

**PUBLIC FINANCE MANAGEMENT
SECTORAL STRATEGY
2023-2030
AND
ACTION PLAN
2023-2026**

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Abbreviations

AA	Audit Authority
AEO	Authorised Economic Operator
AFCOS	Anti-fraud Coordination Service
AFMIS	Albania Financial Management Information System
AGFIS	Albania Government Financial Information System
ALL	Albanian Lek
ALSAI	Albanian Supreme Audit Institution (independent institution, also referred to as High State Control)
ASYCUDA	Albania Automated System for Customs Data
ATRAKO	Albanian Concessions Agency
BCP	Business Continuity Plan
BI	Budget Institutions
BoA	Bank of Albania
CBA	Cost Benefit Analysis
CDMC	Cash and Debt Management Committee
CEF	Committee for Finance and Economy (under the Parliament)
CEF-SEE	Centre of Excellence in Finance – South East Europe
CFCU	Central Finance and Contracts Unit (under MoF)
CPD	Continuous Professional Development
CRA	Credit Risk Assessment
DABP	Directorate of Analysis and Budget programming (under MoF GDB)
DB	Directorate of Borrowing (under MoF GDPDCFA)
DBM	Directorate of Budget Management (under MoF GDB)
DBP	Directorate of Business Processing (under MoF GDT)
DC	Directorate for Concessions and PPP (under MoF)
DeMPA	Debt Management Performance Assessment
DFH	Directorate of Fiscal Harmonization (under MoF)
DHFMCA	Directorate of Harmonization of Financial Management, Control and Accounting (under MoF GDHPFIC)
DHIA	Directorate of Harmonization of Internal Audit (under MoF GDHPFIC)
DLF	Directorate of Local Finance (under MoF GDB)
DoPA	Department of Public Administration (under PMO)
DPFI	Directorate of Public Financial Inspection (under MoF)
DPIM	Directorate of Public Investment Management (under MoF GDB)
DRF	Directorate of Fiscal Risk
DSA	Debt Sustainability Analysis
DSDM	Directorate of Strategy and Debt Monitoring (under MoF GDPDCFA)
DTO	Directorate of Treasury Operations (under MoF GDT)
EAMIS	External Assistance Management Information System
ECA	European Court of Audit
EDP	Excessive Deficit Procedure
ERP	Economic Reform Programme
ESA 2010	European System of Accounts
EU	European Union
EU4GG	EU for Good Governance
EUROSAI	European Organisation of Supreme Audit Institutions
FCS	Fiscal Cadastre System
FMC	Financial Management and Control
FRS	Fiscal Risk Statement
GDB	General Directorate of Budget (under MoF)
GDC	General Directorate of Customs (under MoF)
GDTF	General Directorate of Tax Policies (under MoF)
GDHPFIC	General Directorate of Harmonization of Public Internal Financial Control (CHU, under MoF)
GDMFP	General Directorate of Macroeconomic and fiscal Programming (under MoF)
GDPDCFA	General Directorate of Public Debt and Coordination of Foreign Aid (under MoF)
GDPT	General Directorate for Property Tax (under MoF)

GDT	General Directorate of Treasury (under MoF)
GDTax	General Directorate of Taxation (under MoF)
GFS	Government Finance Statistics
GGA	Gender Gap Analysis
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
GoA	Government of Albania
GRB	Gender-responsive Budgeting
HRMIS	Human Resource Management Information System
IBP	International Budget Partnership
IC	Internal Control
IDI	International Development Initiative (of INTOSAI)
IFI	Independent Fiscal Institution
IIA	Institute for Internal Audit
IMF	International Monetary Fund
INSTAT	Institute of Statistics
INTOSAI	International Organisation of Supreme Audit Institutions
IPA	Instrument for Pre-Accession
IPS	Integrated Planning System
IPSAS	International Public Sector Accounting Standards
IPSIS	Integrated Planning System Information System
ISSAI	International Standards for Supreme Audit Institutions
ITMS	Integrated Tariff Management System
KPI	Key Performance Indicator
LGU	Local Self-Government Unit (Municipality)
MEAT	Most Economically Advantageous Tender
MoF	Ministry of Finance and Economy
MTBP	Medium Term Budget Programme
MTDMS	Medium Term Debt Management Strategy
MTRS	Medium Term Revenue Strategy
NAIS	National Agency for Information Society (under PMO, also referred to as AKSHI)
NAO	National Authorising Officer (under MoF)
NCTS	New Computerised Transit System
NPEI	National Plan for European Integration
NSDEI	National Strategy for Development and European Integration
NSPP	National Strategy for Public Procurement
NSW	National Single Window
OBL	Organic Budget Law
OSP	Official Statistics Program
PAR	Public Administration Reform
PEFA	Public Expenditure and Financial Accountability (Assessment)
PFM	Public Finance Management
PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PMO	Prime Minister's Office
PPA	Public Procurement Agency (independent institution)
PPC	Public Procurement Commission (independent institution)
PPP	Public Private Partnership
SAI	Supreme Audit Institution
SASPAC	State Agency for Strategic Programming and Aid Coordination (under PMO)
SDG	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs (Switzerland)
SIGMA	Support for Improvement in Governance and Management (OECD - EU)
SOE	State Owned Enterprise
SPC	Strategic Planning Committee
SPP	Single Project Pipeline
TNA	Training Needs Assessment
UN	United Nations

Executive Summary

This Public Financial Management sectoral strategy 2023-2030 and action plan for the period 2023-2026 presents the planned reforms for improving the PFM systems. In alignment with the National Strategy for Development and European Integration (NSDEI) 2022-2030, the overall goal of the strategy is to establish a public finance management system that ensures transparency, accountability, fiscal discipline, efficiency and equity in the use of public resources for the provision of improved public services and economic development and which ensures a smooth integration of Albania in the European Union.

The PFM reform measures are formulated across six pillars, as follows:

Pillar 1: Macroeconomic programming and Risk Monitoring

The systems for developing and monitoring a sound fiscal policy based on fiscal rules, advanced macroeconomic forecasts and solid fiscal risk management practices are maintained and further improved. A Fiscal Council is established.

1. Prudent forecasting of macroeconomic indicators in line with independent and international forecasters;
2. Prudent and realistic medium-term revenue forecasting in line with independent and international forecasters;
3. Safeguard sound public finances through the permanent compliance with the Fiscal Rules).
4. Provide technical assistance for the DSA process
5. Introduce the DSA framework as a macroeconomic programming tool;
6. Introduce Annual Fiscal Risk Statement and gradually expand the scope of fiscal risk monitoring and reporting;
7. Strengthen the management of Fiscal Risk related to PPPs and concession contracts;
8. Strengthen the fiscal oversight of State Owned Enterprises;
9. Further enhance management of arrears.
10. Establish the fiscal council

Pillar 2: Integrated strategic and budget planning, monitoring, and transparent reporting

An advanced system for integrated strategic planning and medium term budget planning at all levels of government are in place. The practices for public investment planning are professionalised. Transparent monitoring and reporting and public participation in budget processes in compliance with the relevant standards is ensured.

1. Enhance the IT-supported Integrated Planning System for formulating and monitoring strategies.
2. Expand the mid-term review and ex-post evaluation of strategies and action plans.
3. Further improve methods, procedures and managerial accountability for MTBP formulation.
4. Enhance budget documentation and in particular the element of performance information.
5. Introduce spending reviews with a gender lens.
6. Further develop and introduce gender-responsive budgeting and climate-responsive budgeting.
7. Approval of the Priority Policy Document together with the NSPP.
8. Operationalize procedures for improved public investment management.
9. Strengthen the Single Project Pipeline and enhance the gatekeeper role of MoF.
10. Improve the grant formula and calculation system for local government.
11. Strengthen MTBP formulation and monitoring implementation in Municipalities.
12. Develop and deploy the new Local Budget Management System (LBMS) for subnational budget preparation and monitoring.
13. Improve the level of financial resources from shared taxes.
14. Improve budget execution monitoring and reporting and introduce Citizens Budget Execution report.
15. Improve monitoring and reporting on Public Investment Projects.
16. Improve monitoring and reporting on Public Private Partnerships and Concession Contracts.

Pillar 3: Revenue mobilisation and management

Domestic revenue mobilisation is increased through developing and implementing advanced tax policies and the systems for tax and customs management are further improved and where applicable aligned to the EU legal requirements. The Medium Term Revenue Strategy is implemented, regularly updated and tax reforms are adequately managed.

1. Adoption of the Mid-Term Revenue Strategy, 2024-2027
2. Enhance the institutional capacity to analyse and develop tax policies and to manage tax reforms.
3. Develop and implement initiatives to reduce the VAT compliance gap.
4. Develop and implement an integrated approach to reduce under and undeclared work.
5. Ensure taxation of any unjustified wealth inside and outside the country.
6. Improve service delivery to taxpayers.
7. Improve the fiscal cadastre and the property tax collection system.
8. Modernise business and risk management processes of the Customs Administration.
9. Develop integrity framework and fight against informality and corruption.

10. Increase the number of Authorized Economic Operators.
11. Implement the National Single Window.
12. Improve the utilization of the New Computerised Transit System.

Pillar 4: Accounting and budget execution management

Budget execution management practices are strengthened, including improvement and increased utilisation of the AGFIS, implementation of the International Public Accounting Standards reforms facilitating a transition to accrual accounting. The procurement systems are improved and in particular compliance with procurement legislation is secured. Debt and cash management practices are further enhanced, and asset management systems improved.

1. Further improve the GFS and EDP statistics with EU standards.
2. Increase access to and utilization of AGFIS.
3. Develop the legal and regulatory framework for accounting reforms.
4. Improve functionalities of AGFIS to absorb accounting reforms.
5. Prepare, deliver and institutionalize capacity development of accountants to absorb accounting reforms.
6. Improve quality and efficiency in procurement procedures.
7. Design and implement green public procurement.
8. Enhance the efficiency of the complaint review system by increasing the speed of decision-making.
9. Improve the legal and institutional framework for concessions and public-private partnership.
10. Strengthening of debt management reporting and Investor Relations.
11. Developing a comprehensive framework for provision of guarantees and on-lending.
12. Gradually start to develop the necessary assessment for the new alternative financing instruments (Green, Social or Sustainability or other Instruments).
13. Improve cash forecasting process.
14. Introduce a comprehensive performance monitoring system for cash forecasting.
15. Enhance cash management instruments.
16. Finalize reform on asset register module in AGFIS for accounting purposes.

Pillar 5: Public Internal Financial Control

The systems for Public Internal Financial Control are further enhanced in compliance with EU accepted practices for sound financial management. The concept of managerial accountability and delegation of authorities is strengthened and all Financial Management and Control gaps in public institutions are addressed. Added-value internal audits are implemented in all public institutions in accordance with applicable standards. Fraud and irregularity cases are effectively addressed by the public financial inspection and the AFCOS network implements the anti-fraud strategy. Adequate financial management systems are in place to absorb IPA-III and future EU financial support.

1. Enhance legal and regulatory framework for FMC.
2. Enhance Managerial Accountability in public institutions.
3. Strengthen Risk Management practices.
4. Enhance FMC quality assessment and improvement in public institutions.
5. Continue oversight and expand support services to public institutions and internal audit teams.
6. Professionalize core internal audit practices through developing guidelines and delivering capacity building activities.
7. Enhance collaboration with Internal Audit and ALSAI.
8. Coordinate the drafting and monitoring of the National Anti-fraud Strategy for the protection of the EU financial interests.
9. Establishment of IPA III legal framework.
10. Develop and implement regulations and procedures for IPA III management. Enhance the capacities of IPA III structures.
11. Enhance financial adjustment and/or Recovery procedures for EU Funds in line with national and IPA III legal requirements.
12. Take stock of requirements for managing future EU funds and develop an action plan, within the framework of Chapter 22, which will determine the needs for improving the legal framework of funds management.
13. Development of Simplified Cost Options (SCO)

Pillar 6: External Oversight

The independent Supreme Audit function is further professionalised in line with INTOSAI principles and international audit standards and the support function to the parliament is strengthened to enable the Parliamentary Committee for Economy and Finance to adequately implement its oversight role.

1. Further improve legal, regulatory and agile methodological framework and expand utilization of audit tools.
2. Professionalize reporting and communication in compliance with the communication strategy and relevant principles and standards.
3. Further professionalize the support function of the Committee for Economy and Finance of the Parliament.

1 Introduction

1.1 Scope and Goal

Albania has successfully implemented several PFM reforms during the past decades. This strategy presents a vision of the PFM function by 2030 and an action plan identifying a series of measures and associated activities and performance indicators to continue reforms in PFM systems until 2026. This strategy focuses on improving the PFM systems. The strategy is fully aligned to the National Strategy for Development and European Integration and several other strategies in the domain of good governance.

In alignment with the NSDEI 2022-2030, the overall goal is to establish a public finance management system that ensures transparency, accountability, fiscal discipline and efficiency and equity in the use of public resources for the provision of improved public services and economic development, and which ensures a smooth integration of Albania in the European Union.

The Strategy will serve as a framework to guide the implementation of all GoA PFM reforms for the period up to the end of 2030. To ensure appropriate control and focus on priorities, as well as to reflect the dynamic environment and priorities of the European Union, modification to the Strategy shall be restricted until the end of the implementation period. The Action Plan and Passport of Indicators will be dynamic and reviewed as seen necessary: actions, outputs and outcomes may change as reform implementation progresses.

1.2 Overview of the PFM sectoral strategy

This strategy is structured in six pillars, with several components in each pillar.

Figure 1.1 overview of the PFM sectoral strategy

Pillar 1 Macroeconomic programming and Risk Monitoring	Pillar 2 Integrated strategic and budget planning, monitoring, and transparent reporting	Pillar 3 Revenue mobilization and management	Pillar 4 Accounting and Budget Execution Management	Pillar 5 Public Internal Financial Control	Pillar 6 External Oversight
Prudent and realistic macro-economic programming	Integrated strategic planning	Tax Management	National Government Accounts	Financial Management and control	External Audit
Establishing a comprehensive Debt Sustainability Analysis	Medium term budget planning	Property Tax Management	Accounting	Internal Audit	Parliamentary oversight
Fiscal Risk Management	Public Investment Management	Customs Management	Public Procurement	Public Financial Inspection and Anti-Fraud Coordination Services	
Fiscal Council	Local Finance		Debt Management	Management of EU funds	
	Budget Execution Monitoring and Reporting		Cash Management		
			Asset Management		

1.3 Alignment with the Strategic Framework for National Development, European Integration, Economic Reforms and Good Governance

This PFM sectoral strategy has been developed in alignment with the Strategic Framework for National Development, European Integration and Economic Reforms and Good Governance, which in turn comprises the following:

- National Strategy for Development and European Integration (NSDEI) 2022-2030
- Public Administration Reform Roadmap 2023-2030
- National Plan for European Integration (NPEI)
- Inter-Sectoral Strategy for Decentralization and Local Governance 2023-2030
- Anti-corruption strategy 2024-2030 (under development)
- Official Statistics Program (OSP) 2022–2026
- Economic Reform Programme (ERP)
- United Nations 2030 agenda for Sustainable Development

National Strategy for Development and European Integration 2022-2030

The NSDEI sets the development direction of Albania until 2030 with its primary goal being the full integration in the European Union. The three main pillars of the strategy are (i) Democracy and strengthening of institutions and good governance, (ii) Agenda for sustainable economic development, connectivity and green growth and (iii) Social cohesion. The NSDEI includes in section “*Good, open governance and public administration*” under pillar 1 the following policy objectives: (i) effective, transparent, inclusive and evidence-based strategic planning and policy making at central and local level of government and (ii) guaranteeing a public finance system that promotes transparency accountability, fiscal discipline and efficiency in the management and use of public resources for the provision of improved services and economic development. This section also presents objectives related to the national statistical system. Also in pillar 1 increasing local financial autonomy through the consolidation of the own income system has been identified as an objective under section “*Decentralization and empowerment of local government*”. In section “*Strengthening public finances and fiscal stability*” under pillar 2 the following objectives in connection to PFM are listed: (i) Prudent, effective and efficient financial management of local government, (ii) Planning and supervision of public investments and (iii) Strengthening and implementation of the system for Internal Public Financial Control in central and local government. The same section also articulates goals related to revenue and customs policy and administration.

