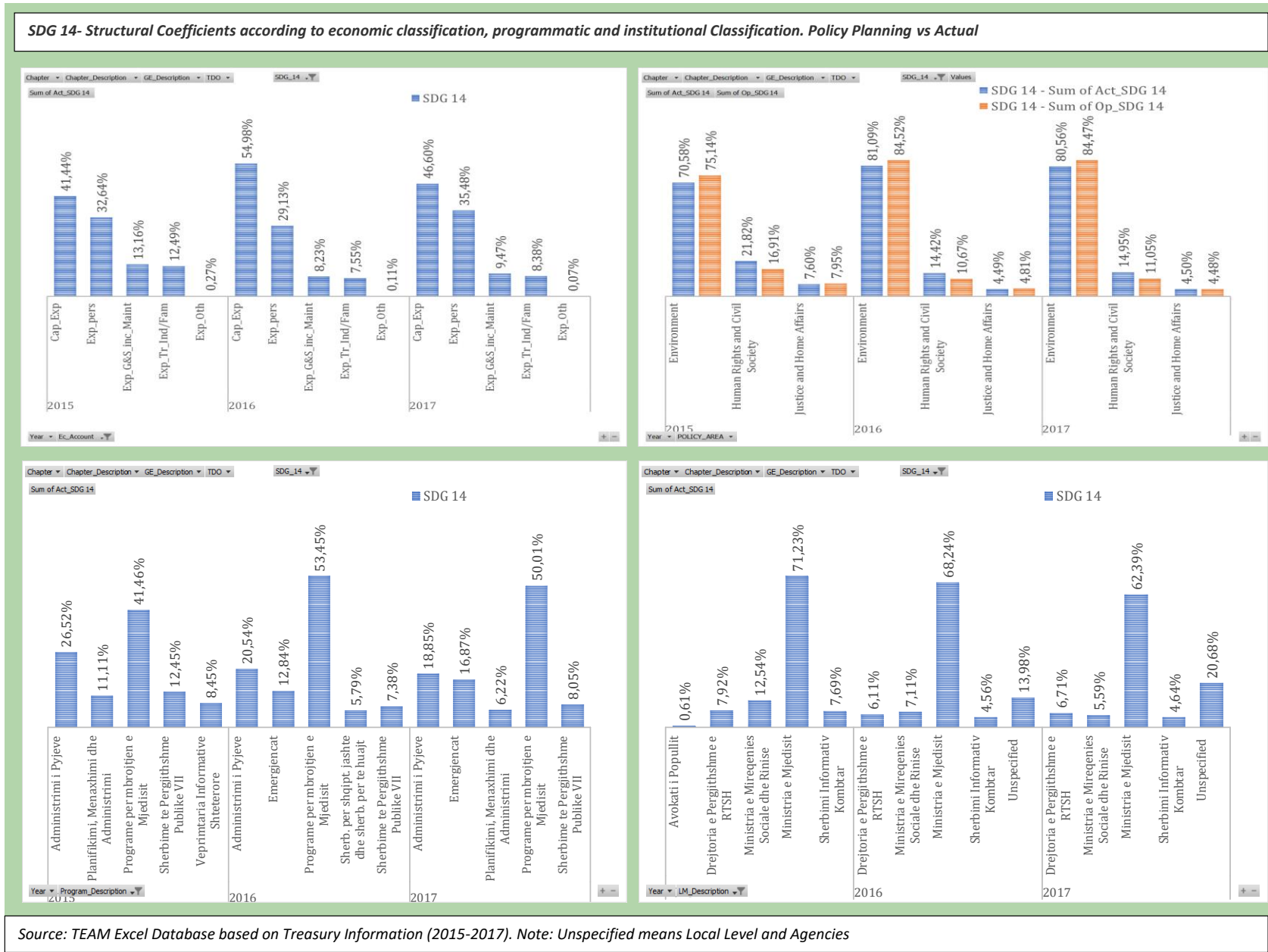
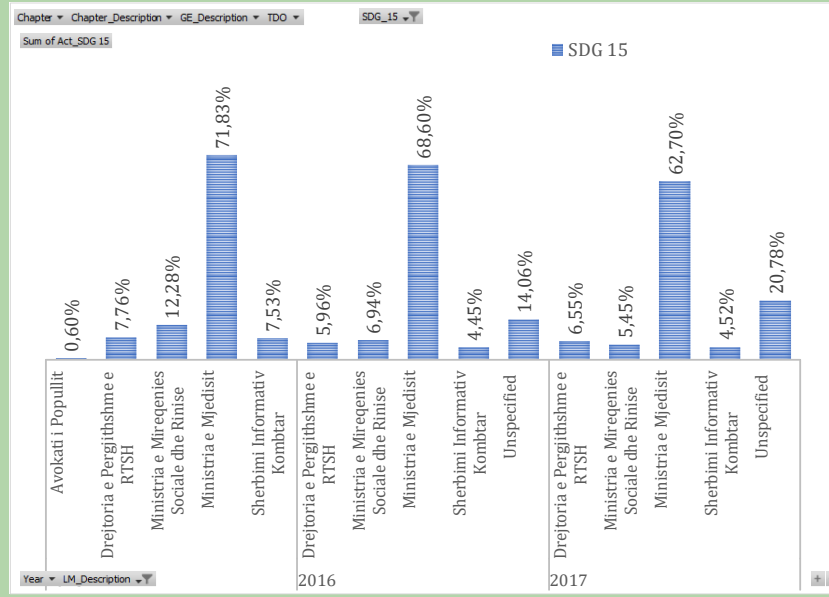
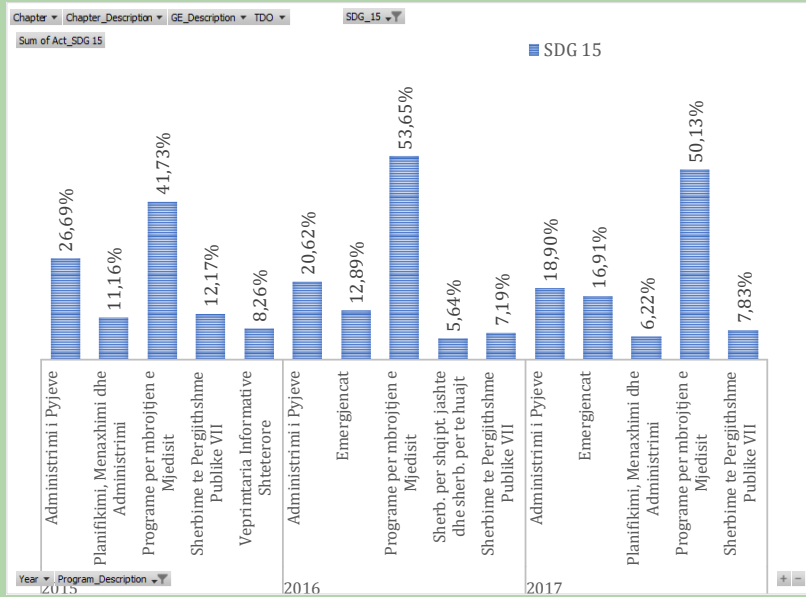
