

# SDG ANALYSIS OF ALBANIA'S 2023 DRAFT PUBLIC BUDGET

## FINAL REPORT

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# Abbreviations

<b>AFMIS</b>	Albanian Financial Management Information System
<b>BMS</b>	Budget Management System
<b>EAMIS</b>	External Assistance Management Information System
<b>GoA</b>	Government of Albania
<b>HSC</b>	High State Control
<b>IPSIS</b>	Integrated Planning System Information System
<b>LGU</b>	Local government unit
<b>MoFE</b>	Ministry of Finance and Economy of Albania
<b>MTBP</b>	Medium Term Budget Program
<b>NSDI (or NSDI II)</b>	National Strategy for Development and Integration (2015-2020)
<b>NSDEI</b>	National Strategy for Development and European Integration (2023-2030)
<b>SDG</b>	Sustainable Development Goals
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children's Fund
<b>VNR</b>	Voluntary National Review
<b>PAM</b>	Public administration and management
<b>PFM</b>	Public Financial Management
<b>PIM</b>	Public Investment Management
<b>PPPs</b>	Public-Private Partnerships

This document summarizes the analysis and results of the SDG analysis exercise of Albania's 2023 draft public budget document, supported by UNDP under the scope of the UN Joint Programme 'Strategic Policy Option for SDG Financing' and the UNICEF-UNDP Global Finance Flagship initiative. The exercise has been carried out during Q4 2022 to Q1 2023 with the support of the Ministry of Finance and Economy of Albania.

The report summarizes the main findings and provides some elaborations, whereas visualizations are presented in the accompanying annex.

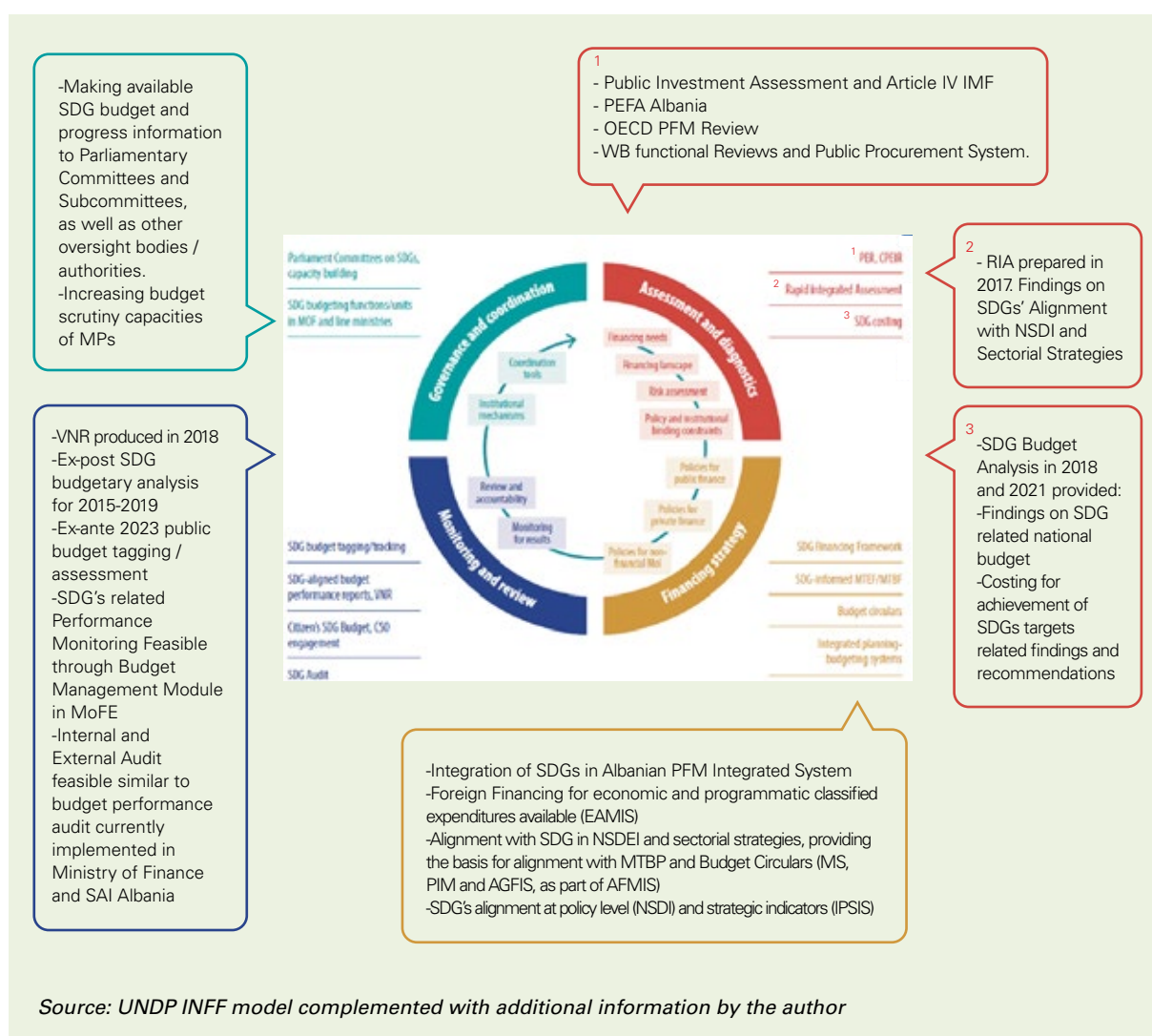
# 1. Introduction

Albania has made a well-documented progress in aligning its public policy development and implementation cycle with SDG Framework. It has already produced a Baseline Report (2017) and a [Voluntary National Review](#) (2018), and two analysis of national budgets alignment with SDGs (2015-2017) and (2015-2019) complemented with statistical data on Albanian’s performance on SDG’s target compared to benchmarks. Furthermore, the national statistical agency, INSTAT, is [tracking SDG achievement](#) on annual basis.

At the time of writing this report, the country is in process of preparing its first Integrated National Financing Framework (INFF). The present report contributes to the analysis on domestic public finance for INFF. It also represents a continuation of previous and ongoing national efforts for meeting 2030 SDGs targets.

Figure 1 presents a visual summary of the INFF building blocks and types of assessments needed at each stage. These have been supplemented with a list of related assessments that have been produced in Albania over the years.

**Figure 1: Integrated National Financing Framework building blocks and their interaction with elements of the policy and budget cycle in Albania**



This report analyses the 2023 draft-public budget, available on the Ministry of Finance and Economy's (MoFE) website<sup>1</sup>. Following public financial management (PFM) principles, the analysis considers both the institutional and economic classifications of the budget. The **institutional classification** examines the allocation of funds among central level public institutions, including line ministries, commissioner offices, Parliament, the President's Office, etc. On the other hand, the **economic classification** focuses on the expense types, such as wages and salaries, social and health security contributions, goods and services, asset acquisition expenses, transfers, etc.

Furthermore, the 2023 draft budget provides information on budget outlays organized into expenditure groups called programs of expenditures for each institution or group of expenditures. These programs aim to achieve specific outputs, allowing for the monitoring of budget implementation performance and accountability of public officials. However, this expenditure information, known as the **programmatic classification**, is only available for 2023. For the outer years of the medium-term budget plan (MTBP) - 2024 and 2025 - the draft budget data is limited to the institutional classification and upper economic classification, which distinguishes between capital and recurrent expenses.

For local level public institutions and special funds, the budget expenditure information is provided solely at the total level and always based on the institutional classification. This includes the budget expenditures projected for local government units (LGUs) – i.e., intra-budgetary transfers from the central to local budgets in the form of conditional and unconditional transfers (found in Annex 1 and Annex 4 of the draft budget), as well as budget outlays for special funds related to social and health security, contingencies, and reserves. Furthermore, details are available on the number of employees in public institutions and the list of capital investments, which comprise the acquisition of tangible and intangible assets. To complement this information, the document includes details on the sources of financing for 2023, referred to as financing chapters. However, for 2024 and 2025, the sources of financing for budget expenditures are only specified as domestic and foreign financing. Finally, the table of macro-fiscal indicators<sup>2</sup> provides aggregate levels of budget expenditures for all levels of the General Government in, along with aggregate data on fiscal revenues, deficit, and public debt.

According to the UNDP taxonomy guidebook on SDG tagging of national budgets<sup>3</sup>, assessing the degree of alignment between national budgets and SDG targets requires detailed information, specifically on:

- The nature of expenses, which can be determined through the economic classification of public expenditures, indicating the types of expenses that are anticipated.
- The ultimate goal of these expenses, which can be determined through the programmatic classification of expenditures, highlighting the intended outputs or outcomes of public spending.

These considerations define the scope and feasibility of the SDG tagging of Albania's 2023 (draft) public budget. Particularly, it is important to note that certain portions of the draft public budget, such as those allocated to local government, special funds, reserves, or contingencies, cannot be tagged in advance. This limitation arises due to the need for budget appropriation for local government execution and budget execution for special funds and contingencies/reserves.

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1. Please, see more here: <https://financa.gov.al/per-buxhetin-e-vitit-2023/>

2. Ibid

3. [Budgeting for the Sustainable Development Goals Aligning domestic budgets with the SDGs](#), 2020; Budgeting for the Sustainable Development Goals: A Modular Handbook, 2022.



Nevertheless, this should not undermine the credibility of this exercise, especially because one vital piece of information that enables SDG tagging is the determination of the specific weight of alignment of a budget expenditure (in the economic and programmatic classifications) to SDGs. For Albania, this information is already available through the previous SDG budgetary assessments mentioned earlier in this report.

## 2. Some Reflections

### 2.1 Reflections on local government budgets

The local government budget carries substantial weight in both absolute and relative terms, representing around 10% of the total national budget, or around 3% of GDP.

**Table 1: Relative weight of expenditures with insufficient information for an ex-ante tagging exercise**

Items	Absolute Size in Mill ALL	Relative in %
Local Budget Expenditure	65.584,00	10%
Reserve Fund, Contingency	6.600,00	1,0%
Total National Budget Expenditures	687.208,73	100%

Source: Draft of 2023 public budget, Table 4. Macro Fiscal Indicators

Local governments play a crucial role in implementing certain functions that significantly impact the achievement of SDG targets, such as managing forests, mitigating risks associated with natural disasters (e.g., fires and floods), waste management, sanitation, etc. To foster a productive public discussion on the efficient utilization of resources, it is essential to have clarity regarding the available resources and capacities, and that decisions on their use are transparent and aligned with the local budget calendar, which harmonizes local budgets, classified according to functional, economic, and programmatic criteria, with the central national budget. While including a detailed budget for all 61 LGUs might overwhelm the entire draft budget with excessive information, providing a summary of the total local budget based on functions, programs, and economic classification is entirely feasible. This approach will expand the scope of SDG budget tagging, facilitating its implementation accordingly.

Table 2 provides a suggested format for reporting in the aggregate the funds allocated to LGUs, group across the different classifications. This would provide sufficient information to be able to SDG-tag the budget outlays at the local level in the same way as for the central level allowing therefore a consolidated view on the allocation of resources dedicated to SDG achievement in the medium to long term.

**Table 2. Potential structure of Information for ex ante Budget SDG Tagging in the future**

Local Government	Year
Function 1	...
Program 1	...
Economic Item 1	...
Economic Item ...	...
Function N...	...
Program 1	...
Economic Item 1	...
Economic Item ...	...
<b>TOTAL</b>	<b>...</b>

Source: Author's analysis of ex-post Albanian budget Information for previous years.