National Plan for European Integration

The National Plan for European Integration (NPEI) aims to coordinate the EU approximation process while aiming simultaneously at the fulfilment of the obligations under the Stabilisation and Association Agreement and the obligations that arise as part of the process of membership in the European Union. It is prepared for a three-year period (2023-2025) and includes the legal acts to be approved by Albanian institutions. PFM as part of the Public Administration Reform within the Political Criteria is an integral part of NPEI. Also, there are many chapters dealing with a specific area of EU policy which in the same time are part of the PFM strategy. Below is provided the link between these chapters and the PFM Specific objectives and components.

NPEI (2024-2026) includes political, legal, institutional and implementation measures that will be adopted by Albanian institutions for this period. The document is related to the programming cycle of the Medium-Term Budget Program and, in line with the MTBP, covers a 3-year budgeting period and is updated annually.

NPEI reference	PFM Strategy reference
Chapter 5 Public Procurement	Specific Objective 4 Component 4.2
Chapter 16 Taxation	Specific Objective 3 Component 3.1
Chapter 17 Economic and Monetary Policy	Specific Objective 1 Component 1.1
Chapter 18 Statistic	Specific Objective 4 Component 4.1
Chapter 22 Regional policies and coordination of structural instruments	Specific Objectives 2; 5 Component 2.1; 5.4
Chapter 29 Customs Union	Specific Objective 3 Component 3.2
Chapter 32 Financial Control	Specific Objective 5 Component 5.1; 5.2; 5.3
Chapter 33 Financial and Budgetary Provision	Specific Objectives 1; 3 Component 1.3; 3.1; 3.2

Public Administration Reform Roadmap 2023-2030

“The Roadmap for Public Administration Reform 2023-2030” is a document that supports the reform in the public administration, with a plan of concrete priority measures, for the time period 2023-2030. The purpose of its drafting is to address the challenges identified within the reform of public administration, as well as the prioritization of measures in this direction, to ensure the fulfilment of standards and progress in the European integration process.

The priority measures are organized in 5 pillars, based on the principles of the European Union on public administration:

1. Policy development and coordination;
2. Civil service and human resources management;
3. Organization, accountability and transparency;
4. Provision of services
5. Public Finance Management

In each of the above pillars, measures are planned in terms of: (i) areas and subareas / principles; (ii) strategic / legislative / institutional framework; (iii) implementation of institutional reforms and capacities; (iv) the operation and performance of the public administration.

Inter-Sectoral Strategy for Decentralization and Local Governance 2023-2030

In 2023, the Government of Albania approved the Inter - Sectoral Strategy for Decentralization and Local Governance for the period 2023-2030. The four key strategic pillars formulated focuses on:

1. consolidating the strategic and operational capacities of local self-government units through specific objectives which include the consolidation of administrative structures, the application of integrated administrative services through information technology for municipalities and the strengthening of dialogue between central and local government with mutual accountability;
2. strengthening local finances and fiscal autonomy, with objectives such as consolidating the local revenue system, increasing revenue sharing from national taxes with municipalities, improving the predictability and stability of government transfer systems, enhancing the capacity of Local Self-Government Units (LSGUs) to use borrowing for capital projects within national public debt policies, and strengthening the public finance management system at the local level;
3. promoting sustainable local development through efficient implementation of functions within a clear and harmonized legal framework, ensuring sustainable economic development, and establishing and updating minimum national standards for local services; and
4. strengthening good governance at the local level, emphasizing open governance, transparency, accountability, and expanded e-governance.

The pillar 2 and 4 of the Strategy are relevant to the PFM.

Anti-corruption strategy 2024-2030

Economic Reform Programme

"The ERP 2023-2025¹ outlines the main macroeconomic and fiscal policies aiming to establish the clear balance between the internal strengths and external threats, with a view to enable sustainable growth, increased employment and reduced public debt. In addition, the ERP summarizes the priority structural reforms that Albania is implementing for the short-term future with a view to increasing domestic production, stimulating new investments and ensuring sustainable and inclusive growth and competitiveness. Also, in this context, the Ministry of Finance is leading the implementation of the reform of improving the financial reporting of commercial companies in accordance with international standards and good practices, focusing on improving the legal framework, strengthening the role of institutions, as well as the increase of professional capacities in the field of financial reporting. A sound and transparent financial reporting system is a precondition for increasing the confidence of domestic and foreign investors, as an important criterion for encouraging investment and economic growth in the country. In this framework, the revision of law no. 10091, dated 05.03.2009 "On the statutory auditing, the organization of the profession of statutory auditor and certified accountant, amended" aims to improve the accounting profession as well as to further align the regulatory framework of the field with the acquis communautaire, thus supporting strategic commitments of the country for EU membership. Fiscal consolidation continues to be the primary objective of fiscal policy to ensure the macroeconomic stability..."

The ERP 2023-2025 presents the following Policy Guidance in relation to PFM:

- PG 1.2 Restrict budget revisions to the regular revision process set out in the Budget Law and use the regular legislative process should an amendment of the Budget Law become necessary.
- PG 1.3 Assess the fiscal risks from state-owned enterprises and develop proposals for their mitigation.
- PG 2.1 Implement the activities outlined in reform measure 10 of the ERP on Public Strategic Investments and in the PFM strategy to improve the management of public investments including PPPs.
- PG 2.2 Adopt the medium-term revenue strategy following an intensive public consultation, and complement it with a budgeted, operational implementation plan to guide tax policies in the coming years.
- PG 4.3 Design a strategic and coordinated action plan for implementing anti-informality policies, based on, but not limited to, the medium-term revenue strategy.

Moreover, the ERP identifies the following Reform Measures relevant for PFM:

¹ Republic of Albania, Council of Ministers, Economic Reform Programme 2023-2025, 31 January 2023.

- RM 09: Public Strategic Investments: (a) Develop a new PIM procedure, including PPP; (b) Strengthen the capacity across government to appraise public investment projects; and (c) Improve monitoring of public investments including PPP projects and concessions.
- RM 10: Reform measure 10: Strengthening managerial accountability in general government units through improving the regulatory framework, continuous evaluation of the IC system, providing TA, capacity building and awareness raising with regards to improving managerial accountability mechanisms.

The ERP 2024-2026² presents the following Policy Guidance in relation to PFM:

- PG 1.1 Achieve as envisaged a non-negative primary balance in 2023 while providing targeted support to vulnerable households and firms if needed to cushion the impact of high energy prices and, thereafter, implement the medium-term budgetary plan aiming to reduce the public debt ratio and increase the primary surplus while using the regular revision process for budget amendments.
- PG 1.2 Keep general government arrears in each quarter of 2023 at maximum 2.5% of total expenditure and below 2.4% of total expenditure at end-2023.
- PG 1.3 Inform decisions about new state guarantees and on-lending to public entities by a systematic risk assessment
- PG 2.1 Continue measures to increase tax revenue as share in GDP in a growth-friendly way while taking into account the results of a broad public consultation on tax policies.
- PG 2.2 Complete procedures to fully establish the National Single Project Pipeline (NSPP) and advance the necessary legal amendments to fully integrate PPPs into the NSPP

Official Statistics Program 2022-2026³

The "Official Statistics Program 2022-2026" of Albania, approved by the Assembly of the Republic of Albania with Law No. 30/2022, outlines the strategy for the development of official statistics over a five-year period. It focuses on enhancing the National Statistical System (NSS), integrating statistical activities into the European Statistical System, and ensuring quality and comprehensive data collection. The program aims to align with EU statistical standards, address specific user needs, and improve the efficiency, transparency, and quality of statistical processes and services. It also emphasizes modernizing data collection methods and integrating new statistical methodologies. In relation to PFM the OSP plans to improve macroeconomic statistics including Government Financial Statistics and Excessive Deficit Procedure Tables, their further harmonisation with the European system of accounts ESA 2010 through the expansion of the database for extra-budgetary units and their integration in the data system of the general government; integration of all units of the general government in the AGFIS system and the compilation of the balance sheets of government accounts in accordance with the international standards of public sector accounts (IPSAS).

United Nations 2030 agenda for Sustainable Development

The Government of Albania has adopted the sustainable development goals as agreed in the United Nations 2030 agenda for Sustainable Development. Effective management of public finances, or the ability of governments to efficiently collect revenues and spend them in an accountable and transparent manner, is essential for economic growth and increasing the resources needed to pursue national objectives which in turn are linked to the SDGs and thus the PFM reform agenda is in support of all adopted SDGs. The 2030 Sustainable Development Goals fully accepted by the European Commission explicitly consider gender equality as one of the most urgent issues for future sustainability-oriented policies. The possibility of reducing gender gaps is known to boost economic growth by increasing employment and competitiveness, and reducing poverty. The PFM strategy in particular contributes to SDG 17 Strengthen the means of implementation of the SDGs, Target 17.1 Strengthen domestic resource mobilization (improve domestic capacity for tax and other revenue collection).

1.4 Complementary Strategies for PFM reform

In the domain of PFM, several complementary strategies are in place covering a specific sub area of PFM:

- Medium Term Revenue Strategy (MTRS) 2022-2026
- Business Strategy of the Albanian Customs Administration 2023-2027
- Medium Term Debt Management Strategy (MTDMS) 2022-2026
- National Strategy for Public Procurement (NSPP) 2020-2023
- Public Sector Accounting Country Strategy and Action Plan
- Development Strategy Albania Supreme Audit Institution 2023-2027

These complementary strategies form an integral part of the overall PFM sectoral strategy 2023-2030 and its monitoring framework. Whenever relevant, objectives, measures, activities, milestones and performance indicators from these strategies are integrated into the sectoral strategy 2023-2030.

² Republic of Albania Council of Ministers, Economic Reform Programme 2024-2026, 15 January 2024.

³ Law No. 30/2022 "On the approval of the Official Statistics Program 2022-2026"

Medium Term Revenue Strategy 2022-2026

Albania has drawn up the Medium-Term Revenue Strategy (MTRS) 2022-2026 and as of January 2022, the implementation of the outlined measures is underway. The Strategy is a high-level road map for tax system reform, over the medium-term, needed to help finance the government's strategic objectives. The strategy reflects the reforms in the field of tax policies and tax and customs administration that are expected to be undertaken during this five-year period, with the aim of improving fiscal policies, increasing tax revenues and the effectiveness of the tax and customs administration in their collection. In the same spirit are prepared Components 3.1 and 3.3 (part of Pillar 3 revenue Mobilization and Management) where measures aiming to enhance revenue mobilization are developed.

Business Strategy of the Albanian Customs Administration 2023-2027

The PFM strategy is aligned also with the draft Business Strategy of the Albanian Customs Administration 2023-2027. The Strategy is designed to guide the activities of the ACA in the period from 2023 until 2027 in achieving its mission and vision. The ACA strategy focuses on several key areas, including legislative modernization, trade facilitation, contribution to safety and security of the society, better safeguard health of the citizens and protect environment, capacity building and modernization of administration and IT development. It aims to create a modern and efficient customs administration fully in line with EU standards and best practices that is capable of meeting the needs of the business community while effectively enforcing customs laws and regulations.

National Strategy for Public Procurement 2020-2023

There is currently a National Strategy for Public Procurement 2020-2023 and the government is planning to adopt a new Public Procurement strategy to further align with PFM strategy. The Procurement Strategy lays out a comprehensive set of activities in the field of public contracts, concessions and public-private partnerships (PPPs) for both the legal and institutional framework to be undertaken in 2020-2023. Taking into account the main areas of intervention, which are part of the procurement, the Strategy is organized in five main pillars: (1) efficient and sustainable public procurement; (2) improvement of the legal and institutional framework for concessions and public-private partnership; (3) reorganizing of procurements in the field of defense and security; (4) centralised purchasing; (5) improvement of the complaint review system. Pillar 2 and 5 of this Strategy are linked with the Pillar 4 (Component 4.3) the PFM Strategy

Medium Term Debt Management Strategy 2022-2026

During 2022, the Ministry of Finance and Economy adopted the Medium Term Debt Management Strategy (MTDS) 2022-2026 aiming to outline the financing plans and the activities that will be undertaken in the medium term to ensure effective management of the public debt. The MTDMS has as main objectives: (i) to meet the government's needs in a timely manner, including the need to service the current debt at the lowest possible cost while maintaining acceptable risk exposure levels; (ii) to improve and sustain primary market efficiency, supported by further development of the secondary market; (iii) Development of the government securities market; (iv) Drafting and publication of an annual borrowing plan; (v) Assessment of potential use of new alternative financing sources (Green, Social, etc.). The MTDMS is aligned with the Pillar4 (Component 4.4).

Public Sector Accounting Country Strategy and Action Plan

The Country Strategy and Action Plan (CSAP) for Public Sector Accounting and Financial Reporting has been finalized and approved by the Steering Committee in October 2019, providing strategic guidance on the implementation of IPSAS over medium to long term. The Public Sector Accounting (PSA) reforms represent ambitious initiatives, particularly within the context of Albania. Successful implementation demands the allocation of significant resources—both financial and human—as well as meticulous planning and coordination. Some main tasks of the CSAP are: (i) review and establish legal framework to facilitate adoption and preparation of public sector financial statements on an accrual basis; (ii) capacity building programme; (iii) prepare for IPSAS adoption, (iv) establish effective Governance frameworks necessary to underpin successful IPSAS implementation and public sector financial reporting on an accrual basis; (v) IPSAS rollout combined with the rollout of the new AGFIS system; (vi) Develop Preparation and presentation of financial statements and some other tasks. Some of the activities planned until 2026 are included in the PFM Strategy, under Pillar 4, Component 4.2.

Development Strategy Albania Supreme Audit Institution 2023-2027

The development strategy of ALSAI aims to further develop ALSAI in conformity with the values, principles and standards set by the INTOSAI community. The strategy formulates three strategic objectives: (i) Increasing and improving the role of the ALSAI as a supporter of the Parliament for effective accountability, careful and in-depth examination of entities that use public funds; (ii) Increasing the impact of audit work on good governance, through improving the level of implementation of recommendations and (iii) Optimizing professional capacities to acquire innovative knowledge in audit work. The ALSAI Strategy is linked with the Specific Objective 6 of the PFM Strategy.

2 Pillar 1: Macroeconomic programming and Risk Monitoring

2.1 Introduction

Specific Objective of pillar 1 is “Macroeconomic programming and risk monitoring” and cover the components of prudent and realistic macro-economic programming, establishing a comprehensive Debt Sustainability Analysis, fiscal risk management and fiscal oversight.

Component 1.1 Prudent and realistic macro-economic programming

Goal 2030: The goal for 2030 is to have in place a system of generally accepted fiscal rules in combination with solid practices for macroeconomic programming and forecasting and developing a credible medium-term fiscal framework that form a sound basis for formulating the medium-term fiscal policy and MTBP. Measures for 2023-2026:

- Measure 1.1.1 Prudent forecasting of macroeconomic indicators in line with independent and international forecasters;
- Measure 1.1.2 Prudent and realistic medium-term revenue forecasting in line with independent and international forecasters;
- Measure 1.1.3 Safeguard sound public finances through the permanent compliance with the Fiscal Rules.

Component 1.2 Establishing a comprehensive Debt Sustainability Analysis

Goal 2030: The objective is to have established a comprehensive Debt Sustainability Analysis (DSA) framework.

Measures for 2023-2026:

- Measure 1.2.1 Provide technical assistance for the DSA process
- Measure 1.2.2 Introduce the DSA framework as a macroeconomic programming tool.

Component 1.3 Fiscal Risk Management

Goal 2030: A comprehensive Fiscal Risk Management system and reporting addressing the main relevant contingent liabilities and other fiscal risks is in place.

Measures for 2023-2026:

- Measure 1.3.1 Introduce Annual Fiscal Risk Statement and gradually expand the scope of fiscal risk monitoring and reporting;
- Measure 1.3.2 Strengthen the management of Fiscal Risk related to PPPs and concession contracts;
- Measure 1.3.3 Strengthen the fiscal oversight of State Owned Enterprises;
- Measure 1.3.4 Further enhance management of arrears.

Component 1.4 Fiscal Council

Goal 2030: Fiscal Council in place for evaluating the fiscal policy of the Government.