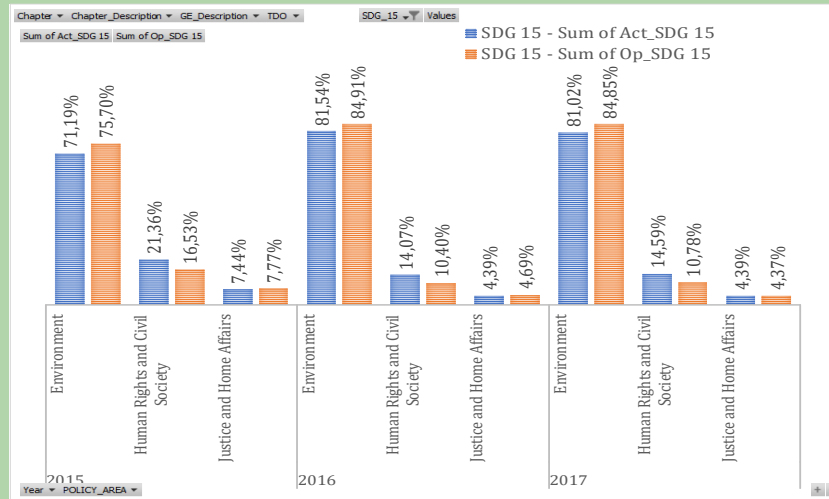
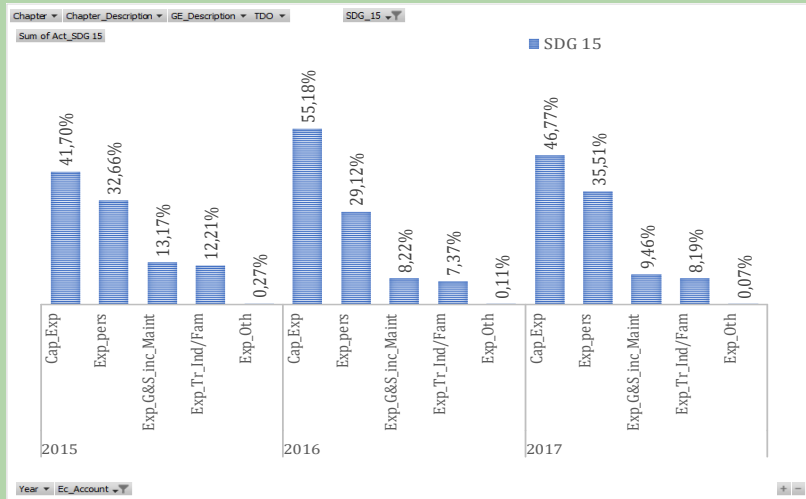