If for objective reasons (e.g., significant differences in LGUs reporting on their annual budget drafts) make the above consolidation impossible, a less optimal solution in the short term will be to align to SDG targets after the budget appropriation and allocation for all LGUs has been completed for the current fiscal year (typically, within the first quarter of the fiscal year).

In the medium term, as MTBP practice becomes more established at the local level, ex-ante information regarding economic and programmatic classification of expenditures for all LGUs will be accessible through the normal MTBP cycle and the related tools (i.e., the Budget Management System (BMS) in the Albanian Financial Management Information System (AFMIS)). This would allow to fully extend SDG-tagging efforts to the local level.

## 2.2 Reflections on special funds, reserves, and contingencies

Special funds, reserves, and contingencies account for 1% of the draft public budget. This is in line with the best practice of PFM management<sup>44</sup> as it allows for the inclusion of necessary provisions in public budgets to address unforeseen events or factors that may have a significant impact (such as the 2019 earthquake in Albania).

In order to allow for the SDG tagging, one possible solution would be to align the use of these funds to SDG goals and targets corresponding to particular programs. This is the logic that was applied to this exercise. The author believes that further alignment is neither justifiable nor warranted. Furthermore, completely disregarding contingencies/reserves in favor of exclusively relying on precise planning assumes an unrealistic level of foresight. Recent global and national crises and their profound effects on public budgets serve as a testament to the inherent uncertainty and volatility that necessitates the inclusion of contingencies/reserves in budgetary allocations.

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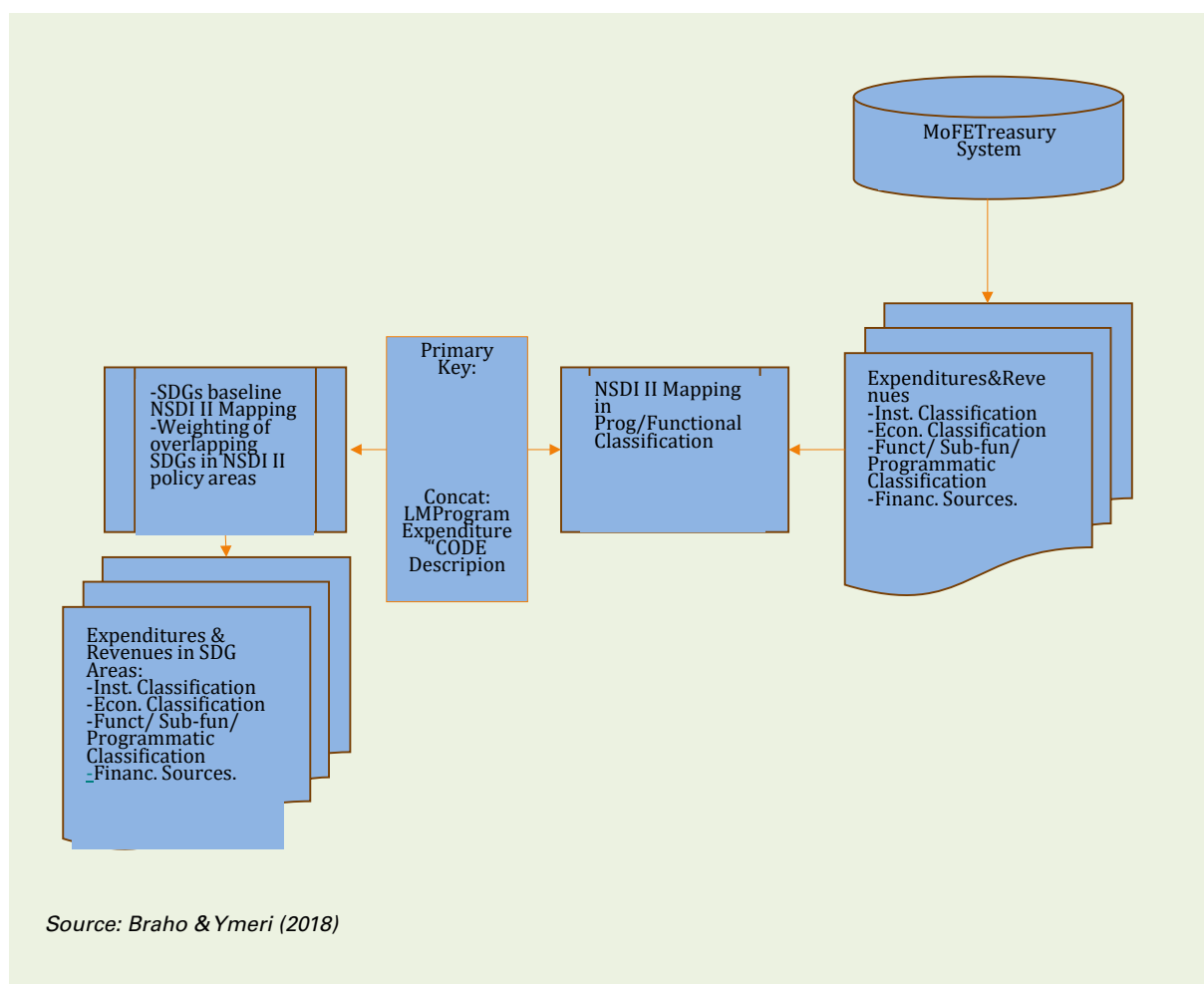
4. According to the PEFA assessment guidelines, in order to attain the highest score in Public Financial Management (PFM) performance for expenditure composition at the outturn level, it is recommended to limit expenditures from contingency/reserves to a maximum of 3% of the total budget. Adhering to this guideline ensures optimal PFM performance and expenditure composition. PEFA (2019). Framework for assessing the public finance management, Pg. 13, Retrieved from: [https://www.pefa.org/sites/pefa/files/resources/downloads/PEFA%202016\\_latest%20version\\_with%20links%20%282%29.pdf](https://www.pefa.org/sites/pefa/files/resources/downloads/PEFA%202016_latest%20version_with%20links%20%282%29.pdf)

# 3. SDG Analysis of the 2023 Draft Public Budget: Analysis, Findings, and Recommendations

## 3.1 Methodological Considerations

This SDG budget tagging exercise of the 2023 draft public budget involves the analysis of expenditures programs vis-à-vis the 17 SDGs and related targets. It is complemented by budget execution data from previous periods (2010-2020) available online through MoFE’s website in the Boost Database portal. The data modeling approach employed is the same as that of the 2015-2017 SDGs budget analysis exercise<sup>5</sup> (refer to Figure 2).

**Figure 2: Data Model for aligning SDGs to Expenditures Programs and Strategic Policy Planning**



### Two main considerations are of relevance:

- The analysis at institutional and program level is done against policy documents, primarily the National Strategy for Development and Integration 2015-2020 (NSDI II, see Figure 3), which means that this exercise considers the direct link between expenditures programs

5. Braho, A. and Ymeri, S. (2018). Budget Analysis of SDG Related Spending in Albania: 2015 – 2017. Can be retrieved here: <https://albania.un.org/sites/default/files/2020-05/no.20-%20Budget%20Analysis%20of%20SDG%20Related%20Spending%20in%20Albania%202015%20-%20202017.pdf>

to policy initiatives, while also providing a detailed overview of institutional and economic budget-related outlays. The analysis can be updated to the new National Strategy for Development and European Integration 2023-2030 (NSDEI, not yet approved at the time of writing) or any other policy document that becomes a binding document for strategic planning in Albania.

- The alignment of SDGs to budget expenditures by program is captured in a matrix of specific weights, which assess the degree of relevance/contribution of each budget program to SDG targets. This assessment is based on the opinions of policy planning and budget programming experts. Moreover, the matrix of specific weights embodies the same assumptions recommended by UNDP namely that the sum of specific weights of relevance of expenditures programs equals 1<sup>6</sup>.

The above assure that the approach to this analysis is both consistent with UNDP's taxonomy on SDG budget alignment and aligns with UNDP's recommendations for national approaches that have the potential to generate credible and accurate projections of SDG-related spending.

### 3.1.1 Principles of Analysis and Matrix of Specific Weights

To ensure a comprehensive and nuanced approach to SDG budget analysis / tagging in Albania, aligned with existing guidance, while reflecting expert opinions on the specific country context, this exercise relies on the following principles:

- The primary key for data modeling is the linkage of SDGs to institutional and programmatic classifications. This enables the budget analysis to encompass not only economically relevant expenditure data, but also the sources of financing, including foreign development support from bilateral and multilateral partners.
- Each budget program contributes to a primary SDG with a specific weight of 50% or more. Additional contributions to other SDGs are assigned lower specific weights based on discussions with experts. The number of SDGs to which each budget program contributes to is in line with UNDP recommendations on SDG budget tagging. This approach provides an initial indication that can be adjusted by MoFE to account for the sensitivity of SDG targets to variations in expenditure data over the years.
- The link between the General Administrative Management Expenditures Programs for a given institution to a particular SDG is assigned the same specific weight as other similar programs of that institution. This is done to reflect the importance of these general expenditures in contributing to the achievement of the corresponding SDG.
- There are cases where linking an expenditure with SDGs is not immediately possible (for e.g., defense expenditures are one such case). Further discussions with national authorities are needed for specific activities for which the contribution of an expenditure to SDGs needs to be reassessed in view of some relevant, contextual information/event (for e.g., the involvement of military personnel and infrastructure in addressing the impacts of natural disasters like earthquakes or floods).
- Revenue generation activities are not currently SDG-tagged. However, in the future, there may be a case for discussing the relevance of these activities to SDGs, particularly when considering the SDG tagging of private sector budgets and financing.

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6. See 'SDG Alignment and Budget Tagging: Towards an SDG Taxonomy – Analysis for Colombia', pg 29. Can be retrieved from: [https://www.undp.org/sites/g/files/zskgke326/files/migration/co/UNDP\\_Co\\_POB\\_Publicacion\\_SDG\\_Alignment\\_and\\_Budget\\_Tagging\\_Methodology\\_May23\\_2022.pdf](https://www.undp.org/sites/g/files/zskgke326/files/migration/co/UNDP_Co_POB_Publicacion_SDG_Alignment_and_Budget_Tagging_Methodology_May23_2022.pdf)

**Figure 3: Alignment of SDG to NSDI II pillars**

NSDI II	Linkages between NSDI-II pillars and SDGs	SDGs
7.0	<b>Albania's Overarching Goal: Accession to the European Union</b>	n/a mainly EU-related
8.0	<b>Foundations: Good Governance, Democracy and the Rule of Law</b>	
8.1	An Open Judicial System with Equal Access for All	SDG 16
8.2	Strengthening Legislative and Electoral Processes	SDG 16 + 5 (ref. gender)
8.3	Integrated Border Management	SDG 16
8.4	The Fight against Organized Crime, Terrorism and Trafficking	SDG 16
8.5	Ensuring Public Order	SDG 3 + 16
8.6	Strengthening Human Rights	cross-cutting (1 + 10 + 16...)
8.7	Reforming Public Administration and the Civil Services	SDG 16
8.8	Transparency and the Fight against Corruption	SDG 16
8.9	Decentralization and Local Government Reform	
8.10	Strengthening Albanian Statistics	SDG 17
8.11	The Increasing Importance of Foreign Policy	SDG 10
8.12	A Stronger Defence	n/a mainly NATO-related
8.13	Civil Society	SDG 17
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
9.2	Strengthened Public Finance for Fiscal Stability	partially SDG 10
10.0	<b>Pillar 2: Growth Through Increased Competitiveness</b>	
10.1	Assuring and Protecting Property Rights	SDG 1
10.2	Promoting Business and Foreign Direct Investment	SDG 8
10.3	Expanding Scientific Research and Innovation	SDG 9 +17
10.4	Investing in Information Technology and Communications	SDG 9
10.5	Ensuring Consumer Protection and Market Surveillance	SDG 2 + 12
10.6	Protecting Competition and Providing for State Aid Control	
11.0	<b>Pillar 3: Investing in People and Social Cohesion</b>	
11.1	Expanded, Better Quality Educational Opportunities	SDG 4
11.2	A Stronger, More Accessible Health Care System	SDG 3
11.3	Expanding Employment Opportunities	SDG 8
11.4	Strengthening Social Security	
11.5	Consolidating Social Protection	SDG 1 + 10
11.6	Building a More Inclusive Society	SDG 8 + 10
11.7	Ensuring Gender Equality	SDG 5
11.8	A Greater Focus on Arts and Culture	SDG 4 + 11
11.9	Strengthening the Role of Sports	
12.0	<b>Pillar 4: Growth Through Sustainable Use of Resources</b>	

Source: Braho & Ymeri (2018)

### 3.1.2 Consideration for the Future

MoFE may consider maintaining and/or updating this matrix of specific weights either as part of the Budget Management System (BMS) or outside of it should internal adoption within the system not be feasible due to proprietary rights or customization limitations. This approach would serve as a medium-term solution. In the long term, the incorporation of SDGs into the strategic policy development cycle should be pursued.