Measure for 2023-2026:

- Measure 1.5.1 Establish the fiscal council.

2.2 Component 1.1 Prudent and realistic macroeconomic programming

Objective

The goal for 2030 is to have in place a system of generally accepted fiscal rules in combination with solid practices for macroeconomic programming and forecasting and developing a credible medium-term fiscal framework that form a sound basis for formulating the medium-term fiscal policy and MTBP.

Context

The capacity for macroeconomic programming, encompassing macro-fiscal forecasting, has evolved over the years, bolstered also by support and collaborative efforts with the IMF and EU. The overarching objective of macroeconomic programming is twofold: first, to sustain and strengthen the nation's macroeconomic stability; second, to foster an environment conducive to high and sustainable economic growth, ultimately striving for expeditious convergence toward the average well-being level of the European Union. A comprehensive set of robust fiscal rules has been institutionalized in the legislative framework since 2016. The macro-fiscal projections serve as integral inputs for the MTBP and ERP, as well as for annual budgets (both the pre-budget statement and the annual budget monitoring report). In adherence to legislative requirements, the MoF aligns its projections of key macroeconomic variables with those of the IMF, a practice upheld since 2016.

Ensuring prudent, judicious and careful forecasting of macroeconomic indicators stands as a paramount priority. This entails employing a cautious and well-informed approach in predicting key economic variables, providing a foundation for informed policy decisions. Moreover emphasizing prudence and realism in medium-term revenue forecasting is crucial. This involves adopting a careful and grounded approach to anticipate revenue streams over the medium term, enabling the formulation of sound fiscal policies and resource allocation. Also safeguarding sound public finances through the permanent compliance with the Fiscal Rules remains a commitment. A pivotal focus is on upholding the integrity of public finances by consistently adhering to fiscal rules. This commitment to compliance ensures a stable fiscal framework, fostering fiscal responsibility and sustainability over the specified period. Such adherence contributes to the overall economic stability and resilience of the country.

Priorities

For the period 2023-2026 the priorities are:

- Prudent forecasting of macroeconomic indicators in line with independent and international forecasters.
- Prudent and realistic medium-term revenue forecasting in line with independent and international forecasters.
- Safeguard sound public finances through the permanent compliance with the Fiscal Rules.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 1.1.1 Prudent forecasting of macroeconomic indicators in line with independent and international forecasters	1. Continuously benchmark MoF's macroeconomic indicator projections with independent and international forecasters and disclose such comparison annually. This comparative analysis will be disseminated through the "Macroeconomic and Fiscal Framework"; and the "Economic Reform Programme".	Q1 2023	Q4 2026	Responsible entity: GDMFP (lead) ⁴ Partners: IMF
	2. Address vacancies for specialized staff and develop and implement specialized training of GDMFP staff.	Q4 2023	Q4 2026	
Measure 1.1.2 Prudent and realistic medium-term revenue forecasting in line with independent and international forecasters	1. Continuously benchmark and disclose the MoF's medium-term revenue forecast projections with independent and international forecasters. This comparative analysis will be disseminated through the "Macroeconomic and Fiscal Framework"; and "Economic Reform Programme".	Q1 2025	Q4 2026	Responsible entity: GDMFP (lead) Partners: IMF
Measure 1.1.3 Safeguard sound public finances through the permanent compliance with the Fiscal Rules	1. Guaranteeing strict compliance with legislatively mandated fiscal rules. This commitment underscores the dedication to abiding by established fiscal regulations, fostering a resilient fiscal framework and reinforcing the stability and accountability of public finances.	Q1 2023	Q4 2026	Responsible entity: GDMFP (lead) Partners: IMF
	2. Enhancing transparency and providing comprehensive explanations pertaining to the adherence to fiscal rules. This commitment will be fulfilled through the regular dissemination in the: "Macroeconomic and Fiscal Framework"; "Economic Reform Programme"; and the "Report on the Implementation of the Annual Budget, Macroeconomic and Fiscal Situation".	Q1 2023	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Nominal GDP: the difference of the forecasted values between MoF and IMF should not be higher than zero.	0.0 (2022)	≤ 0	≤ 0	≤ 0	≤ 0
2. Primary Balance: commencing from the year 2024, the Primary Balance will be legally mandated as a new Fiscal Rule, and it is stipulated to be no less than zero.	-1.8 (2022)	≥ 0	≥ 0	≥ 0	≥ 0

2.3 Component 1.2 Establishing a comprehensive Debt Sustainability Analysis

Objectives

The goal is to establish a comprehensive Debt Sustainability Analysis (DSA) framework (by the year 2027). This initiative aims to fortify debt sustainability, proactively identify potential risks associated with indebtedness in the future, assess the impact of current policies on the debt trajectory, and underscore the necessity for timely policy interventions. The DSA framework will serve as an additional strategic tool to the macroeconomic programming to

⁴ MoF General Directorate of Macroeconomic and Fiscal Programming

better inform decision-makers about the long-term implications of debt dynamics, contributing to prudent debt management practices and the overall public finances sustainability and macroeconomic stability of the country.

Context

The ongoing imperative to continually advance macroeconomic programming underscores the need for a significant leap forward. Specifically, the development of a dedicated Debt Sustainability Analysis (DSA) framework is deemed essential to augment the existing macroeconomic toolkit. This strategic addition analytical tool will be ensured by allocating the necessary resources, personnel, and technology, as well as supported and guided by a dedicated professional technical assistance. The ultimate objective is to systematically formalize a robust and tailored DSA framework which will foster a more comprehensive understanding of the country's public debt dynamics, thereby reinforcing the overall efficacy of macroeconomic programming.

Priorities

For the period 2023-2026 the priorities are:

- Provide adequate technical assistance for the DSA process.
- Introduce the DSA framework as an additional macroeconomic programming analytical tool.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 1.2.1 Provide technical assistance for the DSA process.	1. Allocate resources (staff and technology) for the DSA process.	Q4 2024	Q4 2026	Responsible entity: MoF GDMFP (lead) Partners: IMF, EU ⁵
	2. Develop and implement capacity development activities.	Q4 2024	Q4 2026	
Measure 1.2.2 Introduce the DSA framework as a macroeconomic programming tool.	1. Prepare the customised DSA framework.	Q1 2025	Q4 2026	Responsible entity: GDMFP (lead)
	2. Involve the DSA framework and findings in the macroeconomic programming.	Q4 2026	Q4 2026	
	3. Ensure transparency in reporting and publishing the DSA process.	Q4 2026	ongoing	
	4. Periodic preparation of an informative bulletin on the main macroeconomic developments in the country for investors	Q3 2024	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (2022)	Target Value			
		2023	2024	2025	2026
1. Completing the technical assistance for DSA.	-	-	Request of technical assistance.	Continuation of the technical assistance.	Technical assistance completed.
2. DSA framework established	-	-	-	Introduction of a basic DSA framework.	DSA established.

2.4 Component 1.3 Fiscal Risk Management

Objectives

The goal for 2030 is to have in place a comprehensive Fiscal Risk Management system and reporting addressing the main relevant contingent liabilities and other fiscal risks.

Context

The fiscal risk management process in Albania has been continuously improved since 2016, with the establishment of the Fiscal Risk Unit (FRU) as part of the Budget Management Directorate / General Budget Directorate. FRU is focused on monitoring arrears, monitoring and reporting actual and planned payments for concessions/PPP contracts with budget support, monitoring contingent liabilities for court decisions (Arbitration and European Court of Human Rights Decisions), evaluation of risks coming from state enterprises. During the last years, some improvements have been made in the direction of strengthening the monitoring of state enterprises (SOEs), through the expansion of the monitoring of SOEs including the enterprises of the Water and Sewerage Companies, and

⁵ IMF provides support through its bi-annual engagement with MoF as part of the Article 4 Consultations. The technical assistance is yet to be decided from which independent international and financial institution is going to be offered.

other state enterprises that may have budget impact. Therefore, the PFM target has been completed yearly. Furthermore, with the Co-signing of the joint order of MIE and MoF Nr. 304 date 17.12.2020 "For the approval of the action plan for the reduction of arrears in the electricity sector" and joint order of MIE and MoF no. 379 dated 30.09.2021 "On the implementation of the plan of measures for the reduction of arrears in the electricity sector", FRU on a monthly basis collects information regarding the reporting and clearance of the mutual arrears that the state enterprises of the energy sector have with each other and with other state entities (Water Utility, GDT, etc.), the modalities of which are included in the supplementary budget instruction of the Minister of Finance. The scope of fiscal risks that are being monitored and reported on has been gradually increased and include currently risks related to Debt, Macro-economic developments, SOEs, PPPs and concession contracts, Arrears, Revenue, Local Government, Legal procedures and Court Cases. Improving the quality and expanding the scope of fiscal risk management is foreseen, for instance by gradually including in the monitoring framework the risks related to natural disasters and climate change.

In addition to the dedicated chapters in the Budget Reports such as: the Draft Budget Report for the following year, the consolidated Annual Budget Report and the Mid-Year Report, at the end of May 2024, the Fiscal Risk Statement for 2023 will be published for the first time, as a authentic and comprehensive document on the assessment and monitoring of fiscal risks that characterize the management of public finances (including risks from natural disasters), in line with the criteria and recommendations of international partners. In order to further improve the fiscal risk management process, in the new organic structure of the Ministry of Finance, approved in February 2024, the "Fiscal Risk Directorate (DRF)" was created, which will now be a leader in coordination, the development and advancement of the work in the MoF, in terms of fiscal risk management as a whole, and the Budget Risk Sector (SRB) as part of the Budget Management Directorate / General Budget Directorate, with a focus on monitoring the performance of the implementation of state budget, in order to monitor and report the risks that accompany its implementation.

Priorities

For the period 2023-2026 the priorities are:

- Introduction of the Annual Fiscal Risk Statement introduced as a separate report presenting the main assessed fiscal risks.
- Fiscal risk monitoring including natural disasters and climate change risks.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 1.3.1 Introduce Annual Fiscal Risk Statement and gradually expand the scope of fiscal risk monitoring and reporting	1. Develop and implement capacity building of staff for fiscal risk management.	Q1 2024	Q4 2026	Responsible entity: DFR (lead)
	2. Develop, pilot and publish each year the Annual Fiscal Risk Statement.	Q1 2023	Q4 2025	Partners: IMF ⁶
	3. Expand the scope of fiscal risks reported in the FRS by also including risks related to natural disasters and climate change.	Q2 2024	>2026	
Measure 1.3.2 Strengthen the management of Fiscal Risk related to PPP and concession contracts	4. Improve the methodology and regulations for assessing and monitoring of fiscal risks of all PPPs and concession contracts at national and subnational level.	Q2 2025	Q2 2026	Responsible entity: DC (lead) Partners: IMF
Measure 1.3.3 Strengthen the fiscal oversight of State Owned Enterprises	5. Enhance the methodology and regulations for assessing, monitoring and oversight of (fiscal) risks related to State Owned Enterprises ⁷ at national and subnational level.	Q1 2025	Q4 2026	Responsible entity: DFR (lead), MoF, MoECI Partners: IMF
	6. Strengthen capacity for regular monitoring and reporting fiscal risks related to State Owned Enterprises.	Q1 2026	Q4 2026	
Measure 1.3.4 Further enhance management of arrears	7. Consolidate and further improve methodology of monitoring and reporting on arrears.	Q1 2024	Q4 2026	Responsible entity: WG of arrears (lead) Partners: EU ⁸

⁶ IMF provides support through its bi-annual engagement with MoF as part of the Article 4 Consultations.

⁷ IMF fiscal risk management toolkit (<https://www.imf.org/en/Topics/fiscal-policies/Fiscal-Risks/Fiscal-Risks-Toolkit>) may be used as guidance material. It may be envisaged that all State Owned Enterprises are subject to assessment, monitoring and oversight arrangements as to identify contingent liabilities and manage fiscal risks.

⁸ TBA

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Annual Fiscal Risk Statement introduced.	-	-	Piloted	Completed	Consolidated
2. Score PEFA Indicator PI 10.3 Contingent liabilities and other fiscal risks.	C (2017)	-	-	-	B
3. Score PEFA Indicator PI 10.1 Monitoring of Public corporations.	C (2017)	-	-	-	B
4. Methodology for assessing, monitoring and oversight of (fiscal) risks related to SOE improved	-	-	-	-	Improved

2.5 Component 1.4 Fiscal Council

Objective

The goal for 2030 is to have in place a fully-fledged fiscal council to evaluate the fiscal policy of the Government.

Context

In accordance with the PAR roadmap⁹ and EU recommendations and regulations¹⁰, an independent fiscal institution (fiscal council) shall be established in the framework of the EU integration process. The mandate of the fiscal council would be to – among other – evaluate the fiscal policy of the Government.¹¹

Priorities

For the period 2023-2026 the priorities are:

- Establish the Fiscal Council (Independent Fiscal Institution).

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 1.4.1 Establish the Fiscal Council	1. Prepare an options paper presenting possible modalities for a Fiscal Council tailored to the Albanian context. Identify the preferred option and develop a costed plan for establishing and operating the Fiscal Council.	Q1 2024	Q4 2024	Responsible entity: Fiscal Council Working Group (lead) Partners: WB/Regional EU Trust Fund
	2. Prepare and implement the necessary changes to the relevant legislation including a sub-legal act for the operations of the Fiscal Council.	Q1 2025	Q4 2026	
	3. Establish the Fiscal Council.	Q1 2026	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Fiscal Council established	-	-	Fiscal Council options paper prepared	Fiscal Council legal framework drafted	Fiscal Council legal framework approved

⁹ The establishment of a fiscal council by the end of 2026 is suggested by the PAR roadmap 2023-2030 (DCM No. 737, dated 13.12.2023, FOR THE APPROVAL OF THE PUBLIC ADMINISTRATION REFORM ROADMAP 2023–2030).

¹⁰ Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States.

¹¹ The EU independent fiscal institutions network (<https://www.euifis.eu>) and OECD provide guidance materials for independent fiscal institutions.

3 Pillar 2 Integrated strategic and budget planning, monitoring, and transparent reporting

3.1 Introduction

Specific Objective of pillar 2 is “Budget planning and budget execution monitoring practices enhanced” and cover the components integrated strategic planning, medium term budget planning, public investment management, local finance and budget execution monitoring. The long-term objectives and medium term measures are summarised below.

Component 2.1 Integrated Strategic Planning

Goal for 2030: To operate an integrated planning system (IPS) to effectively develop, monitor and evaluate interlinked national, (sub) sectoral, cross-cutting and regional strategies and prioritized public investments in connection with budgetary resources.

Measures for 2023-2026:

- Measure 2.1.1 Enhance the IT-supported Integrated Planning System for formulating and monitoring strategies;
- Measure 2.1.2 Expand the mid-term review and ex-post evaluation of strategies and action plans.

Component 2.2 Medium Term Budget Planning

Goal for 2030: to have the systems in place to ensure high-quality and credible MTBP (both pre-budget statement and annual budget law) serving the implementation of the government priorities and policies and the delivery of public services.

Measures for 2023-2026:

- Measure 2.2.1 Further improve methods, procedures and managerial accountability for MTBP formulation;
- Measure 2.2.2 Enhance budget documentation and in particular the element of performance information;
- Measure 2.2.3 Introduce spending reviews;
- Measure 2.2.4 Further develop and introduce gender-responsive budgeting and climate-responsive budgeting;
- Measure 2.2.5 Approval of the PPD together with the NSPP.

Component 2.3 Public Investment Management

Goal for 2030: A sound system for public investment management based on national single project pipeline, practices for merit-based project appraisal and selection linked to strategic government objectives, and transparent monitoring, reporting and evaluation on public investment project selection, execution and completion.

Measures for 2023-2026:

- Measure 2.3.1 Operationalise procedures for improved public investment management;
- Measure 2.3.2 Strengthen the Single Project Pipeline and enhance the gatekeeper role of MoF.

Component 2.4 Local Finance

Goal for 2030: to have in place Municipalities with strong PFM systems and adequate financial resources through transparent revenue sharing and transfer mechanisms and revenue collection capacity that enable them to provide public services in accordance with the applicable standards.