Figure 27

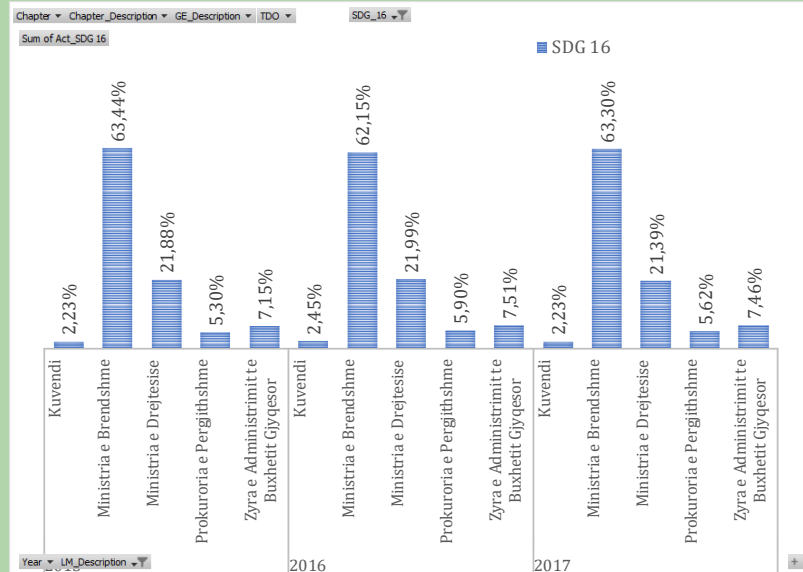
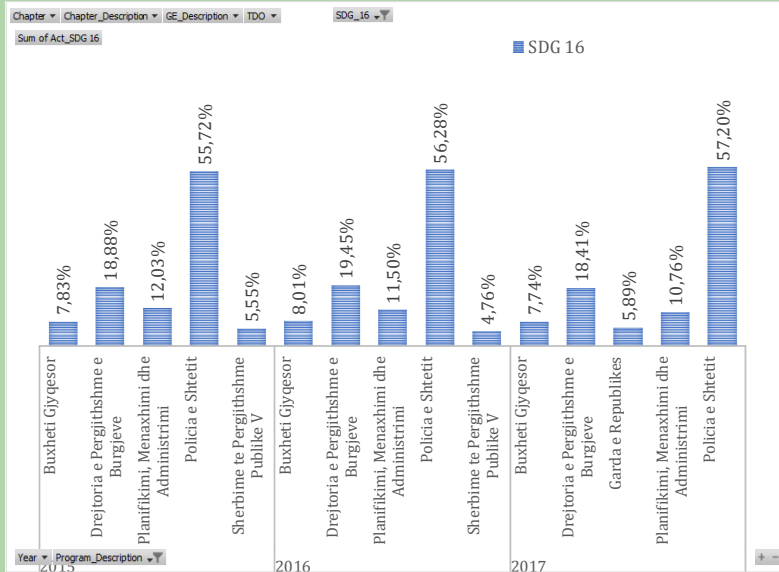
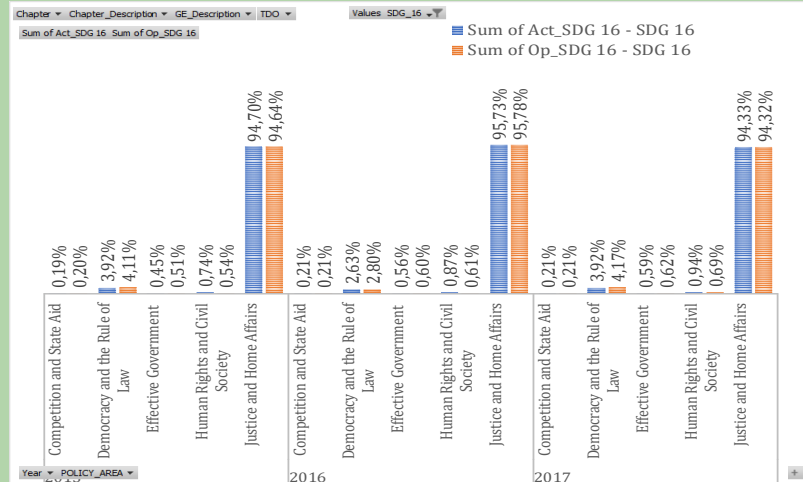
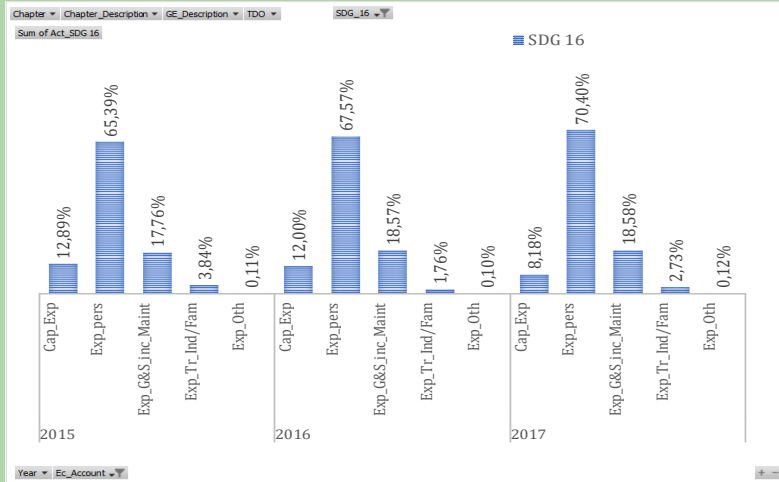
**SDG 15- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual**