## 3.2 Findings and Analysis

SDG budget analysis / tagging provides valuable information regarding the allocation of public funds towards specific SDG targets, simultaneously tracking their economic nature. It can also provide relevant insight about public spending in the country. In particular, this ex-ante analysis of the 2023 draft public budget shows that a significant portion of public spending is dedicated to reducing inequalities (SDG 10) and is allocated to current expenditures in the form of transfers to families and individuals. This mirrors the strategy of utilizing social transfers as a primary approach to promote social inclusion for marginalized groups and those in vulnerable positions.

On the other hand, public spending related to investments in Albania primarily focuses on key areas such as infrastructure (SDG 9), water and sanitation (SDG 6), education (SDG 4), and health-related facilities (SDG 3). These sectors receive substantial funding to address the country's infrastructure needs, improve access to clean water and sanitation services, enhance educational opportunities, and bolster healthcare facilities.

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Through this SDG budget analysis / tagging exercise, a clear picture emerges of how resources are allocated to tackle specific SDGs in Albania. It highlights the emphasis placed on addressing inequalities through targeted transfers while simultaneously prioritizing investments in critical sectors essential for the country's development and well-being.

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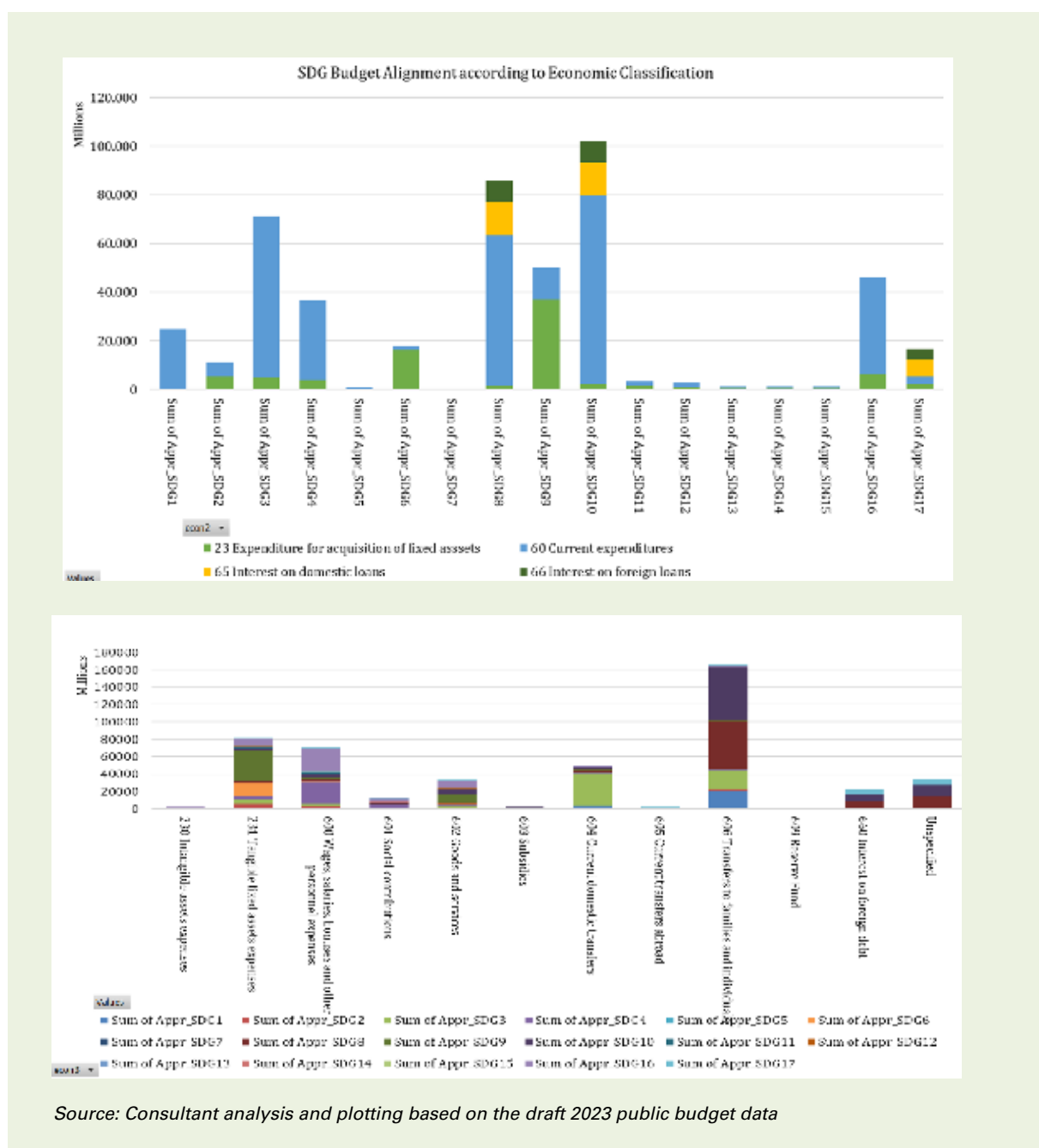
### 3.2.1 Programmatic and Functional Elements

The SDG tagging exercise is also a good opportunity to reflect on the most effective pathways for achieving specific SDGs and their associated costs. Deliberations should consider both effectiveness and efficiency. Effectiveness concerns should center on the trade-off between investments (tangible and non-tangible assets) and current expenditures. Whereas efficiency considerations should encompass a comprehensive account of associated costs, particularly in terms of public domestic and foreign debt interests, as well financing sources. Both hold significant importance in the current context, where the country faces medium-term implications, such as lower economic growth resulting from the aftermath of the COVID-19 pandemic and November 2019 earthquake. Additionally, the country is grappling with inflationary pressures due to external shocks arising from the war in Ukraine, which have far-reaching implications, impacting worldwide production factors and outputs, including energy and food.

Therefore, leveraging the tagging exercise not only provides insights into budget allocations for SDGs but also serves as a platform for addressing important accountability questions. In fact, the exercise yields another valuable result: the alignment of functional expenditures with SDGs. This information is particularly significant when assessing the potential for achieving SDGs through catalyzing the involvement of the private sector to foster economic and social transformation.

Tagging SDGs to functionally classified expenditures provides an overview of the envisioned public functions in various government areas, such as agriculture, economy, health, education, social affairs, etc. When combined with national statistical information, policymakers are presented with a diverse range of options for formulating efficient public policies to enhance SDG performance in the years ahead.

**Figure 4: Ex-ante SDG tagging of 2023 draft public budget**





To illustrate: if public health spending in Albania amounts to ALL 63.5 billion<sup>7</sup> of GDP, and private spending in the health sector – estimated by multiplying the average household budget of an Albanian average family by the number of households, as per the latest INSTAT Household Budget Survey<sup>8</sup> – totals ALL 41.7 billion, policymakers are faced with a choice. Should they focus on expanding public provision of health services in the public sector, or would it be more beneficial to subsidize private sector involvement in delivering these services, while ensuring compliance with public standards, in order to achieve the various health targets, set under the SDGs?

**Table 3. Calculation of private spending in the health sector**

Total Health	Average Monthly Spendings per Households ALL	No. of Households	Total Monthly Spending ALL	Mill All per Year
	84.548,00	765.551,00	64.725.805.948,00	776.712,00
	4.542,00	765.551,00	3.477.132.642,00	41724,00

To answer this, additional information would be needed. A cost/benefit analysis would be insufficient to make effective a public policy choice in this case, as policymakers would need to consider more than just the financial aspects. Instead, policymakers would need to delve into the broader factors that affect access to health services, particularly for marginalized or vulnerable population groups. The additional information can be obtained from various sources, including national surveys conducted by INSTAT<sup>9</sup>, as well as data from NGOs or CSOs. This integration of information allows for a deeper understanding of the potential synergies and trade-offs between different spending policies. It also helps identify more efficient and effective policy alternatives that align with the broader goals of sustainable development.

**Table 4. Government Financial Expenditures and Private Spending on Health**

	2017	2018	2019	2020	2021
Expenditure	453.292	470.391	488.444	534.322	593.912
General public services	79.783	85.872	83.882	83.340	90.986
Defense	10.949	11.109	13.337	12.610	14.034
Public order, & safety	26.730	28.526	30.908	32.336	34.653
Economic affairs	54.025	46.067	47.449	58.678	72.732
Environment protection	2.857	1.416	3.125	5.298	5.481
Housing & community amenities	36.176	38.262	36.613	51.716	65.784
Health	45.352	49.004	51.182	51.590	63.570
Recreation, culture, & religion	6.440	7.382	7.310	6.842	7.543
Education	47.914	51.605	55.684	54.160	58.404
Social protection	144.066	151.143	158.954	177.761	180.724

Source: IMF, MoF Budget Execution Data, and INSTAT Household Survey 2021 Data

7. IMF, GFS Statistics Albania 2021.

8. <http://www.instat.gov.al/en/themes/social-condition/household-budget-survey/publications/2022/household-budget-survey-2021/>

9. INSTAT data is based on surveys that are published every 4 years, with the latest published in 2021 referring to data from 2020. The previous one was published in 2017, referring to the data from 2016. For further details, please visit <http://www.instat.gov.al/en/themes/social-condition/income-and-living-conditions-in-albania/#tab4>.



This analytical approach extends beyond healthcare and applies to other functional areas of public expenditure as well. For sectors where the primary role belongs to the private sector, but the government plays a significant role as a market regulator, such as construction, it is essential to recognize the government's influence on sector performance, despite its limited role as a goods or service provider.

By combining functional tagging with real-world data and performance outliers<sup>10</sup>, policymakers can move beyond theoretical assumptions and base their decisions on empirical evidence. This data-driven approach would allow them to understand what works and what are the causal relationships between different spending policies and specific SDGs in real-world context. A byproduct of this process would be the identification of accelerators—public policies that can positively impact multiple SDG targets through primary and secondary outcomes, including positive or negative externalities. These accelerators can provide valuable lessons and inform future budget formulation and revision processes. In turn, by understanding the interdependencies and potential synergies, policymakers can adjust the specific weights assigned to SDG budget alignment in a more informed and strategic manner.