Measures for 2023-2026:

- Measure 2.4.1 Improve the grant formula and calculation system for local government;
- Measure 2.4.2 Strengthen MTBP formulation and monitoring implementation in Municipalities;
- Measure 2.4.3 Develop and deploy the new Local Budget Management System (LBMS) for subnational budget preparation and monitoring;
- Measure 2.4.4 Improve the level of financial resources from shared taxes.

Component 2.5 Budget Execution Monitoring and Reporting

Goal for 2030: A comprehensive and transparent budget monitoring and reporting system in place at the level of budget institutions and at central level covering all aspects of the budget reporting in place.

Measures for 2023-2026:

- Measure 2.5.1 Improve budget execution monitoring and reporting and introduce Citizens Budget Execution report;
- Measure 2.5.2 Improve monitoring and reporting on Public Investment Projects;
- Measure 2.5.3 Improve monitoring and reporting on Public Private Partnerships and Concession Contracts;

3.2 Component 2.1 Integrated Strategic Planning

Objective

The goal for 2030 is to operate an IT supported integrated planning system (IPS) that enables the government to effectively develop and monitor interlinked national, (sub)sectoral, cross-cutting and regional strategies, policies and prioritized public investments in support of achieving the goals for national development and EU integration and in alignment with available budgetary resources.

Context

The government bodies have established a comprehensive set of strategies and associated action plans is in place consisting of the overarching National Strategy for Development and European Integration (NSDEI) and several sectoral, sub-sectoral, cross-cutting and regional strategies have been developed and are being renewed on a

regular basis. SASPAC has put in place regulations and instructions to guide the development and monitoring of strategies and their action plans in a consistent manner. Moreover, an Information System (IPSI) has been put in operation to supporting the Integrated Planning Process. The IPSI has so far only been utilised to a very limited extent and plans are made to improve the IPSI to better serve the needs of its users. A continuing challenge remains (i) the align and integrate the various strategies at the various levels and (ii) to develop adequately costed strategies and action plans within available resources allocated through the Medium Term Budget Programs.

Priorities

The key priorities for the period 2023-2026 are to

- Review and improve the IPS to secure effective integrated strategy development at all levels.
- Introduce and gradually improve the annual policy priority document and attached to that the National Single Project Pipeline marking the start of the MTBP process.
- Further develop the IPSI in support of the IPS and ensuring in particular linkages with (i) budget module of the AFMIS for developing the performance oriented MTBP, (ii) the PIM module of the AFMIS for public investment planning; (iii) the monitoring module of AFMIS for monitoring and reporting on the implementation of the MTBP and public investment projects; and (iv) the (EAMIS) system for planning and managing development projects with external support.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 2.1.1 Enhance the IT-supported Integrated Planning System for formulating and monitoring strategies	1. Review the effectiveness of the current Integrated Planning System and develop proposals for improvement.	Q1 2024	Q4 2025	Responsible entity: SASPAC (lead), MoF. Partners: Line Ministries, Foreign Aid Donors
	2. Enhance laws, by-laws and guidelines for integrated planning where needed.	Q1 2024	Q4 2025	
	3. Upgrade the IPSI including its interfaces with other relevant computer systems ¹² .	Q1 2024	Q4 2025	
	4. Develop and implement a comprehensive capacity development plan for civil servants engaged in the integrated planning process.	Q1 2024	Q4 2025	
	5. Upgrade the EAMIS to adequately plan and manage projects implemented with external partners.	Q1 2024	Q2 2026	
Measure 2.1.2 Expand the mid-term review and ex-post evaluation of strategies and action plans	1. Develop/update methodology/guideline for mid-term reviews and ex-post evaluations.	Q1 2024	Q4 2026	Responsible entity: SASPAC (lead), MoF. Partners:
	2. Develop and implement capacity development of evaluation teams.	Q1 2026	Q4 2026	
	3. Gradually start implementing/expanding mid-term reviews and ex-post evaluations through pilots	Q1 2026	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (2022)	Target Value			
		2023	2024	2025	2026
1. Percentage of strategies and action plans developed in accordance with IPS guidelines	65%	70%	75%	85%	90%
2. Percentage of strategies and action plans monitored through the IPSI	NA	NA	30%	40%	55%

3.3 Component 2.2 Medium Term Budget Planning

Objective

The goal for 2030 is to have fully developed and institutionalised processes for developing a high quality and credible MTBP (both pre-budget statement and annual budget law) serving the implementation of the government priorities and policies and the delivery of public services.

Context

¹² SASPAC is currently in the process of procuring an upgrade of the IPSI. Linkages between IPSI and in particular AFMIS for the purpose of formulating the MTBP, public investment management and budget performance reporting.

The MTBP process has been firmly established and the credibility of medium-term expenditure plans has improved since 2017.¹³ The progress is a result of efforts to strengthen the MTBP role in the budget process, through regulatory amendments and capacity building activities. The AFMIS has been further developed and covers all relevant business processes for MTBP formulation and the quality of MTBP documentation (pre-budget statement and annual budget documentation) has improved and includes performance information. Moreover, the concept of Gender Responsive Budgeting (GRB) has progressed due to improved legislation and regulations. All central and local government institutions present their policies and budgets in accordance with Gender Equality principles.

A number of challenges remain to be addressed. Also, the quality of performance information in the budget documentation provided by Central Government Units (CGU) is not yet always at satisfactory level. The principle of programme management needs to be further elaborated in the context of managerial accountability reform. Expenditure reviews (as stand-alone assessments or as part of a mid-year budget review) are considered very helpful for formulating supplementary budgets or the budget for the next medium term period. Such reviews are not common practice.

Priorities

The priorities for the period 2023-2026 are:

- Methods, procedures and managerial accountability framework for MTBP formulation further strengthened, in particular for internal budget hearings, public participation.
- Budget documentation and in particular the element of performance information further improved.
- Sector-specific spending reviews gradually introduced.
- Basic elements of the concept of green / climate-responsive budgeting introduced and gender-responsive budgeting (in particular gender-gap analysis) further enhanced.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 2.2.1 Further improve methods, procedures and managerial accountability for MTBP formulation	1. Strengthen the concept of managerial accountability in MTBP formulation; ¹⁴ amend legislation and AFMIS system. ¹⁵	Q1 2024	Q4 2026	Responsible entity: DAPB (lead) Partners: SIGMA, EU ¹⁶
	2. Rollout the updated managerial accountability framework through pilots, awareness raising and training activities.	Q1 2024	Q4 2026	
	3. Improve procedures for internal budget hearings between MoF and Budget Institutions; update the regulatory framework.	Q4 2024	Q2 2025	
	4. Improve the procedure for public participation in the MTBP formulation process; Update the regulatory framework.	Q2 2024	Q4 2024	
	5. Introduce and regularise as part of the MTBP procedures and budget documentation an overview of deviations between MTBP ceilings and budget ceilings as approved by parliament.	Q3 2024	Q4 2025	
Measure 2.2.2 Enhance budget documentation and in particular the element of performance information	1. Assist Budget Institutions with improving performance information in the budget through capacity development activities and quality assurance systems.	Q4 2024	Q2 2025	Responsible entity: DAPB (lead), DBM Partners: EU ¹⁷
Measure 2.2.3 Introduce spending reviews	1. Develop a methodology for undertaking sector-specific expenditure reviews and adapt the relevant regulation.	Q3 2024	Q2 2025	Responsible entity: DAPB (lead), DBM, DPIM, DFL Partners: EU ¹⁸
	2. Pilot the expenditure review in selected sectors / Budget Institutions; adapt the methodology and rollout to other sectors through capacity development activities.	Q1 2026	Q4 2026	

¹³ SIGMA 2021 Report <https://www.sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf>

¹⁴ Including the relation between first and second level Budget Institutions, the responsibility of executive management of Budget Institutions and mandate of (budget) programme managers.

¹⁵ E.g. system of electronic signatures

¹⁶ TBA

¹⁷ TBA

¹⁸ TBA

Measure	Activity	Start	End	Stakeholders
Measure 2.2.4 Further develop and introduce gender-responsive budgeting and climate-responsive budgeting	1. Review budget methodology to include ex ante and ex post gender analysis as a procedure to be undertaken by LM and BI in the process of proposing NPI	Q1 2025	Q3 2025	Responsible entity: DAPB (lead) Partners: UN Women, WB and GIZ
	2. Capacity building for LM and BI for conducting ex ante and ex post Gender Analysis.	Q4 2025	Q4 2025	
	3. Develop a methodology for green / climate change-responsive budgeting and pilot the methodology for green / climate change-responsive budgeting in selected sectors / Budget Institutions.	Q2 2024	Q4 2024	
Measure 2.2.5 Approval of the PPD together with the NSPP	1. Approval of the Policy Priority Document together with NSPP as an integral part of it / contribution from line ministries.	Q1 2024	Q2 2024	Responsible entity: SASPAC (lead) Partners: Line Ministries

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. PEFA Indicator 16 Medium Term Perspective in expenditure budgeting	C+ (2017)	-	B	B	B+
2. SIGMA Indicator 6.7.1 - Functioning of internal control (Alignment between management and budget structures (%))	0/3 (2021)	-	Growing trend	Growing trend	Growing trend
3. SIGMA Indicator 6.2.1 - Quality of the annual budget process and budget credibility (Operational alignment between the MTBF and the annual budget process)	2/4 (2021)	-	-	Growing trend	Growing trend
4. OBI assessment - Public Participation score	6/100 (2021)	-	-	Growing trend	Growing trend
5. OBI assessment – Transparency	52/100 (2021)	-	-	Growing trend	-
6. Spending reviews introduced.	-	methodology prepared and regulated	expenditure reviews piloted	Expenditure reviews implemented in 1 program / sector	Expenditure reviews implemented in 2 program / sector
7. Gender gap analysis (GGA) as part of GRB introduced	-	GGA methodology prepared and regulated	GGA piloted	GGA rolled out	GGA maintained
8. Green / Climate change-responsive budgeting (CCRB) introduced	-	CCRB methodology prepared and regulated	CCRB piloted	CCRB piloted	CCRB rolled out
9. Approval of the PPD together with the NSPP	(2022)	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year

3.4 Component 2.3 Public Investment Management

Objective

The goal for 2030 is to have established a sound system for public investment management based on good international practices which includes a single project pipeline, practices for merit-based project appraisal and selection, transparent reporting on public investment project selection, execution and evaluation.

Context

Planning and monitoring of Public Investment projects is implemented by MoF, SASPAC and Budget Institutions.¹⁹ Following the Public Investment Management Assessment (PIMA) of 2016, a number of reforms have been initiated and recently been finalised. These include the introduction and approval by DCM of the 'National Single Project Pipeline' prepared by SASPAC²⁰, a requirement for a Feasibility Study for projects that exceed a financial threshold that is defined for each sector; a requirement for a project execution plan that with a minimum financial implementation rates²¹ with the aim to reduce possible arrears and speed-up project implementation. These changes are being reflected in sub-legal acts.²² Several training activities have been implemented in connection to these reforms. AFMIS has a dedicated module for PIM which is used for planning of the capital budget part of the MTBP and also for reporting on capital budget execution. For the short term, the key focus of MoF is to fully put in operation the recent reforms, which requires additional training of staff engaged in PIM across the civil service and some adaptation of the AFMIS.

For the medium to long term, further reforms are considered as to address shortcomings in the PIM system and to prevent wasteful spending. These include the further elaboration of the National Single Project Pipeline, improving the methodology of project appraisal and selection, strengthening the gatekeeper role of MoF (independent review of project proposals).

Priorities

For the period 2023 - 2026 the priorities are:

- Operationalise improved procedures for public investment management.
- Elaborate and put in operation of the National Single Project Pipeline and strengthen the gatekeeper role of MoF, including establishing sound practices for identification, preparation and objective appraisal of projects in relation to strategic objectives, the independent review and selection of public investment projects.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 2.3.1 Operationalise procedures for improved public investment management	1. Upgrade PIM module of AFMIS to reflect changes in the new PIM procedures (Decision 887).	Q1 2023	Q4 2024	Responsible entity: DPIM (lead), SASPAC, Budget Institutions Partners: World Bank, IMF, EU ²³
	2. Develop and deliver training for the implementation of the PIM procedures (Decision 887).	Q1 2023	Q4 2026	
	3. Monitor the implementation of the PIM procedures; review and update the decision for PIM procedures if needed.	Q4 2025	Q4 2026	
Measure 2.3.2 Strengthen the Single Project Pipeline and enhance the gatekeeper role of MoF	1. Review procedures and systems for developing a comprehensive National Single Project Pipeline including PPP/Concessions, including detailed guidelines for the preparation and evaluation of feasibility studies to cover also compliance with the rules of state aid.	Q1 2024	Q4 2024	Responsible entity: SASPAC (lead for SPP), DPIM (lead for gate keeper role) Partners: IMF, EU ²⁴
	2. Develop and implement a plan to further improve the concept of the SPP and the gatekeeper role of MoF.	Q4 2024	Q1 2025	

Performance indicators and milestones

¹⁹ MoF is responsible for Public Investment Project appraisal and selection, formulation of the capital segment of the budget and monitoring and reporting on capital project implementation; SASPAC is mandated to develop national strategies and the unique list of projects of national importance whereas Budget Institutions prepare capital project proposals and implement projects.

²⁰ Approved by DCM No. 447, dated 26/07/2023 on "Priority Policy Document 2024-2026"

²¹ At least 20% in the first year, 30% in the second year and 30% in the third year.

²² Decision No. 887 dated 27.12.2022 "for public investment management procedures"; Instruction No. 4 dated 20.02.2023 "For determining the financial limit of the full value of the project in accordance with the specifics of the sector, on the basis of which the method and procedure of evaluating the public investment project is determined"; Instruction no. 20 dated 22.06.2023 for an addition to instruction no. 4 dated 20.02.2023 "For determining the financial limit of the full value of the project in accordance with the specifics of the sector, on the basis of which the method and procedure of evaluating the public investment project is determined". Order No. 41, dated 25.01.2023, for "Approval of the content, methodology of filling and sending of the strategic relevance assessment form".

²³ TBA

²⁴ TBA

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. PEFA PI-11. Public investment management	C+ (2017)	-	-	-	B+
2. Improved procedures for PIM introduced (including relevant decision-making mechanism)	-	PIM procedures Operationalised	PIM procedures implemented and improved	PIM procedures implemented	PIM procedures updated
3. Share of public investment projects that are proposed based on the strategic priorities of the government (value of projects in specific year)	82% (2020)		≥ 82%	≥ 82%	≥ 82%
4. Actual disbursements for major investment projects compared to planned disbursements along with explanation of variations	98% (2022)		≥ 98%	≥ 98%	≥ 98%
5. Ratio of new public investments submitted within the MTBP Cycle versus total new public investments approved in one year	74.2% (2022)		≥ 80%	≥ 85%	≥ 90%

3.5 Component 2.4 Local Finance

Objective

The goal for 2030 is to have in place Municipalities with strong PFM systems and adequate financial resources through transparent revenue sharing and transfer mechanisms and revenue collection capacity that enable them to provide public services in accordance with the applicable standards.

Context

Reforms in subnational MTBP formulation and transfers to municipalities has been implemented in conjunction with the local government decentralization reform agenda. Following the Territorial Administrative Reform, in 2015 the number of local self-government units (LSGU) has reduced from 373 to 61 and a Consultative Council has been in place to debate and agree on the various issues between central and local government. The decentralization agenda was further advanced, initially through an organic law "On local Self-Government" which defines the competencies and functions of local self-government units. A robust regulatory framework was required to ensure sustainable funding sources, accountability and transparency for the new local government structure. Consequently, in 2017 a new law on Local Self-Government Finances was enacted. This law reinforces local fiscal autonomy, expanding financing options and setting out rules and procedures for public financial management (PFM) at the local level. It balances increased financial autonomy with fiscal discipline by setting out rules for prudent spending, transparent policies, realistic revenue and expenditure forecasting and harmonization of budgeting processes with the central government.