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

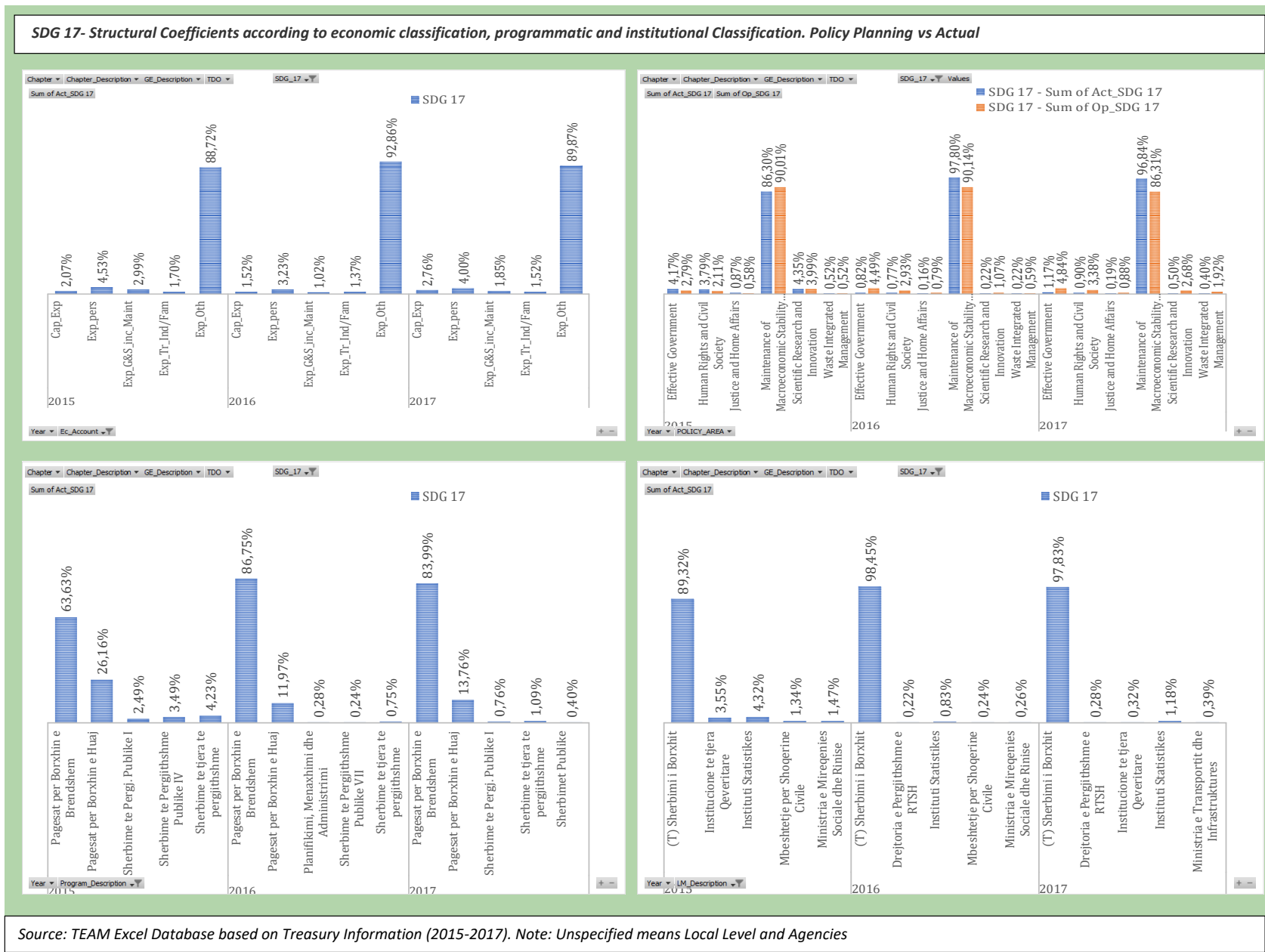
Figure 28

**SDG 16- Structural Coefficients according to economic classification, programmatic and institutional Classification. Policy Planning vs Actual**



Source: TEAM Excel Database based on Treasury Information (2015-2017). Note: Unspecified means Local Level and Agencies

Figure 29







## Annex. Tables

**Table 19 : General Budget level of Spending only in NSDI II- SDGs related Areas (Millions ALL) with Institutional Classification in Value and %**