As such, SDG tagging of functional expenditures is particularly relevant for policy formulation and/or assessment, for e.g., when evaluating the effectiveness policies and drawing conclusions regarding future policy directions. In the Albanian context, the importance of SDG tagging can be illustrated with the level of detail that can be provided to national authorities during the assessment of sectorial or sector-specific strategies through the so-called “passports of indicators”. Integrating SDG-aligned information into the measurement process of indicators can grant a more comprehensive understanding of policy implementation progress, reflecting on the multidimensional nature of the SDGs<sup>11</sup>. It is expected that as consecutive rounds of revision and measurement occur, these indicators will evolve in terms of their composition and measurement methodologies to incorporate the new insights derived from SDG tagging.

### 3.2.2 Data Granularity and Quality

For the above to be possible, the availability of high-quality, granular, and timely data is imperative. Granularity and timeliness of ex-ante information is especially relevant for the SDGs whose attainment depends on sources of financing other than fiscal revenues (i.e., public debt, Private Public Partnerships, foreign grants, or loans), as well as when there is a significant burden of public debt or considerable weight on non-discretionary budget lines (such as salaries, social contributions, or sector-specific expenditures).

Granularity and timeliness of information enables a more transparent and objective debate regarding the merits of different public policies or actions intended for the future budget periods. It allows stakeholders to assess the availability and allocation of resources for specific SDGs, considering the potential limitations and opportunities posed by different financing sources.

For instance, while the total amount of interest expenditures related to domestic or foreign loans is accounted for in the respective programs of MoFE or other line ministries, the dis-

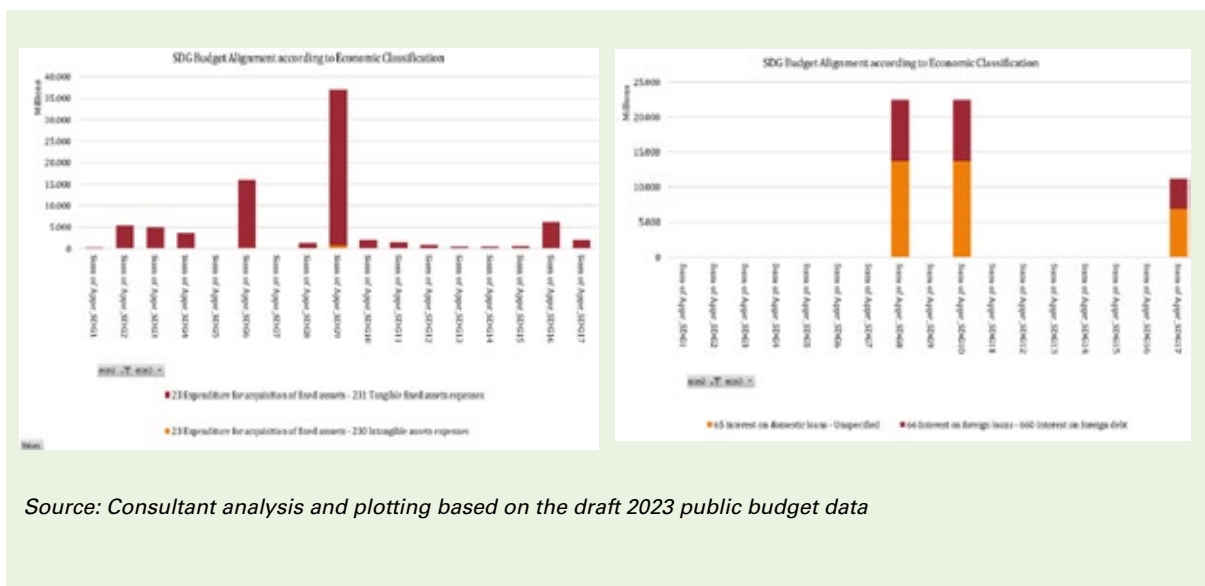
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10. The term 'outlier' is used here in the statistical sense - referring to a value, which is more extreme than the rest of the data for the subject under observation.

11. For instance: in the case of the PFM Strategy and as per PEFA guidelines, the Passport of Indicators related to PEFA indicators must include also gender or climate elements, thus supporting SDG-aligned information.

inction between the portion of these interests dedicated to domestic or foreign debt issued for financing current assets (e.g., Public-Private Partnerships for road infrastructure projects) or current expenditures (e.g., medical tests, private sector licensing, etc.) is not discernible. This information, which becomes available during budget execution, could help to diffuse unnecessary tensions or confrontations in public debates on Public-Private Partnerships (PPPs). Its availability would benefit reasonable and objective discussion about the best alternatives to support national progress in achieving SDG-related targets.

**Figure 5: Detailed SDG aligned analysis on Economic Classification: Tangible vs Intangible Assets; Interests on Domestic and Foreign Loans**



Source: Consultant analysis and plotting based on the draft 2023 public budget data

Similarly, it is equally important to have access to SDG indicators that are measured in a manner that is compatible with international practices – as is the case for the data reported by INSTAT. This ensures their reliability and comparability with other countries, providing insights into best practices and alternative approaches, and allowing policymakers to assess the relevance of different policy options not only within the national context but also in relation to similar countries.

Incorporating larger data sets and conducting more in-depth analyses can further enhance the policy-making process. The utilization of a wider range of data sources allows for more robust and comprehensive policy evaluations, leading to better-informed decision-making and the identification of effective strategies.

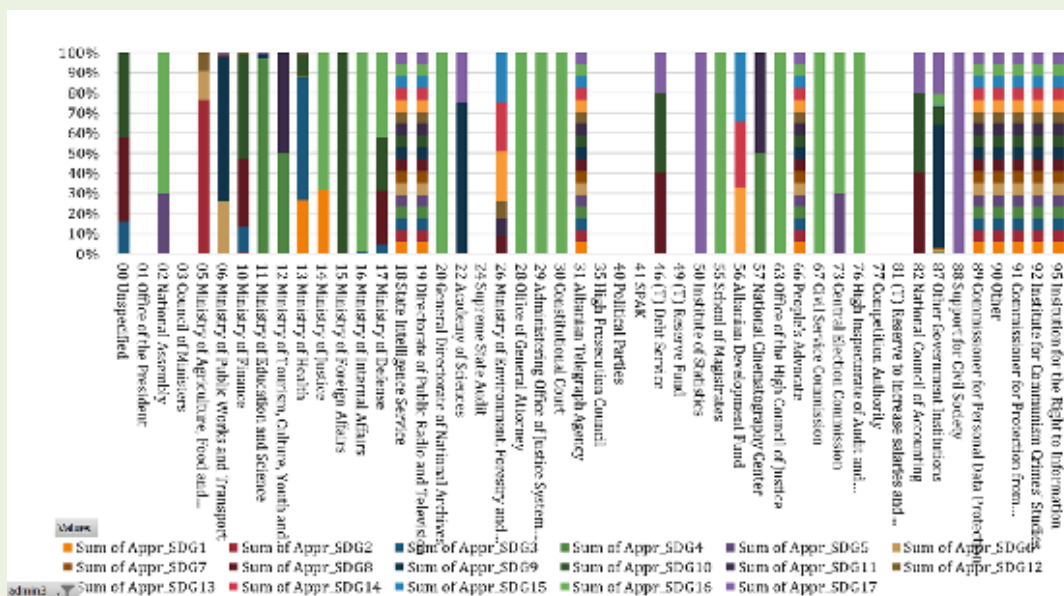
### 3.2.3 Institutional Coordination

The SDG budget analysis offers line ministries a comprehensive overview of the available resources for attaining a given SDG. Complemented with institutional alignment, it ensures that each ministry understands its role and contributes to the collective effort of achieving the SDGs.

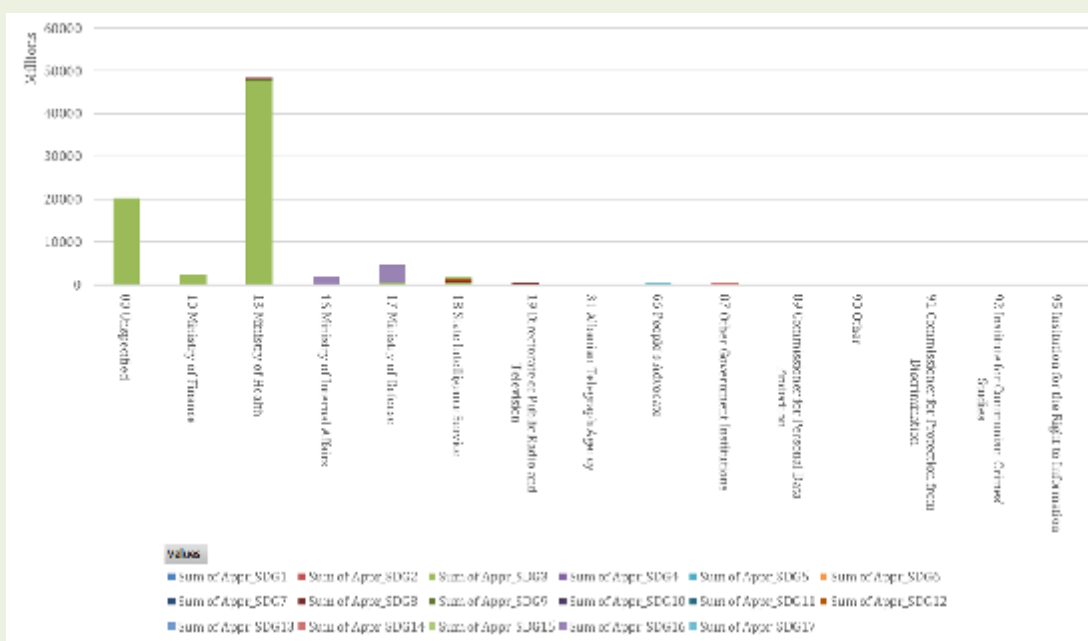
The scoping that informs the SDG budget analysis process serves as the initial stage of understanding and assigning responsibilities. Ultimately, it is intended to provide a clear blueprint for coordination and collaboration, enabling the effective implementation of strategies and the optimization of available resources.

This tagging exercise is a good way for visualizing the institutional landscape and procedures that exist or need to be established. For instance, looking at Figure 7, it is apparent the Ministry of Health can be entrusted with the overall institutional responsibility for sectorial policy planning and monitoring progress towards achieving targets under SDG3.

**Figure 6: Institutional Network and Landscape of SDGs.**



**Examples of Lead Institution for a particular SDG: Health**



Source: Consultant analysis and plotting based on the draft 2023 public budget data

This analysis also ensures that SDGs and the 2030 Agenda are harmonized with the country's institutional framework, and policy planning and implementation processes, especially the mechanism known as Integrated Policy Management Groups (IPMGs), which oversee sectoral policy coordination in view of EU approximation efforts. Therefore, viewing the institutional landscape through an added SDG expenditures lens and aligning it with mechanisms for policy dialogue has the potential of improving SDG performance.

Furthermore, this process helps address fundamental questions of leadership and capability. The question of leadership is answered by assigning clear responsibilities to the institution that has the highest share of official resources, both financial and human, for a particular SDG. This ensures that the institution leading the efforts has the necessary authority and capacity to drive progress towards achieving the SDG targets.

The question of capability is addressed through two key aspects:

- a) Clear specifications of procedures and protocols for institutional interactions: This involves establishing streamlined processes that remove any bottlenecks and facilitate the lead institution's ability to initiate and sustain positive change to improve SDG performance. This element falls under the realm of strategic planning and public administration management, ensuring that the necessary structures and mechanisms are in place to support effective implementation.
- b) Preservation and enhancement of capability: This pertains to maintaining and strengthening the capacity of the lead institution in terms of personnel, skills, and financial resources. It encompasses aspects of both public administration management and public financial management. Adequate budget allocations and resource allocation strategies are crucial for ensuring that the lead institution has the necessary means to carry out its responsibilities effectively.