Recent decentralization agenda progress has been accompanied by some substantial improvements in local government financial performance. The ratio of local government own-source revenues to GDP doubled over a seven year period²⁵ (1.66% in 2022 compared to 0.82% in 2015). Meanwhile, LSGUs revenue from own-sources (tax and non-tax) increased by 164% between 2015 and 2022. Over 80% of LSGUs recorded a significant increase in own-source revenues over the same period²⁶, representing an improvement in their fiscal capacity for financing local services. Local government expenditure represented around 9.02% of total public expenditure in 2022, compared to 7.7% in 2015. Moreover the system of formula-based transfers of unconditional grants to municipalities has improved. The grants to LGUs are based on the indicators population size, population density and the number of pupils, and are further adjusted following a financial equalization based on the fiscal capacity of the municipality to raise revenue. With the transfer of certain government functions (preschool education, irrigation, forest administration, fire protection, rural roads) from central Government to municipalities in 2016, the formula for defining the transfers have been accordingly adjusted. Municipalities are free to allocate and carry-over the unconditional grants they receive. In addition to these unconditional grants, some conditional grants are provided to compensate for the cost of central government functions that are delegated to local government – e.g. civil registrations. The calculation of the grants are regulated in the Law on Local Self-Government Finance.²⁷ In order to ensure a well-integrated and efficient planning, important achievements were made to strengthen financial

²⁵ Annual Report on Local Government Finance 2022 (MoF)

²⁶ Annual Report on Local Government Finance 2022 (MoF)

²⁷ Law No. 68/ 2017 "on Local Self-Government Finance"

management in local government in the regulatory framework, such as the approval of the Law ‘On Local Self-Government’, Law ‘On Local Self-Government Finance’ and several by-Laws and instructions.

The system of financial oversight of Municipalities by Central Government has also been improved with the aim to support municipalities in fiscal distress. Municipalities with a very high level of debt and arrears are required to prepare and implement a financial rehabilitation plan under supervision of MoF.²⁸ MoF prepares the annual report: "On the status of financial difficulties of local self-government units", to monitor the financial situation of local self-government units.

Also, the formulation of the MTBP by LGUs has been further developed while respecting local autonomy. LGUs develop their MTBP with budget programmes, policy goals, objectives, outputs and KPIs and monitor and report on the budget execution. A reform is underway to align the LGUS programme structure of the budget to the service delivery arrangements in each municipality.

Priorities

The priorities for the period 2023-2026 are:

- The adjustment of unconditional transfer formula, due to the change of the new data of the Census for the number of the population as well as the revision of the criteria based on these results.
- Improvement of the practices for Budget Execution, Budget monitoring; MTBP formulation and preparation.
- Strengthening the systems at the local level of public finance management and financial information through the use of AFMIS in local level.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 2.4.1 Improve the grant formula and calculation system for local government.	1. Review and update the unconditional transfer formula, using the new data based on the population census.	Q4 2024	Q4 2025	Responsible entity: DLF (lead) Partners: SECO, Helvetas ²⁹
	2. Develop and gradually implement an additional performance-based grant system based on measurable and verifiable indicators.	Q3 2024	Q3 2026	
	3. Review and if necessary update the grant mechanism / formula in connection to the local government and decentralisation reforms.	Q1 2025	Q4 2026	
Measure 2.4.2 Strengthen MTBP formulation and monitoring implementation in Municipalities.	1. Review and improve the program description of the budget classifications customised to the specific service delivery arrangements of different categories of municipalities.	Q1 2024	Q4 2026	Responsible entity: DLF (lead) Partners: SECO ³⁰
	2. Implementation of the new methodology for the design of the performance-based MTBP and monitoring of the MTBP implementation.	Q1 2024	Q4 2026	
	3. The use of performance indicators in the Medium-Term Budget Program directly influencing the increase in the quality of monitoring the implementation of the local budget.	Q1 2024	Q4 2026	
	4. Develop and implement capacity building activities for MTBP formulation, in-year budget execution reporting and annual budget execution reporting.	Q1 2024	Q4 2026	

²⁸ Municipalities are divided 4 categories on the basis of their total level of arrears and debt as percentage of the total annual budget: > 15% (category 1); > 25% (category 2); > 80% (category 3) or > 130% (category 4).

²⁹ The Bashki te Forta Project, funded by Helvetas, supports municipalities and central government with establishing a performance management system and performance based grants as well as an academy for training of municipal officials. The Local Finance Project funded by SECO assists MoF and municipalities with budget planning at subnational level.

³⁰ The "Local Finance Project" funded by SECO (2024-2028) assists MoF and municipalities with budget planning, revenue management and Internal Control at subnational level.

Measure	Activity	Start	End	Stakeholders
Measure 2.4.3 Develop and deploy the new Local Budget Management System (LBMS) for subnational budget preparation and monitoring	1. Prepare a detailed specification document for the Local Budget Management System (LBMS).	Q4 2023	Q1 2024	Responsible entity: DLF (lead) Partners: SECO
	2. Develop and test the new LBMS.	Q2 2024	Q1 2025	
	3. Develop and implement capacity building activities for the use of the new LBMS.	Q1 2024	Q4 2024	
	4. Full operation of the new LBMS by all LSGU.	Q2 2024	Q4 2024	
	5. Further plan AFMIS specification and development based on experience with the web-based MTBP software.	Q4 2024	>2026	
Measure 2.4.4 Improve the level of financial resources from shared taxes	1. Review, adopt and consolidate the methodology for Personal tax sharing with LGUs.	Q3 2024	Q4 2026	Responsible entity: DLF (lead) Partners: SECO

Performance indicators and milestones

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
1. Grant formula adjusted based on Population Census Data	n/a	-	Grant formula Adjusted	Grant formula applied to all LGU-s	Grant formula applied to all LGU-s
2. Additional performance-based grant scheme (PBGS) introduced	n/a	-	PBGS designed	PBGS piloted	PBGS piloted
3. PEFA Performance Indicator 7: Transfers to subnational governments	C+ (2017)	-	-	B	B
4. Percentage of municipalities using new LBMS software ³¹	-	-	30%	100%	100%
5. Percentage of municipalities that publish performance plans for service delivery ³²	-	-	-	50%	70%
6. Percentage of municipalities that publish information on performance achieved for service delivery. ³³	-	-	-	50%	70%
7. Local Budget Management Software and E-Platform introduced by MoF. ³⁴	-	E-platform developed and adopted	E-platform fully operational and rolled out	E-platform maintained	E-platform maintained

3.6 Component 2.5 Budget Execution Monitoring and Reporting

Objective

The objective for 2030 is to have a comprehensive and transparent budget monitoring and reporting system in place at the level of budget institutions and at central level covering all aspects of the budget reporting.

Context

The Budget management legal framework³⁵ has been consolidated, with some improvements in the Monitoring of financial performance of the Central government section aiming to change the reporting frequency, its content and defining the roles and responsibilities of the relevant parties. The Albanian Financial Management Information System (AFMIS) designed as an expansion of the existing AGFIS has also the Budget and Programme Portfolio Monitoring (BPPM) module, which is now in use. Therefore, in-year budget implementation reports, the mid-year

³¹ Source: Logframe SECO Local Finance Project phase 2

³² Source: Logframe SECO Local Finance Project phase 2; Indicator adapted from PEFA performance indicator 8.1

³³ Source: Logframe SECO Local Finance Project phase 2; indicator adapted from PEFA performance indicator 8.2

³⁴ Source: Logframe SECO Local Finance Project phase 2

³⁵ Law No. 9936, dated 26.6.2008, as amended on 2.6.2016 "For the management of budget system

Report of Macroeconomic, Fiscal and Budgetary Performance as well as the year-end report have improved. A new Budget monitoring guideline was issued 2023.³⁶ In accordance with the Organic Budget Law, the minister of Finance issues a standard guideline, which contains instructions on the procedures, formats and deadlines that all Central Government Units must follow when conducting their periodic budget execution monitoring reports. Under these circumstances, we ought to clarify that, the new guideline issued in May 2023 aims to further improve the monitoring process conducted by the LM/BI, but it is not within its scope the provision of a 'aggregate budget monitoring report'. This new guideline, defines all the procedures and deadlines to be followed by all units of the central government during the monitoring of the implementation of the budget for financial and non-financial performance, products and policy objectives realized for each program. The new approved annexes within this guideline, which can be generated through the AFMIS System, contain data on the performance of budget expenditures according to their economic classification, performance of products related to their KPI's for each budget program. The monitoring of objectives for each budgetary program policy is based on the relevant performance indicator, while the monitoring of the products is done in terms of quantity and value. To summarise, monitoring is the process that connects the realization of objectives and products with corresponding funds planned for their achievement. Therefore, the monitoring process can be done and presented only at the program level for each LM/BI. Meanwhile, the summarized information of the monitoring reports for LM/BI is part of the Annual Budget Execution Report, which presents the financial and non-financial budget performance of the LM/BI programs.

Furthermore, the report on the Annual Budget Execution Report contains a synthesized information and analysis on the performance of general expenditures, including those according to their economic and functional classification.

Priorities

The priorities until 2026 are:

- Improving budget execution monitoring and reporting by budget institutions and at aggregated level introducing the preparation of the citizens budget execution report, and start including information on gender and climate responsiveness.
- Enhancing the scope of reporting on the implementation of all public investment projects.
- Improving reporting on all PPP and concession contracts.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 2.5.1 Improve budget execution monitoring and reporting and introduce Citizens Budget Execution report	1. Review and update instruction for procedure and content/template of annual budget execution reports including the publishing of Citizens Budget Execution Report as part of Annual Budget Execution Report	Q1 2024	Q4 2024	Responsible entity: DBM (Lead), GDB, GDTreasury Partners: EU ³⁷
	2. Publish the periodic Citizens Budget Execution Report	Q2 2025	Annually	
Measure 2.5.2 Improve monitoring and reporting on Public Investment Projects	1. Implement the newly approved PIM monitoring procedure and enhance procedures if necessary.	Q1 2023	Q4 2024	Responsible entity: DPIM (lead), Budget Institutions, Partners: World Bank
	2. Adapt AFMIS to reflect changes related to the newly approved PIM procedures.	Q1 2024	Q4 2024	
	3. Plan and deliver training activities for monitoring and reporting on Public Investment Projects.	Q2 2024	Q4 2026	
Measure 2.5.3 Improve monitoring and reporting on PPP and concession contracts	1. Update PPP legislation ³⁸ and relevant sub-legal acts ³⁹ to ensure adequate monitoring and reporting at contract and portfolio/program level.	Q4 2024	Q4 2025	Responsible entity: DC (lead), ATRAKO, DPIM, Partners: IMF, EU ⁴⁰
	2. Develop a dedicated information system for monitoring and reporting on PPPs and concession contracts and prepare for necessary interfaces with other systems.	Q4 2025	Q4 2026	

³⁶ Guideline no.14 date 30.05.2023 "For standard budget monitoring procedures in Central Government Units"

³⁷ TBD

³⁸ Based on PAR Roadmap

³⁹ Guideline 35 for monitoring PPPs (2019)

⁴⁰ IMF is currently providing support. TBA for EU support

Measure	Activity	Start	End	Stakeholders
	3. Plan and deliver training activities for civil servants responsible for monitoring and reporting of PPP and concession contracts.	Q1 2025	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. PEFA Performance Indicator 28 "In-year budget reports"	D+ (2017)	-	B	B+	A
2. Citizens Budget Execution Reports published	-	-	Template approved	Report published	
3. Development of a dedicated information system for monitoring and reporting on PPPs and concession contracts	-	-	-	Information system is Contracted	Information system is developed and deployed
4. Number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts	-	-	100	150	200

4 Pillar 3 Revenue mobilization and management

4.1 Introduction

Specific Objective 3 “Revenue and Customs management systems improved aiming for increased revenue and improved service delivery” covers the components Tax Management, Property Tax Management (Fiscal Cadastre) and Customs Management.

Component 3.1 Tax Management

Goal 2030: Enhanced revenue mobilization aimed to create fiscal space for investment and sustainable development through a combination of tax policy reforms and modernization of the administrative systems; to ensure compliance with EU regulations and to improve the service delivery to tax payers.

Measures 2023-2026:

- Measure 3.1.1 Adoption of the Mid-Term Revenue Strategy, 2024-2027;
- Measure 3.1.2 Enhance the institutional capacity to analyse and develop tax policies and to manage tax reforms;
- Measure 3.1.3 Develop and implement initiatives to reduce the VAT compliance gap;
- Measure 3.1.4 Develop and implement an integrated approach to reduce under and undeclared work;
- Measure 3.1.5 Ensure taxation of any unjustified wealth inside and outside the country;
- Measure 3.1.6 Improve service delivery to tax payers.

Component 3.2 Property Tax Management

Goal 2030: to have in place a fully operational fiscal cadastre and effective property tax collection system targeting all properties across all municipalities in the country with the aim to bring additional revenue for local governments.

Measures 2023-2030:

- Measure 3.2.1 Improve the fiscal cadastre and the property tax collection system.

Component 3.3 Customs Management

Goal 2030: An effective Customs Administration, which delivers improved services to citizens and businesses and operates in compliance with EU standards and legislation.

Measures 2023-2026:

- Measure 3.3.1 Modernise business and risk management processes of the Customs Administration;
- Measure 3.3.2 Develop integrity framework and fight against informality and corruption;
- Measure 3.3.3 Increase the number of Authorized Economic Operators;
- Measure 3.3.4 Implement the National Single Window;
- Measure 3.3.5 Improve the utilization of the New Computerised Transit System.

4.2 Component 3.1 Tax management

Objective

The goal for 2030 is to enhance revenue mobilization with the aim to create fiscal space for investment and sustainable development through a combination of tax policy reforms and modernization of the administrative systems; to ensure compliance with EU regulations and to improve the service delivery to tax payers. The aim is that in 2027 the target of tax revenues will be reached at the rate of 27.7% of GDP or +2.5% over 2019 as the base year.

Context

During the last years, the General Directorate of Tax (GDT) has implemented several reforms in the domain of revenue management. These include improvements in compliance-risk management, investments in information technology systems, organisational structures and transparency for taxpayers through awareness campaigns, friendly user website and call centres. Formalization of the economy has been a key focus, and recent initiatives underscore a commitment to enhance the tax authority's capabilities. To fortify compliance among high-wealth individuals, a specialized GDT department has been newly instituted. Also, a fiscalization initiative was finalized in 2022, aimed at endowing the GDT with mandatory real-time data. This involves the integration of an IT system capturing cash register and e-invoice information. With the aim to increase revenue mobilization and to improve service delivery, MoF has developed and implemented more than 70% of the measures and activities in tax policy and revenue administration reforms parts of the Medium Term Revenue Strategy 2022-2026.⁴¹

Priorities

In alignment with the MTRS, the priorities for the period 2023-2026 are:

- Adoption of the Mid-Term Revenue Strategy, 2024-2027
- Improving the institutional capacity to analyse and develop tax policies and to manage tax reforms.
- Undertaking actions aimed at reducing the VAT compliance gap;
- Reduction of un/under declared work and reduction of the cash economy;

⁴¹ Add reference. The MTRS has been prepared with support from IMF.