Row Labels	2015		2016		2017	
	Value	%	Value	%	Value	%
<b>GOOD GOVERNANCE, DEMOCRACY AND THE RULE OF LAW</b>	<b>39.023,42</b>	<b>14,90%</b>	<b>38.720,18</b>	<b>14,17%</b>	<b>40.298,49</b>	<b>14,16%</b>
<b>ALL SDG (Crosscutting)</b>	<b>3.657,53</b>	<b>1,40%</b>	<b>3.817,20</b>	<b>1,40%</b>	<b>4.344,31</b>	<b>1,53%</b>
AgjensiaTelegrafikeShqiptare	54,71	0,02%	51,73	0,02%	53,15	0,02%
Autoriteti per te Drejten e Informimit		0,00%	0,00	0,00%	37,49	0,01%
Avokati i Popullit	108,68	0,04%	115,36	0,04%	105,34	0,04%
Drejtoria e Pergjithshme e RTSH		0,00%		0,00%	199,49	0,07%
InstitutiStudimeveteKrimveteKomunizmit	23,70	0,01%	25,97	0,01%	26,08	0,01%
Komisioneri per Mbrojtjen e te Dhenave Personale	70,21	0,03%	203,50	0,07%	63,93	0,02%
Komisioneri per MbrojtjenngaDiskriminimi	27,75	0,01%	26,47	0,01%	34,27	0,01%
Ministria e Mireqenies Sociale dheRinise	2.009,68	0,77%	2.018,48	0,74%	1.666,50	0,59%
Ministria e Shendetsise		0,00%		0,00%	674,48	0,24%
SherbimiInformativKombtar	1.362,80	0,52%	1.375,68	0,50%	1.483,57	0,52%
<b>SDG 10</b>	<b>2.979,75</b>	<b>1,14%</b>	<b>3.629,88</b>	<b>1,33%</b>	<b>3.290,24</b>	<b>1,16%</b>
Institucione te tjeraQeveritare	243,14	0,09%	753,71	0,28%	610,06	0,21%
Ministria e Integritit	365,26	0,14%	321,34	0,12%	178,84	0,06%
Ministria e PuneveJashtme	2.371,35	0,91%	2.554,82	0,94%	2.501,34	0,88%
<b>SDG 16</b>	<b>28.169,32</b>	<b>10,76%</b>	<b>28.237,34</b>	<b>10,34%</b>	<b>28.471,07</b>	<b>10,00%</b>
Drejtoria e Arkivit te Shtetit	152,93	0,06%	152,75	0,06%	154,76	0,05%
GjykataKushtetuese	122,70	0,05%	111,89	0,04%	116,70	0,04%
Inspektoriat i Larte i KontrollitdheDeklarimit te Pasurive	104,20	0,04%	121,14	0,04%	129,60	0,05%
Institucione te tjeraQeveritare	127,13	0,05%		0,00%	46,32	0,02%
Komisioni i Sherbimit Civil	37,31	0,01%	47,04	0,02%	53,33	0,02%
Ministria e Brendshme	17.162,35	6,55%	17.282,62	6,33%	17.521,25	6,16%
Ministria e Drejtesise	6.462,21	2,47%	6.305,31	2,31%	6.167,12	2,17%
Prokuroria e Pergjithshme	1.566,07	0,60%	1.693,03	0,62%	1.621,23	0,57%
Shkolla e Magjistratures	59,60	0,02%	68,54	0,03%	89,39	0,03%
Unspecified	189,57	0,07%	238,67	0,09%	297,22	0,10%
Veprimtaria e MbikqyrjesdheRivleresimit në sistemin e Drejtesisë	73,36	0,03%	62,65	0,02%	124,81	0,04%
Zyra e Administrimit te BuxhetitGjyqesor	2.111,90	0,81%	2.153,69	0,79%	2.149,34	0,76%
<b>SDG 16, SDG5</b>	<b>1.744,00</b>	<b>0,67%</b>	<b>1.126,25</b>	<b>0,41%</b>	<b>1.704,44</b>	<b>0,60%</b>
KomisioniQendror i Zgjedhjeve	804,54	0,31%	123,91	0,05%	808,79	0,28%
Kuvendi	939,46	0,36%	1.002,34	0,37%	895,65	0,31%
<b>SDG 17</b>	<b>400,28</b>	<b>0,15%</b>	<b>422,30</b>	<b>0,15%</b>	<b>553,74</b>	<b>0,19%</b>
InstitutiStatistikes	383,44	0,15%	403,81	0,15%	530,85	0,19%
Mbeshtetje per Shoqerine Civile	16,84	0,01%	18,49	0,01%	22,90	0,01%
<b>SDG3, SDG 16</b>	<b>2.072,54</b>	<b>0,79%</b>	<b>1.487,21</b>	<b>0,54%</b>	<b>1.934,68</b>	<b>0,68%</b>
Ministria e Brendshme	2.072,54	0,79%	1.487,21	0,54%	1.934,68	0,68%
<b>GROWTH THROUGH COMPETITIVENESS</b>	<b>6.005,45</b>	<b>2,29%</b>	<b>6.095,65</b>	<b>2,23%</b>	<b>3.994,01</b>	<b>1,40%</b>