### 3.3 Recommendations for Future Steps

This analysis presents a number of arguments in support of the integration of SDGs into the strategic policy development cycle. This integration can be achieved through tools like the Information System for Integrated Planning (IPSIS), the External Assistance Management Information System (EAMIS), and the passport of high-level indicators. By integrating these systems with the BMS and Public Investment Management (PIM), SDGs can become an integral part of the financial system for policy development and budgeting in Albania.

It is important to note that all necessary reporting, oversight, and control mechanisms should align with the SDGs. Some of the by-products of this alignment, as illustrated in Figure 1, include:

- SDG-aligned citizen budget
- SDG-aligned draft, medium, and final budget execution documents,
- Medium-Term Budget Program (MTBP) aligned document,
- SDG performance reporting and internal control,
- SDG Oversight from High State Control (HSC) and Parliament.

By incorporating SDGs into these aspects of the budgeting process and oversight mechanisms, Albania can enhance transparency, accountability, and effectiveness in its pursuit of SDG achievement.

Specifically, the use of SDG-oriented financial and programmatic information is of great significance to public officials in their decision-making processes; it also benefits citizens who have a legitimate interest in understanding how public funds, derived from taxes and contributions, are utilized. Consequently, integrating this information into citizen budgets, budget circulars to Parliament, or as part of a budget performance monitoring framework is highly relevant.

However, to ensure comprehensive analysis and draw meaningful conclusions about the level of commitment, it is essential to supplement this information with the historical data of previous spending levels based on the same approach. This enables a comparative analysis over time and facilitates assessments of progress. Augmenting this analysis with data provided by INSTAT on SDG-related indicators pertaining to target achievement would provide the public with a complete overview of the performance in achieving SDGs. Moreover, it would highlight the most effective strategies to accelerate progress and identify synergies required to meet specific SDG targets.

By incorporating these elements, the information derived from SDG budget tagging becomes an invaluable tool not only for public officials but also for citizens, empowering them to gain a comprehensive understanding of how public funds are allocated, track progress, and contribute to informed discussions on achieving sustainable development goals.





# SDG Analysis of Albania's 2023 Draft Public Budget: Highlights and Visualization

Antonin BRAHO



JOINT SDG FUND





# Calibration in relation to Central Government Budget

transfer year	(All) 2023
	ALL
Row Labels	Sum of approved
01 Office of the President	259.400.000,00
02 National Assembly	1.235.266.000,00
03 Council of Ministers	571.500.000,00
05 Ministry of Agriculture, Food and Consumer's Protection	14.247.832.000,00
06 Ministry of Public Works and Transport	57.357.489.000,00
10 Ministry of Finance	67.559.432.000,00
11 Ministry of Education and Science	49.974.000.000,00
12 Ministry of Tourism, Culture, Youth and Sports	3.960.481.000,00
13 Ministry of Health	78.045.728.000,00
14 Ministry of Justice	11.967.665.000,00
15 Ministry of Foreign Affairs	2.972.048.000,00
16 Ministry of Internal Affairs	24.129.147.000,00
17 Ministry of Defense	40.256.138.000,00
18 State Intelligence Service	1.876.900.000,00
19 Directorate of Public Radio and Television	610.000.000,00
20 General Directorate of National Archives	252.700.000,00
22 Academy of Sciences	189.000.000,00
24 Supreme State Audit	509.100.000,00
26 Ministry of Environment, Forestry and Water Administration	2.302.600.000,00
28 Office of General Attorney	2.510.500.000,00
29 Administering Office of Justice System Budget	3.881.600.000,00
30 Constitutional Court	166.500.000,00
31 Albanian Telegraph Agency	61.600.000,00
35 High Prosecution Council	162.600.000,00
40 Political Parties	355.800.000,00
41 SPAK	1.161.000.000,00
50 Institute of Statistics	1.531.000.000,00
55 School of Magistrates	326.600.000,00
56 Albanian Development Fund	17.835.128.000,00
57 National Cinematography Center	158.500.000,00
63 Office of the High Council of Justice	825.300.000,00
66 People's Advocate	135.000.000,00
67 Civil Service Commission	68.960.000,00
73 Central Election Commission	213.800.000,00
76 High Inspectorate of Audit and Declaration of	177.300.000,00
77 Competition Authority	80.540.000,00
82 National Council of Accounting	15.160.000,00
87 Other Government Institutions	13.806.253.000,00
88 Support for Civil Society	123.805.000,00
89 Commissioner for Personal Data Protection	91.330.000,00
90 Other	81.400.000,00
91 Commissioner for Protection from Discrimination	55.930.000,00
92 Institute for Communism Crimes' Studies	40.080.000,00
95 Insitution for the Right to Information	107.651.000,00
<b>Grand Total</b>	<b>402.249.763.000,00</b>

## BUXHETI 2023 SIPAS MINISTRIVE TE LINJES DHE INSTITUCIONEVE BUXHETORE

Kodi	Emertimi i Institucionit / Programit	Totali i Shpenzimeve Buxhetore
1	Presidenca	259.400
2	Kuvendi	1.235.266
3	Kryeministria	571.500
6	Ministria e Infrastruktures dhe Energjise	54.757.489
10	Ministria e Financave dhe Ekonomise	67.559.432
12	Ministria e Kultures	3.960.481
13	Ministria e Shendetesise dhe Mbrojtjes Sociale	78.045.728
14	Ministria e Drejtësisë	11.967.665
15	Ministria e Evropes dhe Puneve te Jashtme	2.972.048
16	Ministria e Brendshme	24.129.147
17	Ministria e Mbrojtjes	40.256.139
18	Sherbimi Informativ Shteteror	1.876.900
20	Drejtoria e Pergjithshme e Arkivave	252.700
22	Akademia e Shkences	189.000
24	Kontrrolli Larte i Shtetit	509.100
26	Ministria e Turizmit dhe Mjedisit	2.302.600
28	Prokuroria e Pergjithshme	2.510.500
29	Keshilli i Lartë i Gjyqësor	3.881.600
30	Gjykata Kushtetuese	166.500
31	Agjensia Telegrafike Shqiptare	61.600
35	Keshilli i Lartë i Prokurorisë	162.600
40	Partite Politike	355.800
41	Struktura e Posaçme kundër Korrupsionit dhe Krimin të Organizuar	1.161.000
55	Shkolla e Magjistratures	328.600
56	Fondi i Zhvillimit Shqiptar	17.835.128
57	Qendra Kombetare e Kinematografise	158.500
63	Institucionet e sistemit te drejtësisë	825.300
66	Avokati i Popullit	135.000
67	Komisioneri per Mbiqyrjen e Sherbimit Civil	68.960
73	Komisioni Qendror i Zgjedhjeve	213.800
76	Inspektorati i Lartë i Deklarimit dhe Kontrollit të Pasurive dhe Konfliktit të Interesave	177.300
77	Autoriteti i Konkurences	80.540
82	Keshilli Kombetar i Kontabilitetit	15.160
87	Institucione te tjera Qeveritare	13.806.253
88	Mbeshtetje per Shoqerine Civile	123.805
89	Komisioneri për te Drejten e Informimit dhe Mbrojtjen e të Dhënave Personale	91.330
90	Komisioni i Prokurimit Publik	81.400
91	Komisioneri per Mbrojtjen nga Diskriminimi	55.930
92	Instituti i Studimeve te Krimeve te Komunizmit	40.080
95	Autoriteti per Informimin mbi Dokumentet e ish-Sigurimit te Shtetit	107.651
<b>TOTALI</b>		<b>396.851.764</b>



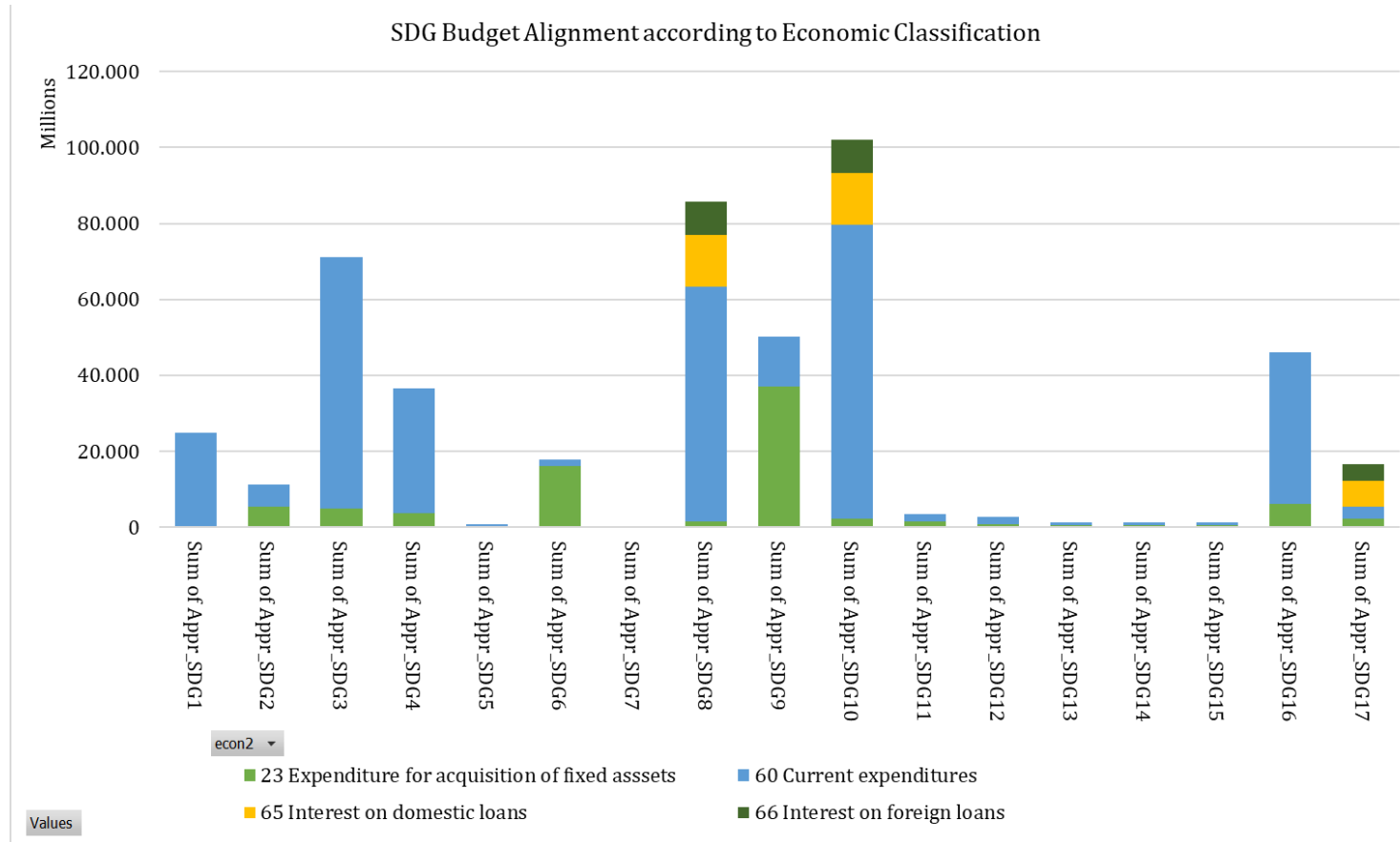
## Calibration to Fiscal Indicators: Expenditures

transfer	(All)	
admin3	(Multiple Items)	
year	2023	
<b>Row Labels</b>		<b>Sum of approved</b>
<b>2 Fixed assets</b>		<b>122.249.000.000,00</b>
23 Expenditure for acquisition of fixed assets		122.249.000.000,00
<b>6 Expenses by nature</b>		<b>499.373.491.000,00</b>
60 Current expenditures		443.330.763.000,00
65 Interest on domestic loans		34.283.006.000,00
66 Interest on foreign loans		21.759.722.000,00
<b>Unspecified</b>		<b>65.584.004.000,00</b>
Unspecified		65.584.004.000,00
<b>Grand Total</b>		<b>687.206.495.000,00</b>