- Enhance taxation of unjustified wealth inside and outside the country;
- Reducing tax evasion;
- Reducing compliance cost and improving the service delivery through institutional capacity development of the tax administration.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 3.1.1 Adoption of the Mid-Term Revenue Strategy, 2024-2027	1. Creation of the Working Group for the drafting of the MTRS	Q2 2024	Q4 2024	Responsible entity: MoF, GDT, GDC
	2. Official approval of MTRS	Q2 2024	Q4 2024	Partners: IMF
Measure 3.1.2 Enhance the institutional capacity to analyse and develop tax policies and to manage tax reforms	1. Develop and implement capacity building for tax policy analysis and assessment.	Q1 2023	Q4 2026	Responsible entity: GDTP (lead) Partners: IMF
Measure 3.1.3 Develop and implement initiatives to reduce the VAT compliance gap	1. Improve risk management approaches for sectors identified as high risk	Q1 2023	Q4 2026	Responsible entity: GDTax (lead)
	2. Use of Fiscalization system for maximizing VAT revenues.	Q12023	Q4 2026	Partners: IMF
Measure 3.1.4 Develop and implement an integrated approach to reduce under and undeclared work	1. Strengthening the legal provisions for sanctions for offenses related to undeclared workers and under-declaration	Q12023	Q4 2024	Responsible entity: GDTax (lead) Partners: IMF
Measure 3.1.5 Ensure taxation of any unjustified wealth inside and outside the country	1. Assess cases of large unexplained wealth of individuals by providing legal competence to inspectors to issue tax assessments through indirect methods especially for individuals that do not participate in the Voluntary Declaration Program.	Q12023	Q4 2026	Responsible entity: GDTax (lead) Partners: IMF
Measure 3.1.6 Improve service delivery to tax payers	1. Design and implement a taxpayer service delivery strategy aiming to improve tax products	Q12023	Q4 2026	Responsible entity: GDTax (lead)
	2. Improve the efficiency of the national call center with a structured escalation process to deal with enquiries of different complexities	Q12023	Q4 2026	Partners: IMF
	3. Develop and implement capacity development programs for GDTax staffers (by tax academy, universities and other partners)	Q1 2023	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Increase in revenues from MTRS (in total from tax and customs administration according to MTRS)	(2023) 0.57% of GDP		0.76% of GDP Increase compared to 2023	0.62% Increase compared to 2024	0.43% Increase compared to 2025
2. Adoption of MTRS			Adopted		
3. Increase of revenues from VAT (measured on non-cumulative basis)	(2023) 1,98% of GDP		0.4% of GDP Increase compared to 2023	0.2% of GDP increase compared to 2024	0.1% e PPB increase compared to 2025
4. Increase of revenues from reduction of under and undeclared work (measured on non-cumulative basis) as a result of the introduction of 40 000 new employees into the scheme and the increase of the salary	(2023) 0.08 of GDP		0.02% of GDP	0.05% of GDP increase compared to 2024	0.05% of GDP increase compared to 2025

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
declaration of 120 000 employees, according to the growth calendar in MTRS.					

4.3 Component 3.2 Property Tax Management

Objective

The goal for 2030 is to have in place a fully operational fiscal cadastre and effective property tax collection system targeting all properties across all municipalities in the country with the aim to bring additional revenue for local governments.

Context

The latest reform in the field of property tax aim to increase the revenues for Municipalities, by transitioning from a value-based average reference price based taxation system for buildings and a simple area-based taxation system for land, to a modern taxation system that taxes both buildings and land, based on the market value of these assets. A key challenge has been to create a comprehensive integrated database of properties. All registered properties will be valued based on market value⁴².

During the first phase of property tax reform the General Directorate of Property Tax (GDPT) and the Fiscal Cadastre were established. The GDPT plays a crucial role, including overseeing the management of the Fiscal Cadastre and taking the lead, methodologically, in the administration of property taxes. A pilot program involving nine municipalities was launched to assess the efficacy of the FCIS, accompanied by extensive training sessions for municipal staff members. To enhance taxpayer awareness of their property tax responsibilities, the GDPT has collaborated with municipalities, sharing informative materials for dissemination through their channels. In this regard, the GDPT has developed flyers and other printable informational resources designed to enlighten taxpayers about their obligations

During the ongoing second phase of the reform, it has been drafted the draft-law "On the immovable property tax". The provisions of the current version of the new draft-law includes that the State Cadastre Agency prepares, in accordance with the legislation in force, the value zones and the reference prices for the land. Meanwhile, the General Directorate of Property Tax determines the value areas and reference prices for building units, as well as the estimated values of immovable properties. Furthermore, it regulates the responsibilities of the GDPT and of the Municipalities. Also, it defines the way the cooperation between institutions shall be in terms of exchange of information and integration/interfacing of information systems. Moreover, the new draft law regulates the methods of tax invoicing and collections, as well as the mechanisms of complaints and appeals.

Priorities

The key priority for the period 2023-2030 is to:

- Prepare the fiscal cadastre and property tax collection system for full implementation in the period after 2030 – including completing the legal and regulatory framework, finalizing the FCIS with the interoperability and integration with other systems, addressing staffing requirements and human resource capacity building.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 3.2.1 Improve the fiscal cadastre and the property tax collection system	1. Develop and adopt the legal framework (laws and by laws) for the fiscal cadastre and land and property tax and the sub-legal act for valuation of land and property.	Q1 2023	Q4 2025	Responsible entity MoF (lead) GDPT (lead) Partners Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, ⁴³ and Swedish Tax Agency (STA)
	2. Design the institutional framework for managing and administering building tax.	Q4 2024	Q1 2026	
	3. Finalise the fiscal cadastre information system and its interoperability with other systems and rollout to Municipalities.	Q1 2025	Q4 2026	
	4. Pilot, build capacity and institutionalise procedures for evaluating property and populating and maintaining property data in the FCIS.	Q1 2025	> 2026	

⁴² Approximately 1.2 million properties are currently recorded in the system out of a total of approximately 4.5 million properties.

⁴³ MoF, SIDA and Swedish Tax Agency have signed respectively a Contribution Agreement and a Project Agreement for the continuation of the support of the property tax reform.

Measure	Activity	Start	End	Stakeholders
	5. Improve processes for property tax collection and increase awareness of taxpayers.	Q1 2025	> 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Law on "property tax" prepared and adopted	-	Property tax law prepared	-	Property tax law adopted	-
2. Sub-legal acts for the implementation of the law on property tax adopted	-	-	-	Sub-legal acts prepared and adopted	-

4.4 Component 3.3 Customs Management

Objective

The goal for 2030 is to have an effective Customs Administration, which delivers improved services to citizens and businesses and operates in compliance with EU standards and legislation.

Context

Important achievements in customs reforms are reported to date, especially in aligning the Albanian custom code with the EU Custom code. The automation of Customs remained a priority over the last years and efforts were made to introduce and improve systems such as the New Computerised Transit System (NCTS), the Integrated Tariff Management System (ITMS) and upgrade of existing modules in Asycuda (core Customs Administration system). Also, customer service delivery has improved due to the re-engineering of many processes, such as: simplification of procedures; and introduction of paperless customs management to simplify compliance. These changes resulted in improving online customs procedures, reducing customs processing times, and increasing the use of risk assessment. MoF has developed the Medium Term Revenue Strategy 2022-2026 with the aim to mobilize additional revenue in order to create fiscal space for investment and sustainable development.

Priorities

The main priorities for 2023-2026 are:

- Professionalizing the risk management and business processes of the Customs Administration
- Develop and implement plans to fight informality and corruption
- Introduce the national single window and increase the number of authorised economic operators
- Enhance the utilisation of the Computerised Transit System

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 3.3.1 Modernise business and risk management processes of the Customs Administration	1. Continue to develop a more professional and agile workforce through improving HR practices and delivering capacity development.	Q1 2023	Q4 2026	Responsible entity GDC HR Directorate (lead), GDC, GDC Coordinator
	2. Continue to invest in IT systems for Integrated Tariff Management System (ITMS).	Q1 2023	Q4 2024	Partners EU Delegation
Measure 3.3.2 Develop integrity framework and fight against informality and corruption	1. Develop and implement an integrity framework.	Q4 2023	Q4 2026	Responsible entity GDC Anticorruption Directorate (lead) ⁴⁴ Partners
Measures 3.3.3 Increase the number of Authorized Economic Operators	1. Continue the information campaigns and audits of potential Authorized Economic Operators	Q1 2023	Q4 2026	Responsible entity GDC Directorate of Procedures (lead) Partners EU / Non EU Customs

⁴⁴ Anticorruption Directorate at GDC is included in the drafting of integrity plan by order number 80 date 26.10.2023

Measure	Activity	Start	End	Stakeholders
Measure 3.3.4 Implement the National Single Window	1. Develop the concept and institutional set-up of the National Single Window	Q1 2023	Q4 2026	Responsible entity GDC, GDC Coordinator Partner: WB
	2. Review and amend legislation and regulations for the National Single Window.	Q1 2024	Q4 2026	
	3. Develop and deploy the IT solution for the NSW.	Q1 2024	Q4 2026	
Measure 3.3.5 Improve the utilization of the New Computerised Transit System (NCTS)	1. Review and update the legal provisions for the NCTS.	Q1 2024	Q4 2026	Responsible entity GDC, GDC Coordinator
	2. Further develop the NCTS IT environment.	Q1 2024	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Percentage utilisation of Green Channel		28%	30%	33%	> 33%
2. Custom declaration processing time		99.1 minutes	Decreasing trend	Decreasing trend	Decreasing trend
3. Number of Authorised Economic Operators		13	Increasing trend	Increasing trend	Increasing trend
4. National Single Window (NSW)	-	-	-	-	2026
5. New Computerised Transit System (NCTS)	-	-	-	-	2026

5 Pillar 4 Accounting and Budget Execution Management

5.1 Introduction

Specific Objective 4 “Budget Execution Management and Accounting practices enhanced and aligned to International Standards and EU requirements” covers National Government Accounts, Accounting, Public Procurement, Debt Management, Cash Management and Asset Management.

Component 4.1 National Government Accounts

Goal 2030: Government Financial Statistics (GFS) and Excessive Procedure Deficit Tables compliant with EU standards.

Measure 2023-2026:

- Measure 4.1.1 Further improve the GFS and EDP statistics with EU standards (ESA 2010).

Component 4.2 Accounting

Goal 2030: to prepare and publish (consolidated) financial statements in compliance with IPSAS, following the rollout of IPSAS to all central government Institutions:

- Measure 4.2.1 Increase access to and utilisation of AGFIS;
- Measure 4.2.2 Develop the legal and regulatory framework for accounting reforms;
- Measure 4.2.3 Improve functionalities of AGFIS to absorb accounting reforms;
- Measure 4.2.4 Prepare, deliver and institutionalise capacity development of accountants to absorb accounting reforms.

Component 4.3 Public Procurement

Goal 2030: to guarantee an efficient and effective procurement system in accordance with the principles of transparency, free and fair competition, non-discrimination and equal treatment, by promoting and encouraging a sustainable system that guarantees value for money.

Measures 2023-2026:

- Measure 4.3.1 Improve quality and efficiency in procurement procedures;
- Measure 4.3.2 Design and Implement green public procurement;
- Measure 4.3.3 Enhance the efficiency of the complaint review system by increasing the speed of decision-making;
- Measure 4.3.4 Improve the legal and institutional framework for concessions and public-private partnership.

Component 4.4 Debt Management

Goal 2030: to operate a comprehensive Debt Management System that ensures that the government’s financing needs and its debt payment obligations are met at the lowest possible cost over the medium to long term consistent with a prudent degree of risk.

Measures 2023-2026:

- Measure 4.4.1 Strengthening of debt management reporting and Investor Relations;
- Measure 4.4.2 Developing a comprehensive framework for provision of guarantees and on-lending;
- Measure 4.4.3 Gradually start to develop the necessary assessment for the new alternative financing instruments ((Green, Social or Sustainability or other Instruments).

Component 4.5 Cash Management

Goal 2030: The goal for 2030 is to have in place advanced cash planning and cash management systems to ensure efficient and effective treasury operations.

Measures 2023-2026:

- Measure 4.5.1 Improve cash forecasting process;
- Measure 4.5.2 Introduce a comprehensive performance monitoring system for cash forecasting;
- Measure 4.5.3 Enhance cash management instruments.

Component 4.6 Asset Management

Goal 2030: completed the procedures and systems for the registration and valuation of all public assets in accordance with the adopted accounting standards.

Measures 2023-2026:

- Measure 4.6.1 Finalise reform on asset register module in AGFIS for accounting purposes.

5.2 Component 4.1 National Government Accounts

Objective

The goal for 2030 is to ensure that the Government Finance Statistics (GFS) and Excessive Deficit Procedure (EDP) statistics are in line with EU standards (ESA 2010).

Context

The main data source used for the compilation of Government Finance Statistics are: (i) Albania Government Financial Information System (AGFIS) for data related to budgetary units (ii) Financial statements for extra-budgetary units. (iii) Debt Management and Financial Analysis System (DEMFAS), (iv) Financial Accounts for GG sector from Bank of Albania and (v) other supplementary data compiled and prepared by INSTAT. -INSTAT is supported by Eurostat for aligning Government Finance Statistics (GFS) with EU requirements and regularly

transmits GFS tables and Excessive Deficit Procedure tables⁴⁵ to Eurostat with the status “not for publication”. Currently, there is a need to further improve the GFS and EDP statistics to be in line with international standards and the ESA 2010 methodology. The Five-Year Official Statistics Programme (OSP) 2022–2026⁴⁶ approved by the Assembly of the Republic of Albania, presents the strategy for the development of official statistics and the national statistical system, including the improvement of the GFS. The Memorandum of Cooperation between INSTAT, the Ministry of Finance and the Bank of Albania for the Government Finance and the Excessive Deficit Procedure statistics includes the obligations and responsibilities of each institution which are regulated by legal acts of the European Union in the field of the production of Government Finance Statistics and reporting of the Excessive Deficit Procedure.

Priorities

The priorities for the period 2023-2026 are:

- Increasing the level of alignment of GFS and EDP Statistics following ESA 2010 methodology;
- To transmit the GFS and EDP tables to Eurostat following ESA 2010 Transmission Programme.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 4.1.1 Further improve the GFS and EDP statistics with EU standards (ESA 2010)	1. Investment in the construction of the information exchange system (web service) which will facilitate the exchange of data between MoF, INSTAT and the Bank of Albania.	Q1 2025	Q4 2026	Responsible entity: INSTAT (lead), MoF - GDMP Partner: Eurostat
	2. Report the data on cash and accrual basis from MoF in accordance with International Public Sector Accounting Standards (IPSAS).	Q1 2025	> 2026	
	3. Collect and include the information on the PPPs and Concession contracts in GFS and EDP statistics.	Q1 2024	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. The information exchange system (Web service) to facilitate the exchange of data between MoF, INSTAT and BoA established.	-	-	-	Development of the Information Exchange System (web service)	Information Exchange System (web service) developed
2. Data on PPPs and Concession contracts included in the GFS.	-	-	-	PPPs and CCs included in GFS	PPPs and CCs included in GFS

5.3 Component 4.2 Accounting

Objective

The goal for 2030 is to prepare and publish (consolidated) financial statements in compliance with IPSAS, following the rollout of IPSAS to all central government Institutions.

Context

AGFIS is the information system used for accounting and treasury operations. The system has been developed over time, including full integration with the Human Resources Management Information System (HRIMS) for payroll in 2022 and the Automated Public Procurement system for procurement in 2020. The 20 largest budget institutions (out of a total of approximately 1020 Budget Institutions) are directly connected to AGFIS. These are all ministries, three large municipalities and a few large other public institutions. Other – mainly smaller - Budget Institutions do not have direct access to AGFIS, but submit their accounting documents in electronic format through the ‘electronic archive’ functionality of AGFIS to the Treasury District offices for further processing.

⁴⁵ Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.

⁴⁶ Law No. 30/2022 ‘On the approval of the Official Statistics Program 2022-2026’.

Approximately 300 budget institutions have been connected to this electronic archive system by the end of 2022. It is planned that the number of connected budget institutions will reach a total of 642 by 2023 and 728 by 2024. Approximately 250 mainly smaller budget institutions will not be connected to the AGFIS through the 'electronic archive' module of AGFIS since these institutions do not comply with the legal requirements to provide three signatures on payment orders. A concentration of the number of small spending units may be required for the purpose of sound financial management and control. The AGFIS system is operated by MoF and maintained by NAIS.

Adequate management of arrears in the accounting system has been a high priority in the past years. Procedures have been put in place to ensure that financial transactions (e.g. procurement contracts, executive orders stemming from court cases, etc.) are recorded in the system on time. Underreporting of arrears has not yet been fully eliminated. In 2018, the MoF started its preparations for accounting reform with the aim to be fully compliant with IPSAS by 2030. A separate accounting reform unit was established within DHFMCA to support the process of transition to accrual accounting through the adoption of a regulatory framework that is based on IPSAS. As a first step, the Country Strategic Action Plan for Accounting Reform 2019-2027 was prepared.⁴⁷ Following the adoption of the action plan, steps were taken to develop the legal and regulatory framework. To date, the IPSAS have been translated in Albanian, 10 instructions (sub-legal acts) have been developed and are subject to approval by the Minister of Finance in the later phases accompanied with specific manuals related with these instructions to be adopted as well. Also, first steps for developing a new accounting law have been undertaken, as there is provided by the consultant the structure that the law should have. Capacity building activities have commenced and 25 individuals (MFE staff, public sector accountants, universities, Professional Accountancy Organizations) were trained through an extensive training programme in IPSAS (provided by Chartered Institute of Public Finance and Accountancy. Subsequently 500 (out of a total of approximately 1,100) government accountants received a shorter training on IPSAS. A review of AGFIS functionality compared with IPSAS requirements was conducted under the WB project "Development of public sector accounting in Albania (IPSAS)" which provided recommendations on adding modules and accounts under AGFIS. In addition, it identified alternative solutions to fill in the data gaps through tools or spreadsheets that can be used for tracking information, processing it and determining the journal entries to be recorded in the AGFIS system on a periodic basis. Also, an analysis of the institutional responsibilities within the MoF and broader central government accounting function was conducted providing specific recommendations that will be considered for further reorganization of the function within the Ministry.