<b>SDG 1</b>	<b>1.418,42</b>	<b>0,54%</b>	<b>1.693,81</b>	<b>0,62%</b>	<b>335,36</b>	<b>0,12%</b>
Ministria e Bujqesise, Zhvillimit Rural dheAdministrimit te Ujrave	24,33	0,01%	24,48	0,01%	24,92	0,01%
Ministria e Drejtesise	1.394,10	0,53%	1.669,33	0,61%	310,45	0,11%
Unspecified		0,00%	0,00	0,00%		0,00%
<b>SDG 2, SDG 12</b>	<b>1.951,21</b>	<b>0,75%</b>	<b>2.745,44</b>	<b>1,00%</b>	<b>1.974,51</b>	<b>0,69%</b>
Ministria e Bujqesise, Zhvillimit Rural dheAdministrimit te Ujrave	1.649,31	0,63%	2.399,51	0,88%	1.717,01	0,60%
Ministria e Financave		0,00%		0,00%	26,19	0,01%
Ministria e ZhvillimitEkonomik, TregetisedheSipermarrjes	301,90	0,12%	345,92	0,13%	231,30	0,08%
<b>SDG 8</b>	<b>987,15</b>	<b>0,38%</b>	<b>1.203,20</b>	<b>0,44%</b>	<b>782,02</b>	<b>0,27%</b>
Ministria e Financave		0,00%		0,00%	34,38	0,01%
Ministria e ZhvillimitEkonomik, TregetisedheSipermarrjes	987,15	0,38%	1.203,06	0,44%	747,45	0,26%
Unspecified		0,00%	0,14	0,00%	0,20	0,00%
<b>SDG 9</b>	<b>48,05</b>	<b>0,02%</b>	<b>12,62</b>	<b>0,00%</b>		<b>0,00%</b>
Institucione te tjeraQeveritare	48,05	0,02%	12,62	0,00%		0,00%
<b>SDG 9, SDG 17</b>	<b>1.600,62</b>	<b>0,61%</b>	<b>440,58</b>	<b>0,16%</b>	<b>902,11</b>	<b>0,32%</b>
Akademia e Shkencave	98,14	0,04%	97,16	0,04%	106,92	0,04%
Institucione te tjeraQeveritare	1.202,63	0,46%		0,00%	419,45	0,15%
Ministria e ArsimitdheSportit	299,85	0,11%	343,42	0,13%	375,74	0,13%
<b>GROWTH THROUGH FISCAL STABILITY AND ENHANCEMENT OF COMPETITIVENESS</b>	<b>57.672,27</b>	<b>22,03%</b>	<b>65.128,85</b>	<b>23,84%</b>	<b>61.970,68</b>	<b>21,77%</b>
<b>SDG 10</b>	<b>17.948,77</b>	<b>6,86%</b>	<b>10.356,65</b>	<b>3,79%</b>	<b>8.078,71</b>	<b>2,84%</b>
Ministria e Financave	17.948,77	6,86%	10.356,65	3,79%	8.078,71	2,84%
<b>SDG 8, SDG 10, SDG 17</b>	<b>39.723,50</b>	<b>15,17%</b>	<b>54.772,20</b>	<b>20,05%</b>	<b>53.891,97</b>	<b>18,93%</b>
(T) Sherbimi i Borxhit	39.642,38	15,14%	54.674,23	20,01%	53.688,58	18,86%
Institucione te tjeraQeveritare	71,90	0,03%	90,15	0,03%	196,07	0,07%
Keshillikombetar i Kontabilitetit	9,22	0,00%	7,81	0,00%	7,33	0,00%
<b>SOCIAL DEVELOPMENT AND COHESION THROUGH HUMAN INVESTMENT AND DEVELOPMENT</b>	<b>92.949,00</b>	<b>35,50%</b>	<b>95.278,28</b>	<b>34,88%</b>	<b>99.047,27</b>	<b>34,80%</b>
<b>SDG 4</b>	<b>33.719,25</b>	<b>12,88%</b>	<b>34.429,39</b>	<b>12,60%</b>	<b>35.809,80</b>	<b>12,58%</b>
Ministria e ArsimitdheSportit	31.739,10	12,12%	27.324,80	10,00%	28.079,27	9,86%
Unspecified	1.980,15	0,76%	7.104,58	2,60%	7.730,53	2,72%
<b>SDG 4, SDG 11</b>	<b>1.531,30</b>	<b>0,58%</b>	<b>1.623,90</b>	<b>0,59%</b>	<b>1.813,77</b>	<b>0,64%</b>
Ministria e Kultures	1.472,41	0,56%	1.561,25	0,57%	1.730,87	0,61%
QendraKombetareKinematografike	38,21	0,01%	30,81	0,01%	31,04	0,01%
Unspecified	20,68	0,01%	31,85	0,01%	51,86	0,02%
<b>SDG 8</b>	<b>3.504,41</b>	<b>1,34%</b>	<b>4.178,09</b>	<b>1,53%</b>	<b>3.855,52</b>	<b>1,35%</b>
Ministria e Financave		0,00%		0,00%	397,65	0,14%
Ministria e Mireqenies Sociale dheRinise	3.176,83	1,21%	4.081,58	1,49%	3.418,30	1,20%
Unspecified	327,59	0,13%	96,52	0,04%	39,57	0,01%
<b>SDG 8, SDG 10</b>	<b>64,71</b>	<b>0,02%</b>	<b>65,92</b>	<b>0,02%</b>	<b>83,22</b>	<b>0,03%</b>
Ministria e Mireqenies Sociale dheRinise	64,71	0,02%	65,92	0,02%	83,22	0,03%
<b>SDG I, SDG 10</b>	<b>21.442,04</b>	<b>8,19%</b>	<b>21.268,29</b>	<b>7,79%</b>	<b>18.095,86</b>	<b>6,36%</b>
Ministria e Mireqenies Sociale dheRinise	21.442,04	8,19%	21.268,29	7,79%	18.095,86	6,36%
<b>SDG3</b>	<b>32.687,29</b>	<b>12,48%</b>	<b>33.712,68</b>	<b>12,34%</b>	<b>39.389,10</b>	<b>13,84%</b>