Nr.	E M E R T I M I	Buxheti 2023
	<b>TOTALI I SHPENZIMEVE</b>	<b>687.209</b>
<b>I.</b>	<b>Shpenzime Korrente</b>	<b>546.360</b>
<b>1</b>	<b>Personeli</b>	<b>96.855</b>
	Paga	79.969
	Kontributi per Sigurime Shoqerore	13.386
	Fondi i vecante i pagave	300
	Politika te reja pagash	2.300
	Arsimi i Larte nga te ardhurat e veta	900
<b>2</b>	<b>Interesat</b>	<b>60.943</b>
	Te Brendshme	34.283
	Te Huaja	21.760
	Kontingjencë për risqet e borxhit	4.900
<b>3</b>	<b>Shpenzime Operative Mirembajtje nga te cilat:</b>	<b>64.977</b>
	<i>Te qeverisjes qendrore</i>	61.477
	<i>Arsimi i Larte nga te ardhurat e veta</i>	900
	<i>Te tjera jashte limitit</i>	2.600
<b>4</b>	<b>Subvencionet</b>	<b>1.600</b>
<b>5</b>	<b>Shpenzime per Fondet Speciale</b>	<b>226.351</b>
	Sigurime Shoqerore	162.585
	Politika te reja pensionesh	1.200
	Bonusi i Pensionistev	3.530
	Sigurime Shendetesore	54.536
	Shpenzime per Kompensimin ne Vlere te Pronareve	4.500
<b>6</b>	<b>Shpenzime per Buxhetin Vendor</b>	<b>65.584</b>
	Transferrat nga Buxheti i Shtetit per pushtetin vendor	31.651
	<i>Transferte e pakushtezuar e pergjithshme</i>	21.761
	<i>Transferte e pakushtezuar sektoriale (Grant Specifik)</i>	9.890
	Buxheti vendor (te ardhurat e veta tatimore)	29.153
	Taksa te ndara	1.080
	Buxheti vendor (te ardhurat e veta jo-tatimore)	2.900
	Financimi i huaj vendor dhe te tjera te mbartura	800
<b>7</b>	<b>Shpenzime te tjera</b>	<b>30.050</b>
	Pagesa e Papunesise	900
	Ndihma Ekonomike dhe Paaftesia	25.950
	Kompensim per ish te perndjekurit politike	1.000
	Bonusi i lindjeve	2.200
<b>II.</b>	<b>Fondi Rezerve</b>	<b>6.600</b>
	Fondi Rezerve	1.800
	Rezerve per zgjedhjet	1.800
	Paketa sociale anti-COVID	
	Kontigjenca per Paketen e Rezistencës Sociale ndaj Pasojave të	
	Kontingjence	3.000
<b>III.</b>	<b>Shpenzime Kapitale</b>	<b>122.249</b>
	Financimi Brendshem	70.589
	Kthim kapitali nga AIC	
	Investime nga te ardhurat e Arsimit te Larte	1.000
	Financimi Huaj	45.660
	<i>nga te cilat: Energjia</i>	2.000
	Fondi i Rindertimit	5.000
	Transferte kapitale per për llogarime speciale të shpronësimeve	
<b>V</b>	<b>Të tjera</b>	<b>12.000</b>
	Hua e dhene per Energjine	
	Hua e kthyer nga sistemi energjitik	
	Mbeshtetje buxhetore per sektorin energjitik	12.000
	Transferte Kapitale AIC	

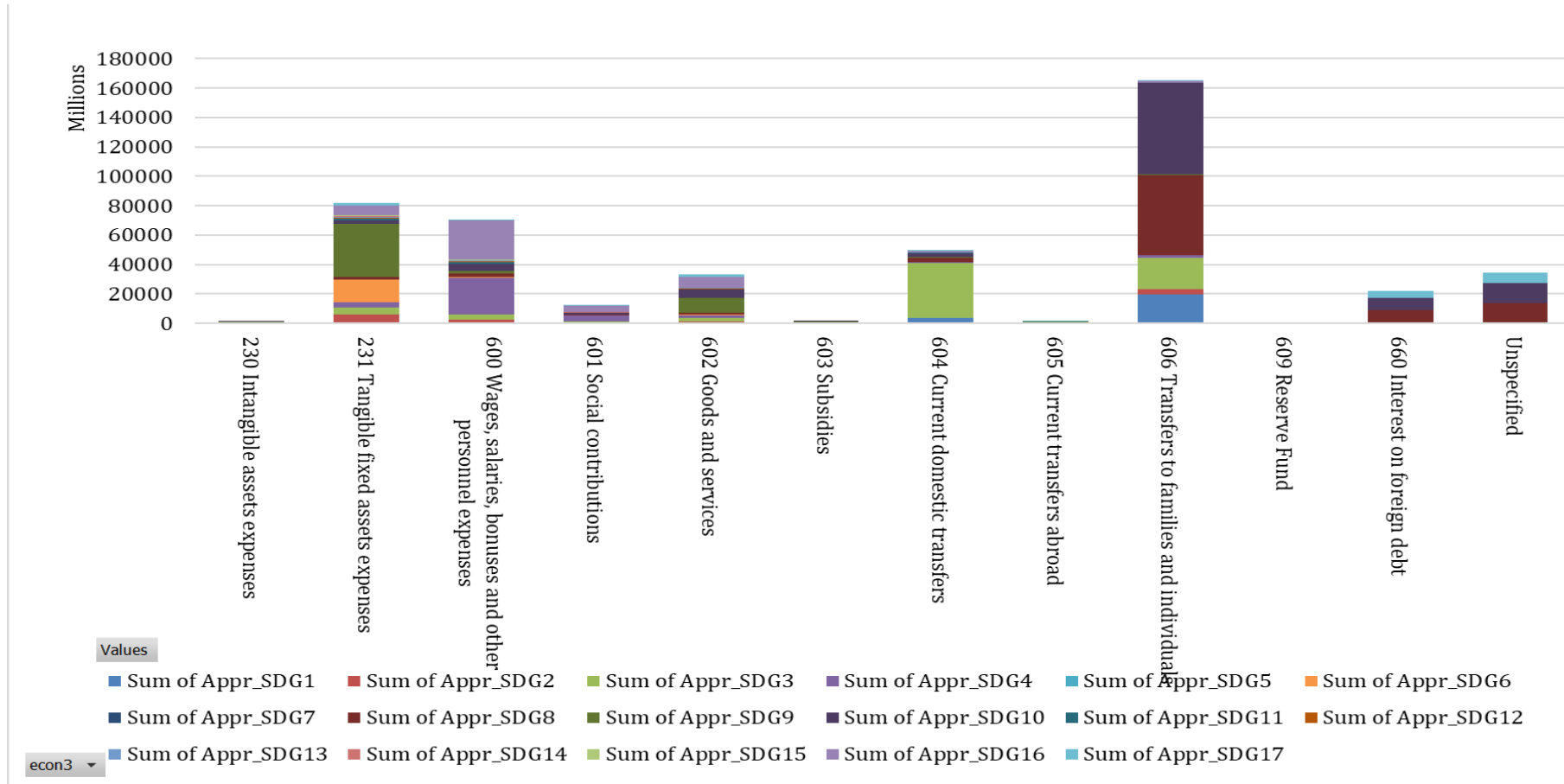


# Budgetary SDG Alignment According to Expenditure Economic Classification: Holistic View





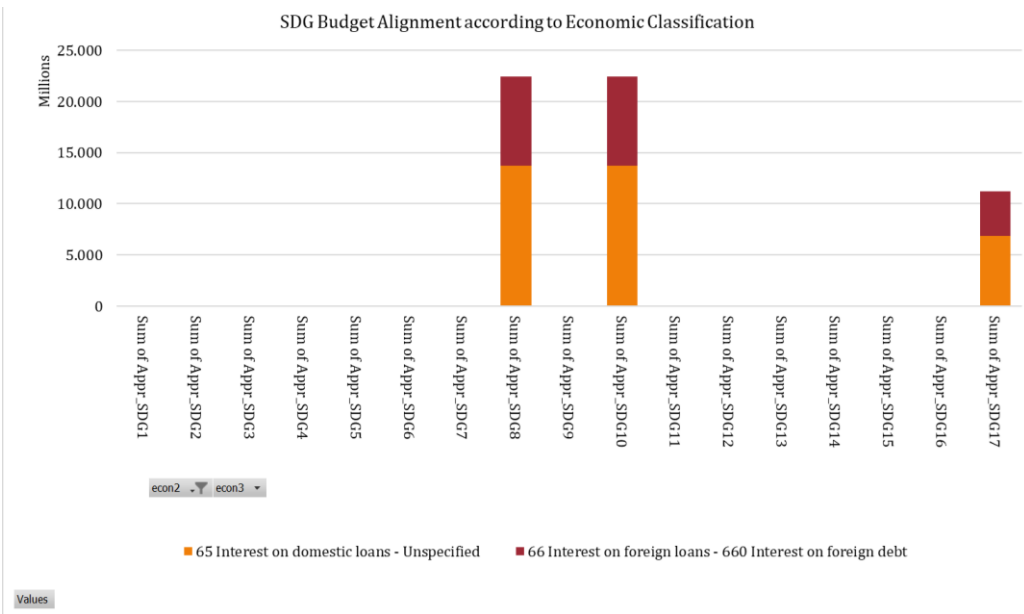
# Budgetary SDG Alignment According to Expenditure Economic Classification: Holistic View



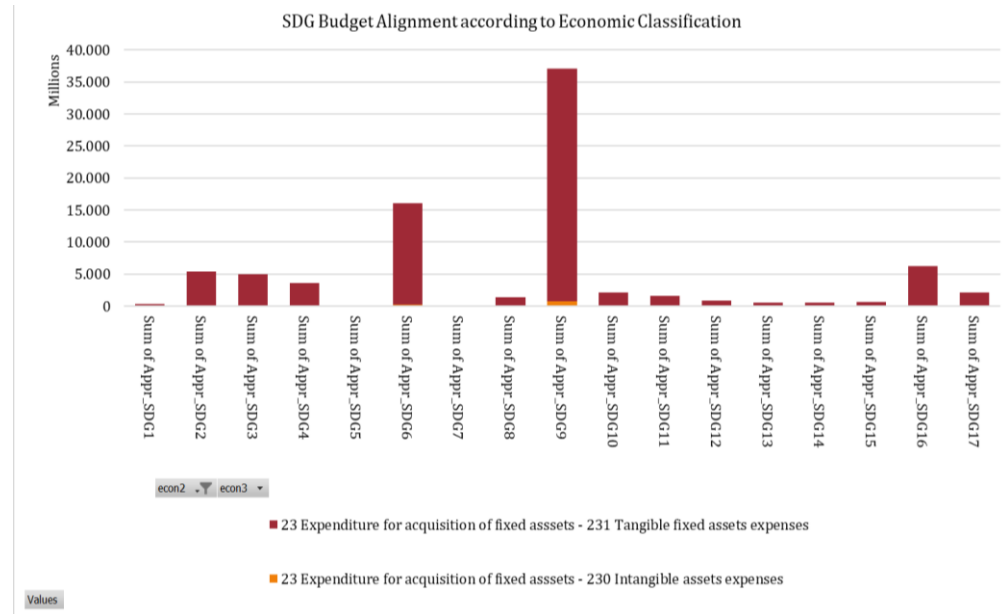
# Budgetary SDG Alignment According to Expenditure Economic Classification: Increasing Granularity of Analysis and Visualization