Priorities

For the period 2023 – 2026 the key priorities are:

- Increasing access of all budgetary institutions to the Electronic Archive through Web Portal.
- Improving the functionalities of AGFIS to make the system more efficient (automated pre-commitments for all budgetary institutions off & online with AGFIS, connection of AGFIS with the fiscalization system and AGFIS hardware and software Upgrade)
- Developing the legal and regulatory framework, AGFIS functionalities and institutionalizing capacity building for accountants in the context of the accounting reforms (IPSAS).

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 4.2.1 Increase access to and utilisation of AGFIS	1. Increase access of budget institutions to the electronic archive module of AGFIS.	Q1 2023	Q4 2024	Responsible entity: GDTreasury (lead), NAIS Partner:
	2. Automate process of pre-commitment control of expenditure for budget institutions that do not have a direct connection with AGFIS hardware and software AGFIS upgrade.	Q3 2024	Q4 2026	Responsible entity: GDTreasury (lead), DHFMCA Partner:
	3. Secure interoperability with the fiscalization system to improve internal controls to prevent arrears.	Q3 2024	Q4 2026	Partner:
Measure 4.2.2 Develop the legal and regulatory framework for accounting reforms	1. Develop and enact a new public accounting law introducing the accounting reforms.	Q1 2024	Q4 2026	Responsible entity: DHFMCA (lead), GDTreasury
	2. Develop instructions / sub-legal acts covering all adopted IPSAS and develop for each sub-legal act the manuals.	Q1 2024	Q4 2026	

⁴⁷ The World Bank and SECO have supported accounting reforms to date.

Measure	Activity	Start	End	Stakeholders
	3. Assist the budgetary institutions in compiling opening balances and implementing the new accounting framework ⁴⁸ .	Q1 2025	Q4 2026	Partner: World Bank, SECO
Measure 4.2.3 Improve functionalities of AGFIS to absorb accounting reforms	Prepare functional requirements document and AGFIS improvement plan to absorb the planned accounting reforms.	Q3 2024	Q4 2026	Responsible entity: GDTreasury (lead), DHFMCA Partner: World Bank, SECO
	Develop test and deploy improved / additional functionalities necessary to ensure compliance with the new legislation.	Q1 2024	Q4 2026	
Measure 4.2.4 Prepare, deliver and institutionalise capacity development of accountants to absorb accounting reforms	1. Develop a comprehensive capacity development plan, including mechanisms for CPD and certification of public sector accountants	Q1 2024	Q4 2026	Responsible entity: DHFMCA (lead), GDTreasury Partner: World Bank, SECO
	2. Prepare and deliver training and on-the-job support to all public sector accountants as per plan.	Q1 2024	Q4 2026	
	3. Reorganization of the treasury branches as well as the structure responsible for the public sector accounting methodology, based on the best international practices and supporting the implementation of accrual accounting.	Q3 2024	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Additional number of Budget Institutions connected to AGFIS and electronic archive (EA).	-	5 to AGFIS, 300 to EA	86 to EA	-	-
2. Production of legal and sub-legal regulatory framework based on IPSAS as per plan.	-	Concept paper prepared	-	Legal framework drafted	Legal framework approved
3. Opening balances prepared and new accounting framework implemented	-				Finalised
4. Percentage of government accountants that have completed IPSAS training	-	40%	60%	80%	100%

5.4 Component 4.3 Public Procurement

Objective

The goal for 2030 is to guarantee an efficient and sustainable system by promoting its improvement towards a modern and efficient approach based on the best international practices, in accordance with the principles of transparency, free and fair competition, non-discrimination and equal treatment, by promoting and encouraging a sustainable system that guarantees value for money.

Context

In recent years, significant progress has been made to align the Public Procurement legislation with the EU directives. The Law on Public Procurement⁴⁹ was approved and a series of sub-legal acts and regulations were adopted, including the approval of public procurement rules, DCM for the procurement of social services and the joint procurement vocabulary. The electronic procurement system (EPS) has been improving, including the implementation of new functionalities in EPS to align with the changes of the new law. An interface between the AGFIS and EPS was established in 2020, ensuring that contracting authorities could verify fund availability before proceeding with procurement procedures.

The Albanian Public Procurement Agency (PPA) in its capacity as the public procurement regulator continues to have oversight of the implementation of the new public procurement law. The PPA has published a roadmap regarding the use of green public procurement, including a methodology on the relevant criteria and technical

⁴⁸ The activities related with the public sector accounting will depend on the starting of the new WB project

⁴⁹ Law on Public Procurement No.162/2020

specifications. The use of green criteria in public procurement requires increased capacities and knowledge on the concept of Green Public Procurement among the contracting authorities.

The Albanian Public Procurement Commission⁵⁰ (PPC) has strengthened its independence by effectuation of legal changes in 2018. An electronic e-complaints management system for public procurement became operational since 2021. All planned vacancies were filled in until the end of 2022 and in the same year the PPC improved the efficiency of complaint reviews, both in terms of the number of complaints handled outside the deadline and the time taken to review complaints. The PPC will continue to maintain a focus on timely and effective decision-making in the complaint review process while keeping in balance resource allocation, regulatory amendments, and technological upgrades.

Priorities

For the period 2023 – 2026 the key priorities are:

- To guarantee efficiency and sustainability in PP procedures.
- Improvement of the complaint review through the use of the e-complaint system.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 4.3.1 Improve quality and efficiency in procurement procedures	1. On the use of award criteria “most economically advantageous tender based on costs” (MEAT based on cost).	Q1 2023	Q4 2024	Responsible entity: PPA (lead) Partner: SIGMA
Measure 4.3.2 Design and Implement green public procurement	1. Prepare the methodology to implement the green procurement/energy efficiency criteria. ⁵¹	Q1 2023	Q4 2023	Responsible entity: PPA (lead), MIE Partner: World Bank
	2. Develop and deliver training on green procurement/energy efficiency to procurement professionals.	Q1 2023	Q4 2024	
	3. Review and amend the regulatory framework (if needed).	Q1 2023	Q4 2026	
Measure 4.3.3 Enhance the efficiency of the complaint review system by increasing the speed of decision-making	1. Fill in the vacancies. ⁵²	Q1 2024	Q4 2024	Responsible entity: PPC (lead) Partner: University of Tirana, SIGMA, other International Partners
	2. Perform annually the training need assessment and develop and deliver specialized capacity building activities for inspectors. ⁵³	Q1 2024	Q4 2024	
	3. Update the E-complaint system.	Q1 2024	Q4 2026	
	4. Implement the ISO 37001 on Anti-bribery management systems. ⁵⁴	Q1 2024	Q4 2024	
Measures 4.3.4 Improve the legal and institutional framework for concessions and public-private partnership	1. Align the Law on Concessions and PPP with the <i>Acquis Communautaire</i>	2024	2025	Responsible entity: Working Group Partner: SIGMA

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Percentage of use of the award criteria “the most economically advantageous tender based on cost” (MEAT criteria based on cost) on public procurement procedures.	33.92%				Increasing trend

⁵⁰ The PPC is the highest administrative body for reviewing complaints related to public procurement procedures, concessions/public private partnerships, public auctions, and competition procedures for mining permits.

⁵¹ The methodology has been prepared in 2023.

⁵² Six vacancies.

⁵³ Training has been provided in cooperation with University of Tirana and other national and international organizations. 15 Inspectors received 25 hours of training in 2023, and the same is foreseen for 2024.

⁵⁴ ISO 37001:2016 specifies requirements and provides guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
2. ISO 370001 on 'Anti-bribery management systems' implemented by PPC.	-	-	-	-	Implemented

5.5 Component 4.4 Debt Management

Objective

The goal for 2030 is to operate a comprehensive Debt Management System that ensures that the government's financing needs and its debt payment obligations are met at the lowest possible cost over the medium to long term consistent with a prudent degree of risk.

Context

The debt management legal framework has been consolidated, with some recent amendments implemented recently to accommodate improvements for preparing the Debt Management Strategy (DMS). The formulation and publication of this DMS on a regular basis has been fully institutionalised. A first ever Annual Borrowing Plan was published in 2022, clearly defining the borrowing strategy and instruments to be used. A quarterly auction calendar is timely published, complementing a yearly domestic issuance plan included in the Annual Borrowing Plan. A quarterly statistical debt bulletin is published and also the annual report on the implementation of the DMS.⁵⁵ In January 2023, an international code format for government securities (ISIN-International Securities Identification Number) was introduced aiming to increasing the access of foreign investors in domestic government securities market.

Some challenges in the domain of Debt Management are to be addressed. Sufficient human resources are in place in the GDD, but capacity still to be developed. The concession of guarantees and on-lending is well regulated in the debt law, however a proper framework is still to be developed. GDD performs a credit risk assessment of SOEs and subnational governments requesting a guarantee or when benefiting from on-lending operations. This analysis lags yet a formalized and well-structured methodology.

Priorities

The key priorities for the period 2023-2026 are to:

- Strengthening Debt Management Reporting and Investor Relations;
- Developing a comprehensive framework for provision of guarantees and on-lending, underpinned by a formalized assessment methodology focused on risk management of potential future portfolio;
- Assessment of potential use of new alternative financing sources (Green, Social, Sustainability or other instruments) Measures and activities.

Measures and activities

Measures	Activity	Start	End	Stakeholders
Measure 4.4.1 Strengthening of debt management reporting and Investor Relations	1. Prepare and publish the annual borrowing plan.	Q1 2023	Q4 2023	Responsible entity: GDSD GDMFP Partner: World Bank
	2. Review current practices and improve information for investors published at MoF's website ⁵⁶	Q2 2024	Q3 2024	
	3. Provide information to investor base on main macroeconomic developments in the country	Q3 2024	Q4 2026	
	4. Prepare and publish the annual DMS Monitoring Report.	Q1 2023	Q1 2026	
Measure 4.4.2 Developing a comprehensive framework for provision of guarantees and on-lending	1. Develop a comprehensive framework for credit risk assessment of SOEs and subnational governments when providing state guarantees or on-lending.	Q1 2025	Q4 2026	Responsible entity: GDSD (lead) Partner: World Bank
	2. Building capacities of GDD staff to evaluate the creditworthiness of the SOEs and Subnational governments.	Q1 2025	Q4 2026	
Measure 4.4.3 Gradually start to develop the necessary assessment	1. Conduct an assessment of various green bonds and other alternative financing instruments and how they could be applied.	Q3 2024	Q4 2025	Responsible entity: GDSD (lead), GDB, Line Ministries.

⁵⁵ The annual report on the implementation of the DMS is published since 2023

⁵⁶ In particular data on main macroeconomic developments in the country.

Measures	Activity	Start	End	Stakeholders
for the new alternative financing instruments ((Green, Social or Sustainability or other Instruments)	2. Building capacities of GDD, PIM and other staff to enhance the understanding of green financing and other alternative financing instruments and respective conditions and requirements.	Q3 2024	Q4 2025	Partner: World Bank, GIZ, AFD

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Annual Borrowing Plan and DMS Monitoring Report prepared and published	-	Documents published in the MoF Website	Documents published in the MoF Website	Documents published in the MoF Website	Documents published in the MoF Website
2. Comprehensive Credit Risk Assessment (CRA) framework in place.	-	-	-	-	CRA framework developed and implemented 57
3. Concept note on green / alternative financing instruments developed.	-	-	-	Assessment Report prepared	-

5.6 Component 4.5 Cash Management

Objective

The goal for 2030 is to have in place advanced cash planning and cash management systems to ensure efficient and effective treasury operations.

Context

The cash flow forecasting process has been recently improved. Monthly cash flow forecasts are produced for 12 months ahead and daily forecasts are produced for the upcoming three months period. Budget plans received from spending entities and historical data are an input for the forecasts. In addition to the top-down forecasting approach, a pilot with three line ministries and the tax and custom authorities has been implemented to complement the forecast with bottom-up information. To improve the accuracy of forecasts and minimize deviations, a periodic assessment of the accuracy of the forecast is needed by the GDTreasury.⁵⁸ Regarding cash management, a limited remuneration of cash balances in the Treasury Single Account through deposits provided by the Bank of Albania is observed, as well as a loose cash buffer policy.

Priorities

The priorities for the period 2023-2026 are:

- Improve cash forecasting process.
- Establishing a comprehensive performance monitoring system for cash forecasting.
- Enhancing cash management instruments.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 4.5.1 Improve cash forecasting process	1. Revise the process of preparing and submission of treasury plans by Budget Institutions.	Q1 2024	Q4 2026	Responsible entity: GDTreasury (lead), CMU Partner: BI, GDTax, Customs IMF
	2. Establish Technical Committee and organise technical meetings on monthly basis with largest BI, Tax and Customs to get real time crucial information.	Q1 2024	Q4 2024	
	3. Introduce a notification mechanism two weeks before large payments take place.	Q1 2024	Q4 2024	
	4. Use a new IMF developed “tool” in Microsoft Excel for preparation of forecasts and for data analysis.	Q1 2024	Q4 2026	

⁵⁷ CRA framework implemented on new cases of guarantee or on-lending operations.

⁵⁸ Suggested by World Bank Aide Memoire, September 2023

Measure 4.5.2 Introduce a comprehensive performance monitoring system for cash forecasting	1. Measure and monitor the deviations from the updated monthly forecasts.	Q1 2024	Q4 2025	Responsible entity: GDTreasury (lead) Partner: IMF
	2. Set key performance indicators (KPIs) for daily and monthly forecasts and presenting them to the Cash and Debt Management Committee (CDMC).	Q1 2024	Q4 2025	
Measure 4.5.3 Enhance cash management instruments	1. Improve cash buffer policy.	Q1 2024	Q4 2025	Responsible entity: GDTreasury (lead) Partner: BoA, IMF
	2. Raise the amount and timeline of idle cash deposit investment in BoA and introduce new investment instruments.	Q1 2024	Q4 2025	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
1. Monthly cash forecast accuracy rate	88%	88%	91%	93%	96%
2. Detailed inflow and outflow items in Cash Flow Forecasting included	0	0	6	2	0
3. Increase of the number of instruments for active cash management	1	0	0	1	0

5.7 Component 4.6 Asset Management

Objective

The goal for 2030 is to have completed the procedures and systems for the registration and valuation of all public assets in accordance with the adopted accounting standards.

Context

For the purpose of accounting, a public asset register module has been created in AGFIS. Considering the substantial data gap in the fixed assets records, an assessment of the quality, completeness, methodology and accuracy of the fixed assets was conducted under the WB project "Development of public sector accounting in Albania (IPSAS)". As a result some instructions and guidelines were drafted such as: (i) an instruction on the initial recognition, measurement and derecognition of each class of assets, (ii) a methodology for fixed asset register, and (iii) an action plan for fixed assets stocktaking and proposed stocktaking arrangement at the business unit level. In conjunction with rolling out the register, training has been provided to the users of the system.