Ministria e Financave		0,00%		0,00%	28,67	0,01%
Ministria e Shendetsise	22.420,24	8,56%	21.899,81	8,02%	25.672,95	9,02%
Unspecified	10.267,05	3,92%	11.812,87	4,32%	13.687,48	4,81%
<b>SUSTAINABLE GROWTH THROUGH EFFICIENT USE OF RESSOURCES</b>	<b>66.184,42</b>	<b>25,28%</b>	<b>67.962,91</b>	<b>24,88%</b>	<b>79.327,97</b>	<b>27,87%</b>
<b>SDG 11</b>	<b>2.526,64</b>	<b>0,96%</b>	<b>2.890,94</b>	<b>1,06%</b>	<b>8.020,43</b>	<b>2,82%</b>
Ministria e Financave		0,00%		0,00%	52,78	0,02%
Ministria e Transportit dhe Infrastruktures		0,00%		0,00%	91,70	0,03%
Ministria e Zhvillimit Urban dhe Turizmit	2.411,11	0,92%	2.360,24	0,86%	7.390,56	2,60%
Unspecified	115,53	0,04%	530,70	0,19%	485,39	0,17%
<b>SDG 11, SDG 12, SDG 17 (PPPs)</b>	<b>240,87</b>	<b>0,09%</b>	<b>536,90</b>	<b>0,20%</b>	<b>904,67</b>	<b>0,32%</b>
Ministria e Transportit dhe Infrastruktures	239,30	0,09%	536,51	0,20%	878,86	0,31%
Unspecified	1,57	0,00%	0,39	0,00%	25,82	0,01%
<b>SDG 12</b>	<b>285,06</b>	<b>0,11%</b>	<b>252,05</b>	<b>0,09%</b>	<b>270,47</b>	<b>0,10%</b>
Ministria e Energjise dhe Industrise	285,06	0,11%	252,05	0,09%	270,47	0,10%
<b>SDG 13, 14, 15</b>	<b>2.240,54</b>	<b>0,86%</b>	<b>4.417,99</b>	<b>1,62%</b>	<b>4.728,58</b>	<b>1,66%</b>
Ministria e Mjedisit	2.235,15	0,85%	3.667,13	1,34%	3.552,48	1,25%
Unspecified	5,38	0,00%	750,87	0,27%	1.176,10	0,41%
<b>SDG 2</b>	<b>3.736,33</b>	<b>1,43%</b>	<b>3.899,48</b>	<b>1,43%</b>	<b>2.547,63</b>	<b>0,90%</b>
Ministria e Bujqesise, Zhvillimit Rural dhe Administrimit te Ujrave	3.736,33	1,43%	3.500,04	1,28%	2.547,63	0,90%
Unspecified	0,00	0,00%	399,44	0,15%		0,00%
<b>SDG 6</b>	<b>15.467,17</b>	<b>5,91%</b>	<b>19.948,15</b>	<b>7,30%</b>	<b>17.800,72</b>	<b>6,25%</b>
Ministria e Bujqesise, Zhvillimit Rural dhe Administrimit te Ujrave	2.658,68	1,02%	4.601,24	1,68%	2.967,48	1,04%
Ministria e Mjedisit	137,42	0,05%		0,00%		0,00%
Ministria e Transportit dhe Infrastruktures	11.876,25	4,54%	12.972,69	4,75%	11.612,83	4,08%
Unspecified	794,82	0,30%	2.374,22	0,87%	3.220,41	1,13%
<b>SDG 7</b>	<b>2.183,08</b>	<b>0,83%</b>	<b>6.271,35</b>	<b>2,30%</b>	<b>7.730,84</b>	<b>2,72%</b>
Ministria e Energjise dhe Industrise	2.183,08	0,83%	6.271,35	2,30%	7.730,84	2,72%
<b>SDG 8, SDG 11, SDG 12</b>	<b>359,68</b>	<b>0,14%</b>	<b>484,73</b>	<b>0,18%</b>	<b>541,46</b>	<b>0,19%</b>
Ministria e Mjedisit		0,00%		0,00%	34,39	0,01%
Ministria e Zhvillimit Ekonomik, Tregetise dhe Siper marrjes	78,08	0,03%	288,88	0,11%	169,43	0,06%
Ministria e Zhvillimit Urban dhe Turizmit	281,41	0,11%	194,59	0,07%	335,04	0,12%
Unspecified	0,19	0,00%	1,25	0,00%	2,60	0,00%
<b>SDG 9</b>	<b>39.145,04</b>	<b>14,95%</b>	<b>29.261,31</b>	<b>10,71%</b>	<b>36.783,17</b>	<b>12,92%</b>
Ministria e Transportit dhe Infrastruktures	28.072,80	10,72%	17.053,00	6,24%	24.754,67	8,70%
Ministria e Zhvillimit Ekonomik, Tregetise dhe Siper marrjes		0,00%		0,00%	33,04	0,01%
Unspecified	11.072,25	4,23%	12.208,32	4,47%	11.995,47	4,21%
<b>Grand Total</b>	<b>261.834,55</b>	<b>100,00%</b>	<b>273.185,86</b>	<b>100,00%</b>	<b>284.638,42</b>	<b>100,00%</b>

Source: TEAM Excel Database based on Treasury Information (2015-2017).

Note : Unspecified means other institutions and also Local Government Level

Table 20 Gender responsive budget programmes: gender related budget outputs estimates between 2015 – 2017  
(Source: Un Women Albania)

Line Ministry / Budget Institution	Budget Program	Gender Responsive Policy Objective for 2015	Gender Responsive Output	Gender Responsive Output Target	Gender Responsive Output Expenditure (in 000 LEK), budget (estimate)		
					2015	2016	2017
<b>Ministry of Economic Development, Tourism, Trade and Entrepreneurship</b>	Support for Economic Development	Giving financial incentives for new creative businesses through grants given to 20 companies in the handcrafting sector	Handicrafts subsidized businesses	20	5.000	10.000	10.000
		Financial support program for 13 start-up businesses	Subsidized start-up businesses	10	4.000	10.000	10.000
		Program for the support of 8 entrepreneurship women.	Subsidized Entrepreneur Women	8	5.000	10.000	
<b>Ministry of Urban Development</b>	Urban Planning and Housing	To enable conditions for housing circa 3997 families through subsidizing interest payments for related mortgages and subsidizing the monthly rent; from which 25 families are one parent (women) household or women subject to violence.	Subsidized One parent/violeted women families	25	-	2.034	2.000
<b>Ministry of Culture</b>	Arts and Culture	Increasing the support for women artists through cultural initiatives and their promotion at international levels	Number of representations in international events	7	12916	44.418	82200
<b>Ministry of European Integration</b>	Institutional Support for the EU Integration process	Increasing women awareness in order to increase their active participation in the EU integration process	Trained and informed women	200	28.719	28.020	2.200
<b>Ministry of Agriculture, Rural Development and Water Administration</b>	Agricultural Counseling and Information	Reducing gender disparities through ensuring information to 1% of female farmers through counseling services	Trained and informed women through counseling services	7100	4.941	4.941	7.300
	Rural Development	Increasing competitiveness for the agricultural and agri-food sectors, in those sectors performed by female and male farmers	Promotion of Albanian agricultural and agri-food in national and international fairs	12	19.000	19.000	18.000
<b>Ministry of Education and Sports</b>	Funds for science	Promoting research projects in the Higher Education Institutions through financing 3500 researchers. Priority is given to female researchers.	Financial support for young researchers with a priority in supporting female applicants	1750	-	40.000	118.400