## Current Expenditures: Interests on Domestic Vs Foreign Issued Debt

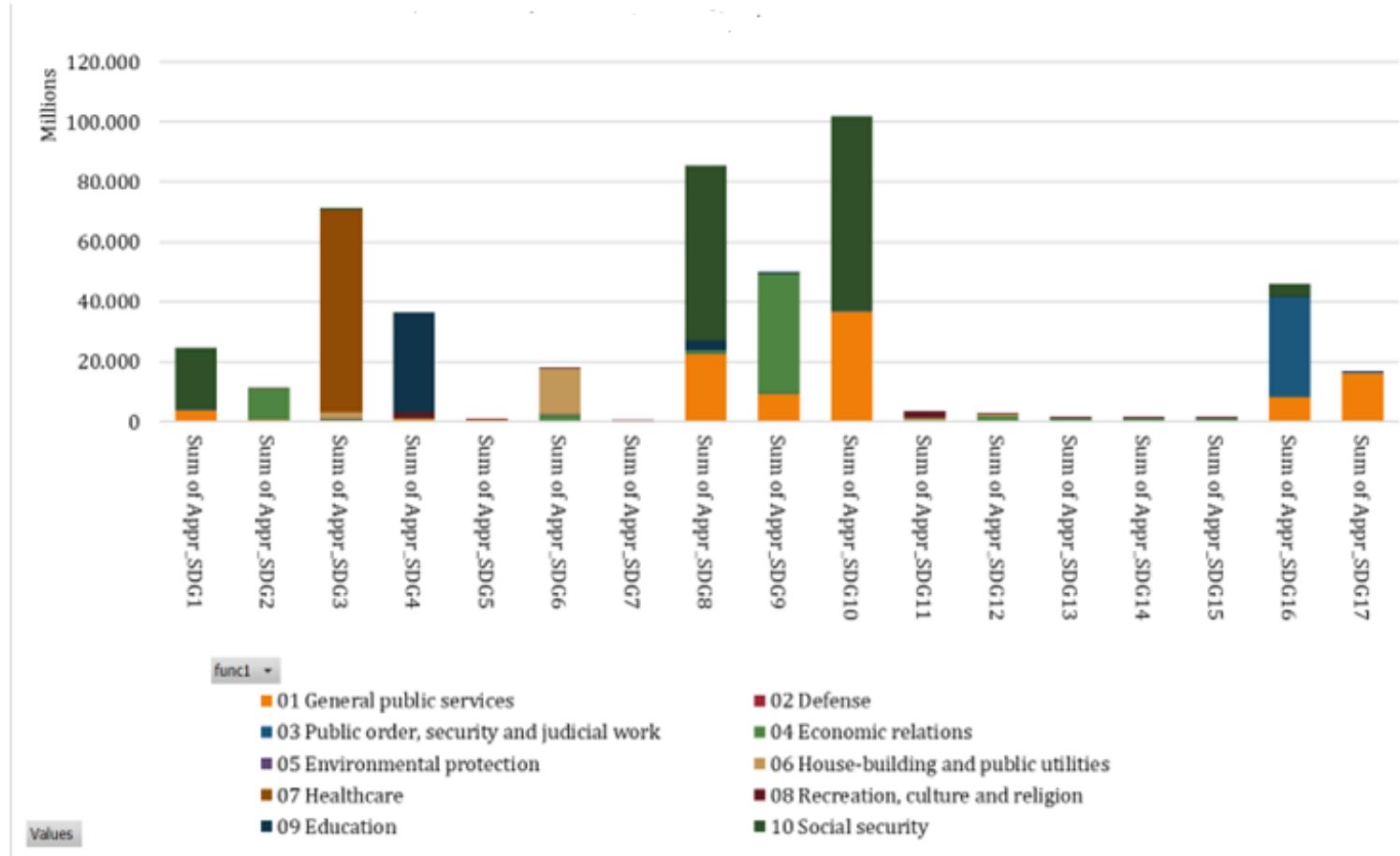


## Assets: Tangible Vs Intangible





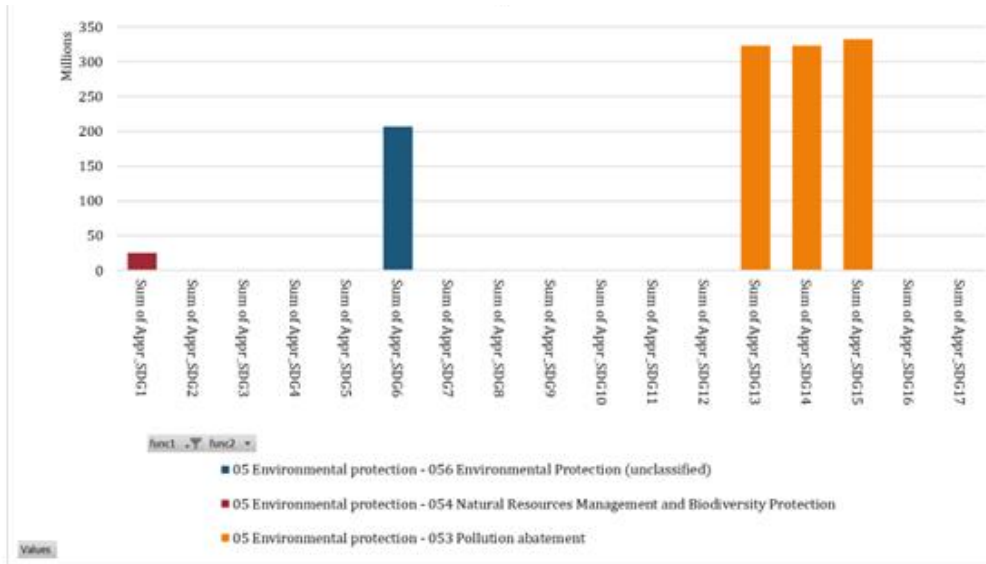
# Budgetary SDG Alignment According to Expenditure Functional Classification



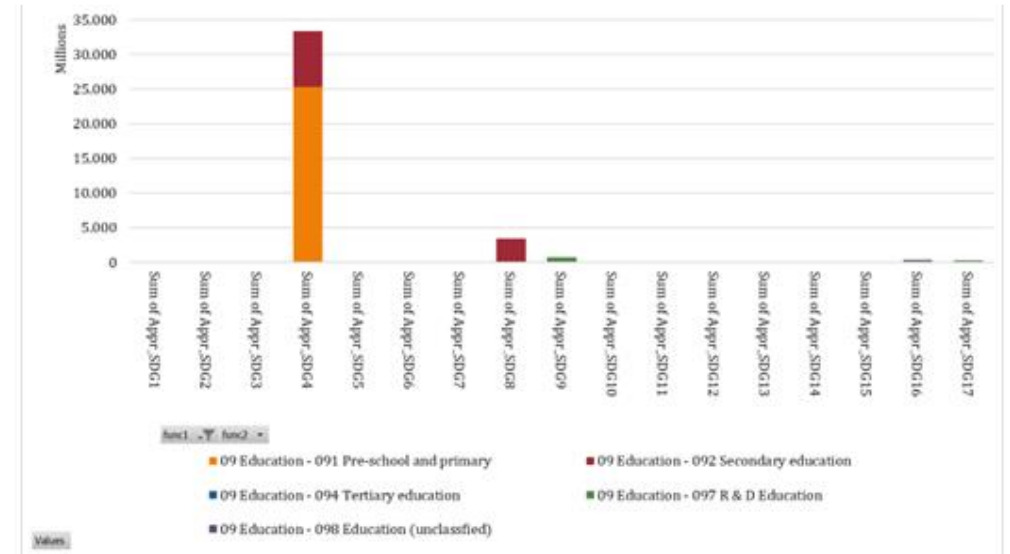
# Budgetary SDG Alignment According to Expenditure Functional Classification: Increasing the Granularity Analysis and Visualization