Line Ministry / Budget Institution	Budget Program	Gender Responsive Policy Objective for 2015	Gender Responsive Output	Gender Responsive Output Target	Gender Responsive Output Expenditure (in 000 LEK), budget (estimate)		
					2015	2016	2017
		Financing 60 excellent students that manage to enroll in top 15 international universities worldwide for bachelor, masters or PhD programs, where the priority is to increase by 10% the financial support given to female students or researchers.	Researchers and young scientists BRAIN GAIN	30	-	120.000	132.000
<b>Ministry of Justice</b>	Prisons System	Creating right working conditions for female personnel of Prisons Systems through improvements of the existing infrastructure.	Detained women per prison structure	120	-	99.889	99.889
		Increase up to 5 employment qualifications for convicted women.	New qualification programs for detained women	1	-	3.949	3.949
		5% increase of female personnel in the Prisons System compared to 2015, as well as females in the related decision making structures	Specialized women staff employed in the prison system	775	-	408.370	412.902
	Probation Service	The application of specific programs for specific groups or individuals to address effectively the problem of recidivitetit.	Women in probation in reintegration programs	0	-		9.603
	Support services						7.000
	Bailiff Services	Increasing the number of executions of court decisions by 10% compared to 2015, by targeting 100% executions of every restraining order (involving mainly female beneficiaries)	Executed executive titles	6000	-	70.200	2.100
<b>Ministry of Interior Affairs / State Police</b>	Crime Investigation	Fighting and preventing human trafficking, especially of females, through increasing by 12.5% the proactive investigations for criminal offences related to human trafficking, from 12% that is expected to be in 2015	Trafficking investigation cases			272.854	76.584
	Public Order	Prevention of domestic violence through increasing the number of protective measures for violated women by 3,5% or 2664 cases. Increasing by 3.5% the number of criminal charges against violators, or 1923 cases	Protective measures for violated women			120.921	179.293

Line Ministry / Budget Institution	Budget Program	Gender Responsive Policy Objective for 2015	Gender Responsive Output	Gender Responsive Output Target	Gender Responsive Output Expenditure (in 000 LEK), budget (estimate)		
					2015	2016	2017
	Support Services	Increasing by 25% the number of female enrolled in the Police Academy, compared to 2015, and increasing by 30% the female police force within the State Police.	Recruits women	50	750	23.300	25.052
<b>Ministry of Social Welfare and Youth</b>	Social Inclusion	Coordination and monitoring of gender equality policies, reduction of gender based violence and domestic violence as part of the new strategy 2015-2020	Monitoring & Report on the implementation of the nat. strat. for GE& DV	4	2.590	3.190	10.330
			Awareness campaigns for gender equality	5	1.660	7.500	8.010
			Online registration system for cases of DV	1	3.890	3.890	
	Social Care	Increasing transparency and effectiveness of Social Assistance as one of the mechanisms to alleviate poverty through better targeting the poor and vulnerable families, especially those headed by female households. Expanding coverage of social care services (residential and community based) by 7% children in need (345 children). 9% more persons with disabilities (355 persons), 7% elder persons in need, and 7% more women victims of trafficking, and 15% more women victims of domestic violence	Families benefiting from the economic aid scheme	93000	4.700.000	4.506.416	4.506.416
			Women and girls at risk of trafficking treated with public residential services	73	37.500	37.880	62.100
			Violated women and girls who receive residential services	40	16.800	61.500	66.427
Labor Market	Increasing the number of certified persons in the Professional Formation Centers from 14000 to 14500 persons in 2016, where female participation is projected to increase from 45% to 48%. Reaching up to 5500 job seekers that are included in the employment incentives schemes and support for	N/A	N/A	-	285.771	550.000	
		N/A	N/A	-	450.000	306.982	

Line Ministry / Budget Institution	Budget Program	Gender Responsive Policy Objective for 2015	Gender Responsive Output	Gender Responsive Output Target	Gender Responsive Output Expenditure (in 000 LEK), budget (estimate)		
					2015	2016	2017
		manufacturing sector where 60% is targeted to be females					
		Prioritizing female job seekers by increasing the registration, brokerage, profilisation and counseling services by Employment Offices	N/A	N/A	-	443.900	
Ministry of Health	Public Health Services	Breast Cancer prevention services for 5000 females	N/A	N/A	-	770.000	7400
	Primary Health Care	Decreasing infant mortality to 0.4 to 1000 births compared to 2015	N/A	N/A			8.294.496
	Secondary Health Care	Providing quality services to female patients	N/A	N/A	0		93.730
Ministry of Environment	Environment protection	Improving flood risk management in the Drina river basin and expansion of ecosystem resilience in the area of Kune Vain	National Plan for the climate changes approved	1			21.700
	Forestry administration	Increasing the access of women to decision-making Associations Forests and Pastures and the improvement of opportunities for women and youth in applications for competitive grants in the field of forest management	Gender action- plan approved	20			8.628
Ministry of Finance	Management of Public Expenditures	Increasing the number of budget programs that include gender budgeting in their MTBP	MTBP programs	24			1.835
		<b>Gender responsive budget programmes amounts in (000 LEK), budget estimate</b>		<b>4.842.766</b>		<b>7.857.943</b>	<b>15.136.526</b>

Table 21 GDP and Population Data

Data reference:	2015	2016	2017	Source
<b>GDP (billion lek)</b>	1.427.799	1.472.791	1.555.202	MoFE Fiscal Table, Budget 2018
<b>Population (inhabitants)</b>	2.885.796	2.875.592	2.876.591	Instat Population Projections