## Environmental Protection Analysis



## Education Dimension Analysis



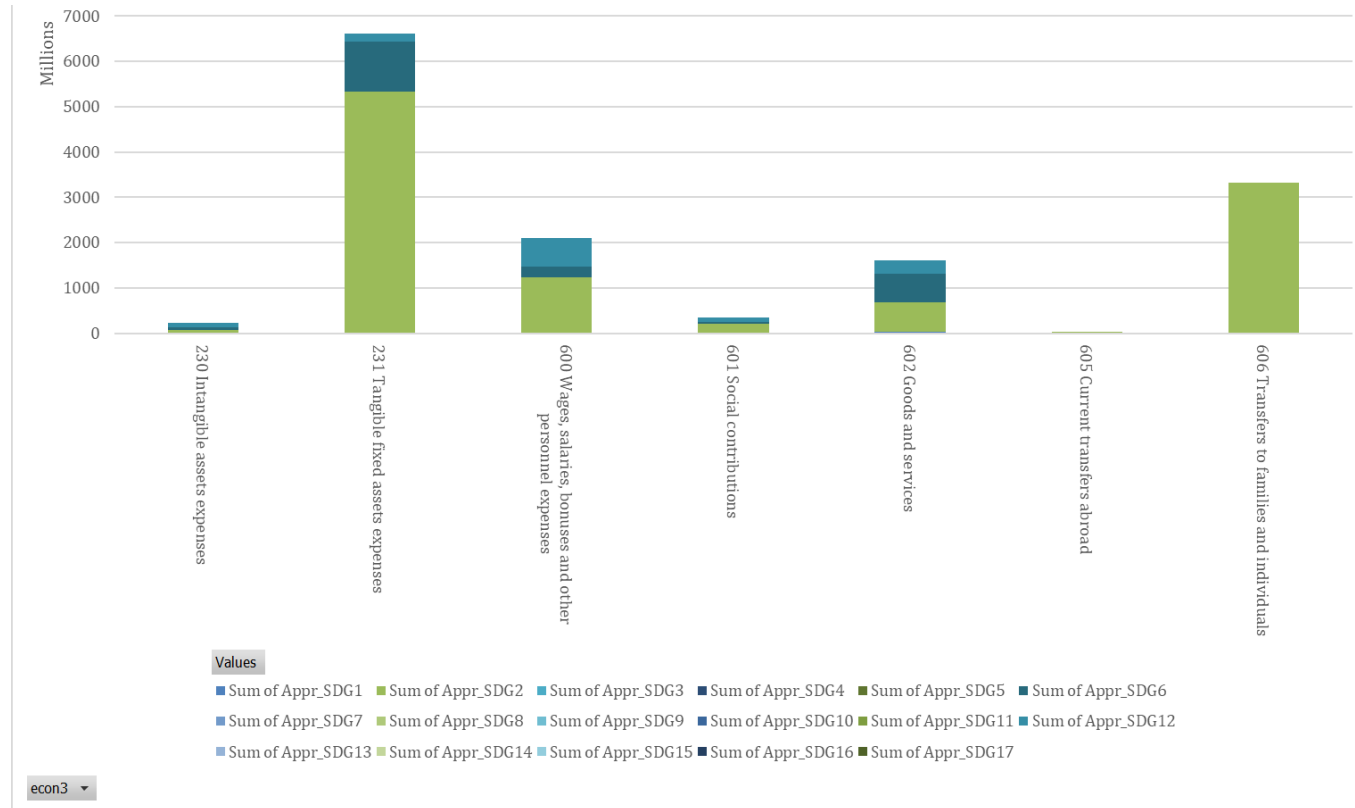








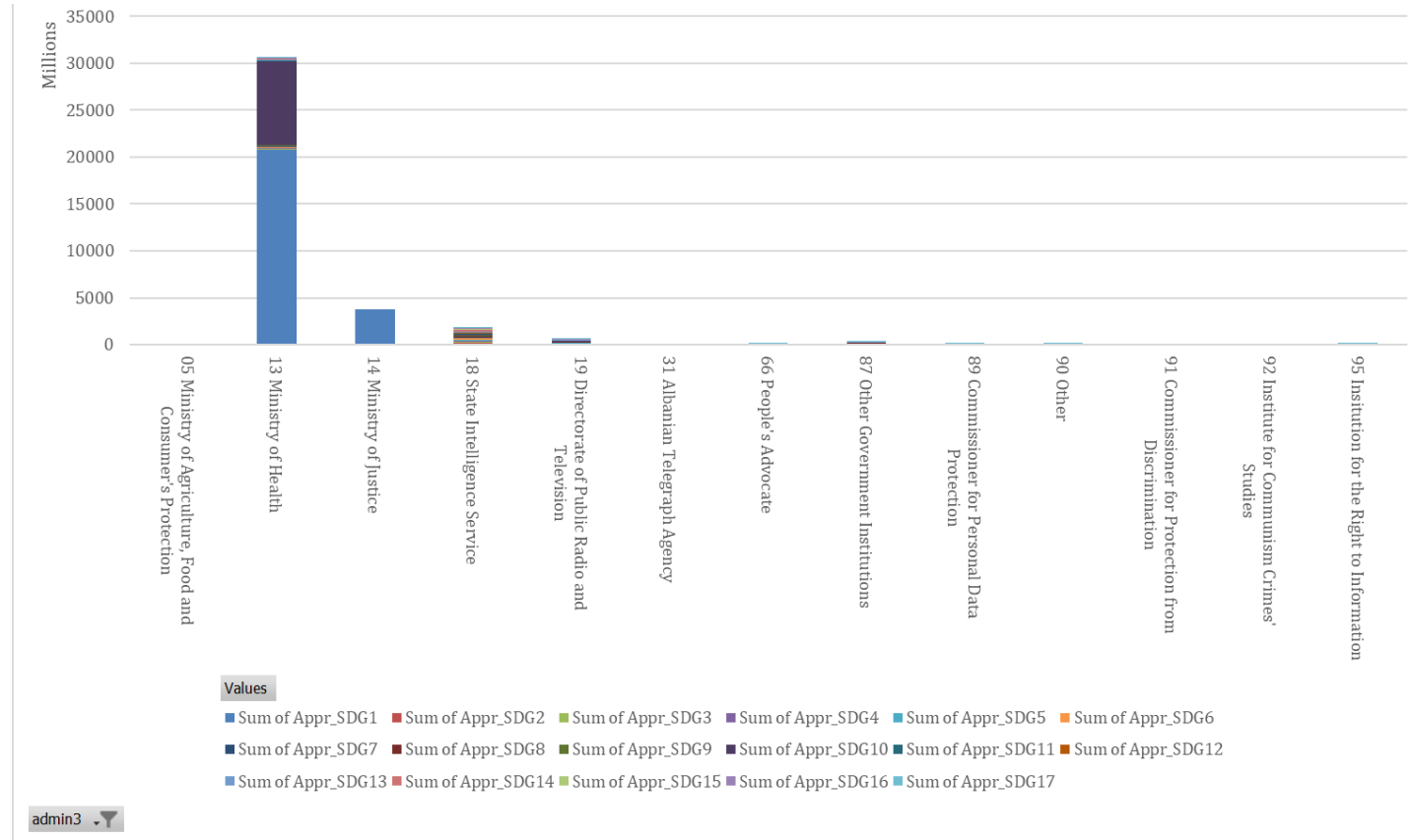
# SDG Analysis at the Institutional Level: Ministry of Agriculture and Rural Development





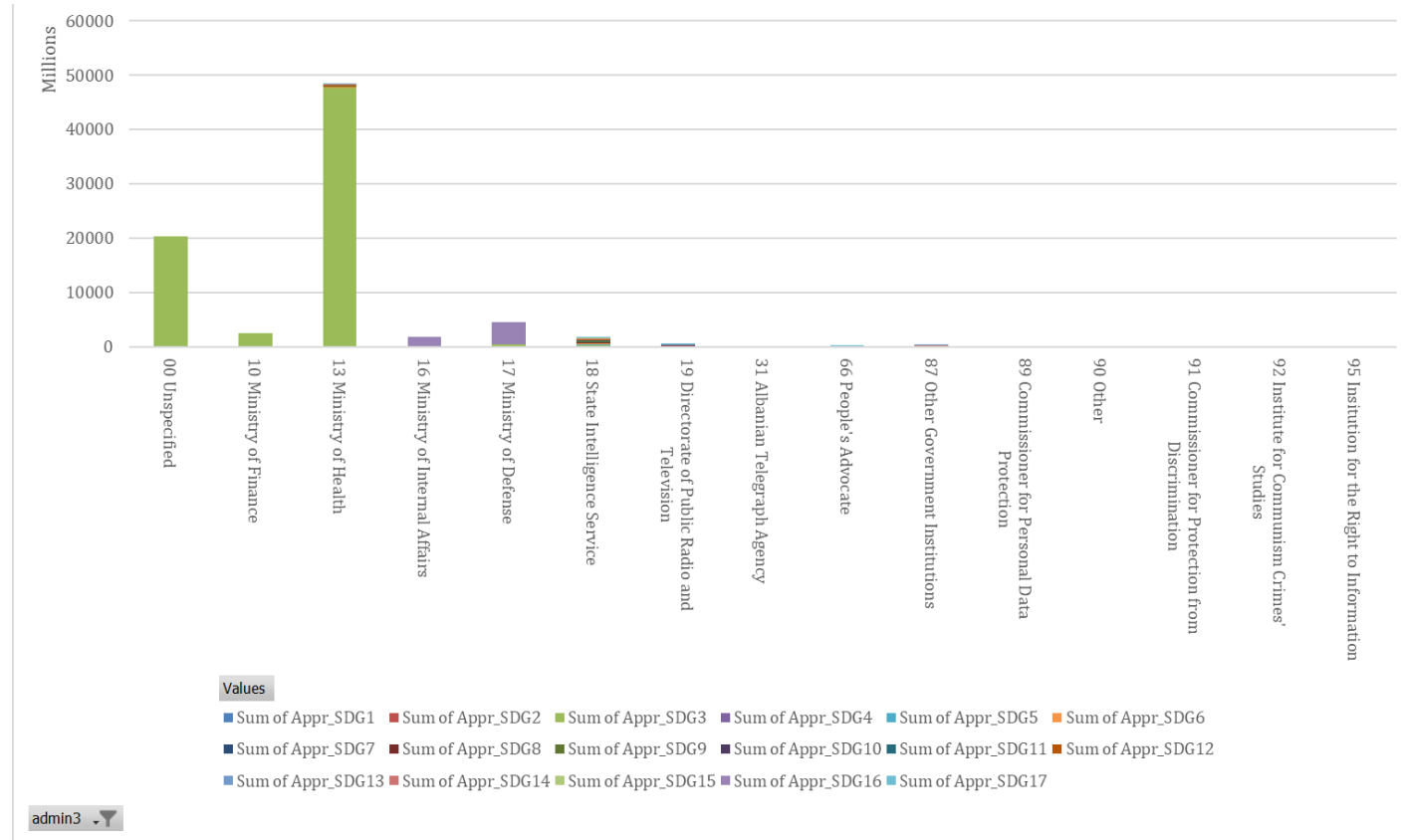


# Budgetary SDG Alignment Incidence: Example of SDG 1



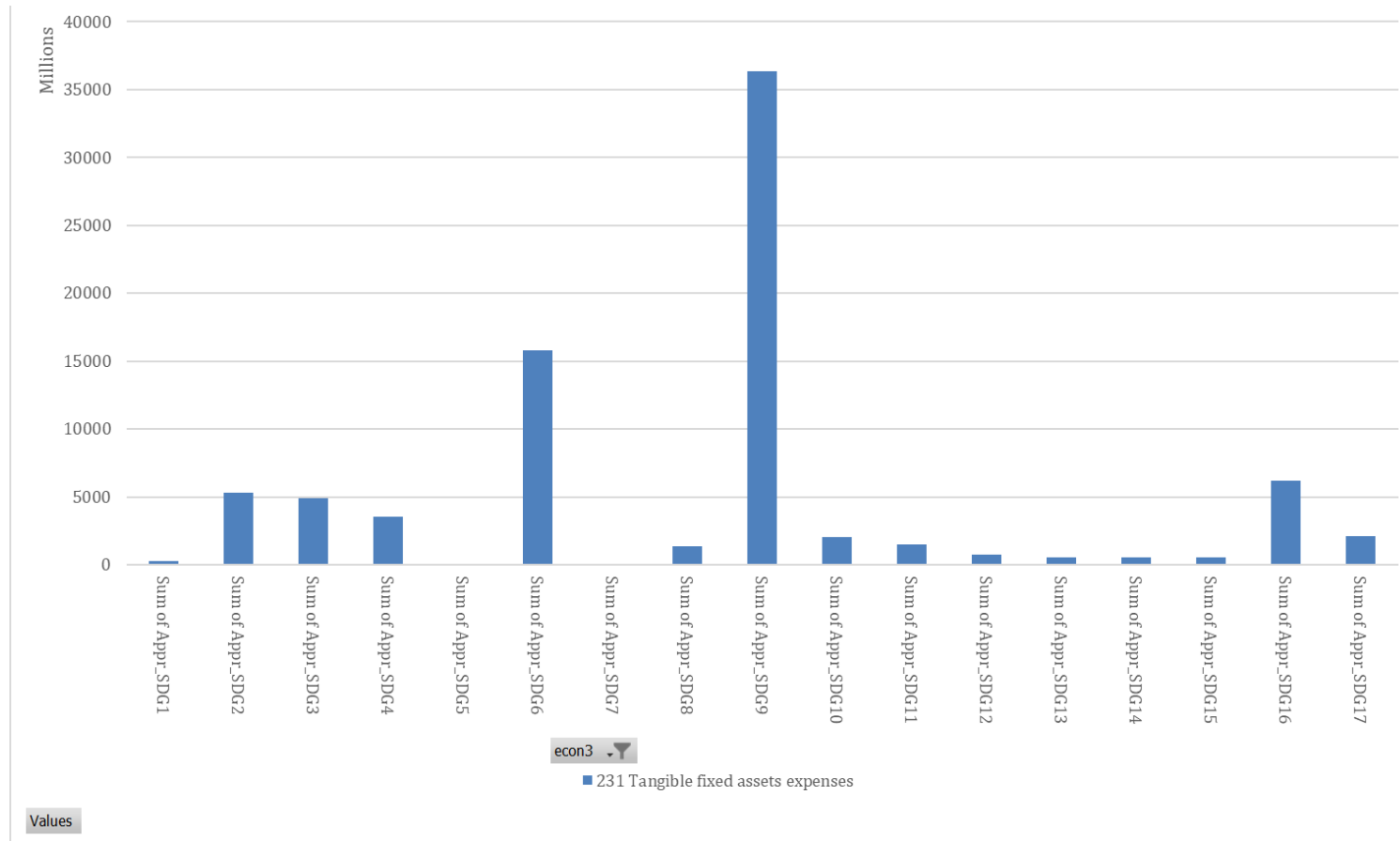


# Budgetary SDG Alignment Incidence: Example of SDG 3





# Itemized View of SDGs: Capital Investments in Tangible Assets





# Incidence of SDGs in Expenditures Programs: SDG 5