Priorities

The priority for the period 2023-2026 is:

- Finalising the reform on introducing and fully deploying the asset register module in AGFIS.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 4.6.1 Finalise reform on asset registration for accounting purposes	1. Review and amend the relevant methodology for asset management in accordance with IPSAS requirements. ⁵⁹	Q1 2024	2027	Responsible entity: DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS).
	2. Continue and finalise migration / entry of asset data into AGFIS by online Budget Institutions and perform the necessary checks.	Q1 2024	Q3 2026	
	3. Public sector institutions carries out the inventory and evaluation of their assets.	Q1 2025	Q4 2026	
	4. Preparation of a consolidated asset register in central institutions, at the controlling unit level.	Q1 2025	Q4 2026	

Performance indicators and milestones

Indicator	Target value
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⁵⁹ Instruction no. 40, including inventory and evaluation of public assets

	Baseline value (year)	2023	2024	2025	2026
1. Establishment of the proper regulatory framework regarding evaluation and inventory of public assets	-	Concept paper prepared	Regulatory framework drafted	Regulatory framework approved	-
2. Preparation of a consolidated asset register in central institutions, at the controlling unit level.	-	Concept paper prepared	Drafted	Drafted	Approved

6 Pillar 5 Public Internal Financial Control

6.1 Introduction

Specific Objective of Pillar 5 is “The system of Public Internal Financial Control is further professionalised in all Budget Institutions in compliance with EU integration requirements” and covers Financial Management and Control, Internal Audit, Public Financial Inspection and Anti-Fraud Coordination Services coordination and management of EU funds.

Component 5.1 Financial Management and Control

Goal 2030: Strong FMC systems operational in all Public Institutions in compliance with national legislation and international / EU good practices.

Measures 2023-2026:

- Measure 5.1.1 Enhance legal and regulatory framework for FMC;
- Measure 5.1.2 Enhance Managerial Accountability in public institutions;
- Measure 5.1.3 Strengthen Risk Management practices;
- Measure 5.1.4 Enhance FMC quality assessment and improvement in public institutions.

Component 5.2 Internal Audit

Goal 2030: Value-added internal audit in all public institutions in accordance with international standards.

Measures 2023-2026:

- Measure 5.2.1 Continue oversight and expand support services to public institutions and internal audit teams;
- Measure 5.2.2 Professionalise core internal audit practices through developing guidelines and delivering capacity building activities.

Component 5.3 Public Financial Inspection and Anti-Fraud Coordination Services

Goal 2030: Public Financial Inspection that effectively addresses all reported cases of irregularities fraud and corruption and national anti-fraud strategy implemented to protect EU financial interests.

Measures 2023-2026

- Measure 5.3.1 Enhance collaboration with Internal Audit and ALSAI;
- Measure 5.3.2 Coordinate the drafting and monitoring of the National Anti-fraud Strategy for the protection of the EU financial interests.

Component 5.4 Management of EU funds

Goal 2030: Adequate PFM systems in compliance with EU requirements for sound financial management in order to effectively absorb EU funds.

Measures 2023-2026

- Measure 5.4.1 Establishment of IPA III legal framework;
- Measure 5.4.2 Develop and implement regulations, procedures for IPA III management. Enhance the capacities of IPA III structures;
- Measure 5.4.3 Enhance financial adjustment and/or Recovery procedures for EU Funds in line with national and IPA III legal requirements;
- Measure 5.4.4 Take stock of future requirements for managing EU post-accession funds and develop an action plan, within the framework of chapter 22, which will determine the needs for improving the legal framework of funds management.
- Measure 5.4.5 Development of Simplified Cost Options (SCO)

6.2 Component 5.1 Financial Management and Control

Objective

The goal for 2030 is to have strong FMC systems operational in all Public Institutions in compliance with national legislation and international / EU good practices.

Context

Financial Management and Control (FMC) practices in Public Institutions have gradually improved over time. However, the quality of FMC as well as compliance with laws and regulations varies considerably across public institutions. In particular, in the area of internal control, managerial accountability and risk management space for improvement is observed. The legal framework consisting of the law on Financial Management and Control⁶⁰ and several sub-legal acts are in the process of being amended as to address the ongoing reforms in the area. Also, the FMC manual⁶¹ is being improved and further adapted. All changes are aligned to the EU requirements as stipulated in chapter 32 of the acquis. The process of annual quality self-assessment of the FMC system (through a questionnaire)⁶², follow-up reporting to MoF, development of FMC improvement plans and its implementation by

⁶⁰ Law no 110/2015 on Financial Management and Control, dated 15.10.2015.

⁶¹ https://financa.gov.al/wp-content/uploads/2018/06/Manuali_i_MFK_2016_1.pdf

⁶² <https://financa.gov.al/pyetesori-i-vetevlresimit-per-vitin-2018-per-komponentet-e-menaxhimit-financiar-dhe-kontrollit/>.

Public Institutions has been established and is supported by CHU/FMC. Main findings are reported in the annual PIFC report and discussed by the PIFC board. The CHU/FMC supports the public institutions with direct assistance on implementing the financial management and control requirements. The concept of managerial accountability within public institutions has not yet fully crystallized and a deeper understanding of managerial accountability by executive management has to be developed and facilitated by the necessary tools. Some weaknesses in the systematic follow-up on recommendations from internal and external auditors have been identified and need to be resolved. Risk management is still at an early stage at all levels and needs to be better incorporated in the management of financial and operational processes.⁶³

Priorities

The priorities for the period 2023-2026 are:

- Updating the legal and regulatory framework for FMC improved in the context of ongoing reforms in the FMC area.
- Enhancing Managerial accountability practices in public institutions.
- Enhancing Risk management practices in public institutions.
- Continuing the support to public institutions with developing and implementing FMC tools.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 5.1.1 Enhance legal and regulatory framework for FMC	1. Review the FMC law as to address ongoing reforms in the domain of FMC.	Q1 2023	Q1 2023	Responsible entity: DH/FMCA (lead). Partners: EU, SIGMA, SECO. ⁶⁴
	2. Review and update sub-legal acts and further improve the FMC manual.	Q4 2023	Q4 2025	
	3. Review the effectiveness of the FMC law as well as required harmonization with other legislation and prepare amendments if needed.	Q1 2026	Q2 2026	
Measure 5.1.2 Enhance Managerial Accountability in public institutions	1. Support public institutions with using the rules of delegation of duties as a follow-up on the developed legal and regulatory framework for FMC and managerial accountability. ⁶⁵	Q1 2025	Q4 2025	Responsible entity: DH/FMCA (lead) Partners: EU, SIGMA, SECO. ⁶⁶
	2. Raise awareness about managerial accountability and disseminate experiences to senior management of public institutions through training and technical assistance during the IC quality assessment.	Q1 2024	Q4 2025	
Measure 5.1.3 Strengthen Risk Management practices	1. Review and amend the risk coordinator and FMC coordinator instruction.	Q1 2024	Q4 2024	Responsible entity: DH/FMCA (lead) Partners: EU, SIGMA, SECO
	2. Raise awareness and providing technical assistance on risk management on how to develop the tools for (strategic and operational) Risk Management.	Q1 2024	Q4 2025	
Measure 5.1.4 Enhance FMC quality assessment and improvement in public institutions	1. Improve the level of implementation of FMC recommendations from the IC quality assessment procedure through the FMC development plan.	Q1 2024	Q4 2026	Responsible entity: DH/FMCA (lead) Partners: SIGMA, SECO. ⁶⁷

Performance indicators and milestones

Indicator	Baseline value (2022)	Target Value			
		2023	2024	2025	2026
1. Percentage of Public Institutions that comply with FMC requirements.	69%	70%	72%	75%	80%

⁶³ SIGMA Albania Progress report.

⁶⁴ TBD. The SECO funded project for Local Finance also provides support in this domain.

⁶⁵ Instruction no. 4 dated 29.01.2020 on "The delegation of rights and duties in general government units".

⁶⁶ EU has planned support in collaboration with SIGMA. The SECO funded project for Local Finance also provides support in this domain.

⁶⁷ The SECO funded project for Local Finance also provides support in this domain.

Indicator	Baseline value (2022)	Target Value			
		2023	2024	2025	2026
2. Percentage of Public Institutions that have adequate Managerial accountability mechanisms in place.	68%	70%	72%	75%	80%
3. FMC law and sublegal acts amended and approved.	NA	FMC law, FMC manual and instruction on declaration and reporting for the quality of internal control system adopted	IC quality assessment methodology adopted	Methodology on monitoring the performance of general government unites adopted	FMC law reviewed ⁶⁸
4. Percentage of public institutions that have adopted all risk management tools.	68%	70%	72%	75%	80%

6.3 Component 5.2 Internal Audit

Objective

The goal for 2030 is to ensure a value-added internal audit in all public institutions in accordance with international standards. This can be achieved through either an in-house internal audit function or shared services, ensuring adherence to internationally adopted standards on internal audit. The objective is to furnish meaningful recommendations to both the executive management of the budget institution and the audit committee. The audit profession will further derive advantages from the integration of digital technologies and tools, aiming to optimize and streamline internal audit functions within government organizations. Additionally, enhancing the certification framework for internal auditors and providing professional development opportunities at both national and international levels will contribute to the profession's continuous improvement.

Context

Following a gap analysis of the law on internal audit vis-a-vis international good practices, proposals for amending the law on internal audit have been developed. Proposed changes to the law include: (i) introducing a mechanism for outsourcing the internal audit function (audit service) as an alternative for employment of audit staff in the public entity; (ii) changes in the criteria for appointment of head of Internal Audit Unit of a public entity (senior auditor) and subordinate audit staff (junior auditors); (iii) changes in certification system: in addition to internal auditors also for other specialists in the domain of finance and economics can obtain certification after completing the necessary education and prior to being appointed as an Internal Auditor; (iv) clarification of the concepts for addressing observed corruption, fraud or irregularities and the role of the internal auditor and head of the public entity and (v) specification of the mandate and role of audit committees in public entities. Budget Institutions continue to develop and implement Quality Assurance Improvement Plans (QAIP) and MoF continues to provide Continuous Professional Development (CPD) and other training to Internal Auditors through national and international (CEF) training programs and 90% of internal auditors in active service have now been certified.

Despite these achievements, a number of challenges remain. Not yet all public institutions have staffed an internal audit function or outsource the audit function. In several public institutions – in particular in some LGUs and secondary level institutions at central level, the capacity of internal audit teams remains weak. Also the added value of internal audit requires improvement with financial and compliance audits culminating in strong audit reports presenting a clear audit opinion and practical recommendations for improving FMC and business processes. Subsequently the adequate follow-up on audit recommendations by executive management of budget institutions shall be promoted, and Audit Committees need to be strengthened as to bring a fruitful contribution to improving financial management practices.

More advanced types of internal audit such as IT-audit, performance audit, revenue audit and project audit have only been partially introduced. The framework of risk-based audit in combination with the principles of preventing, detecting, and addressing possible irregularities, fraud and corruption needs to be further operationalised and institutionalised to become fully effective. Improving and maintaining the professional qualifications and skills of the entire internal audit cadre remains a priority and a challenge.

Priorities

The priorities for the period 2023-2026 are:

- Ensuring that Internal Audit services are delivered in each budget institution, either through an in-house audit function, the shared Internal Audit services modality or other arrangements.

⁶⁸ Review the effectiveness of the FMC law as well as required harmonization with other legislation and prepare amendments if needed.

- Strengthening financial, compliance and performance audit practices as to ensure that internal audit provides genuine added value.
- Continuing and improving engagement of Executive Management of budget institutions to follow-up on recommendations of the Internal Auditors, External Auditors, and having in place effective Audit Committees.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 5.2.1 Continue oversight and expand support services to public institutions and internal audit teams	3. Develop tools and mechanisms for outsourcing internal audit services or establish shared internal audit services and provide support to public institutions that do not have an internal audit team to use these mechanisms.	Q1 2023	Q2 2023	Responsible entity: DHIA (lead) Partners: EU, SIGMA ⁶⁹
	4. Enhance the quality assurance management system, in order to ensure effective monitoring of internal audit work throughout public sector entities	Q2 2025	Q4 2026	
	5. Update the law on internal audit as to facilitate reform in the field of Internal Audit.	Q1 2023	Q4 2023	
	6. Capacitate Audit Committees through customized training activities.	Q1 2024	Q4 2026	
	7. Review options for introducing internal audit software to facilitate the work of Internal Audit teams.	Q1 2026	Q4 2026	
Measure 5.2.2 Professionalise core internal audit practices through developing guidelines and delivering capacity building activities	1. Development of the new IA Manual under the frame of recently Global internal Audit Standards, issued by IIA ⁷⁰ .	Q3 2024	Q4 2025	Responsible entity: DHIA (lead) Partners: EU, SIGMA ⁷¹
	2. Develop/update Training of Trainers Program on new internal Audit Manual and GIAS ⁷² .	Q1 2023	Q4 2026	
	3. Strengthen compliance audit practices: develop/update guidelines and deliver training to Internal Auditors on audit reporting, formulating audit opinion on internal control systems and presenting recommendations in the management letter.	Q1 2024	Q4 2025	
	4. Develop guidelines and deliver training to Internal Auditors on risk-based audit approaches in connection to preventing, detecting or addressing irregularities, fraud and corruption.	Q1 2024	Q4 2026	

Performance Indicators and milestones

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
1. Percentage of public institutions that are covered by annual internal audits.	136	138	growing trend	growing trend	growing trend
2. Number of public institutions that have a functional audit committee.	6	7	growing trend	growing trend	growing trend
3. Percentage of active internal auditors that are fully certified.	80%	88%	growing trend	growing trend	growing trend
4. Percentage of internal audit units that have established and implemented QAIPs in accordance with the applicable standards.	52%	71%	growing trend	growing trend	growing trend

⁶⁹ TBD.

⁷⁰ New IIA standards are to be published in January 2024 and entering into force January 2025.

⁷¹ TBD; SIGMA is providing training in the field of basic IT audit.

⁷² Currently, the following training topics have been identified: performance audit, basic IT audit, project audit. The Introduction of comprehensive IT audits for public entities operating in a complex IT environment has also been identified as a need and is foreseen for the period 2027-2030.

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
5. Percentage of internal auditors that comply with CPD requirements	100%	100%	100%	100%	100%

6.4 Component 5.3 Public Financial Inspection and Anti-Fraud Coordination Services

Objective

The goal for 2030 is to have an effective Public Financial Inspection in order to (i) to guarantee the compliance with the law in using public funds and to provide assistance in improving public financial management in accordance with professional standards and (ii) to coordinate the drafting, adoption and implementation of the National Antifraud Strategy to better protect the EU financial interests and to monitor and further strengthen the AFCOS coordination role.

Context

The Government is determined to provide a control system that will prevent fraud, irregularities, and other types of financial mismanagement of public funds in the public sector entities. Since 2015, a new Law on Public Financial Inspection⁷³ and several sub-legal acts, regulations, guidelines, and manuals were introduced. These legislative changes were accompanied with organisational changes such as the establishment of the Department of Public Financial Inspection (DPFI) as a standalone function within the MoF. The PFI is an ex-post activity on the regularity of transactions and other activities of public financial management, performed under the responsibility of public units and individuals, in order to (i) define the violations to normative acts and verify the suspicions for any fraud committed; (ii) detect irregularities and damage caused to the property of public units; and (iii) Identify the responsible individuals for the violations committed and ask for indemnification, disciplinary or administrative measures to be taken, according to the level or type of responsibility. Multiple capacity building activities, including trainings, coaching and study tours have contributed to the enhanced professionalism of department staff. Following EU recommendations and regulatory requirements, the National Anti-fraud Strategy for the protection of the EU financial interests shall be developed, adopted, implemented, and monitored.

Priorities

The priorities for the period 2023-2026 are:

- Enhancing collaboration with Internal Audit and ALSAI.
- Strengthen the Coordinating role in drafting and monitoring of a National Anti-fraud Strategy for the protection of the EU financial interests.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 5.3.1 Enhance collaboration with Internal Audit and ALSAI	1. Implement MoU between the Financial Inspection, ALSAI and Internal audit.	Q1 2024	Q4 2026	Responsible entity: DPFI (lead).
Measure 5.3.2 Coordinate the drafting and monitoring of the National Anti-fraud Strategy for the protection of the EU financial interests	1. Coordinate the drafting of the National Anti-fraud strategy for the protection of the EU financial interests.	Q4 2023	Q4 2024	Responsible entity: DPFI (lead). Partners: EU, SIGMA. ⁷⁴
	2. Monitor and report on the implementation of the National Anti-fraud strategy.	Q1 2025	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
1. National Anti-fraud strategy (NAFS) for the protection of the EU financial interests approved and monitored.	-	-	NAFS Prepared/ approved	NAFS reported and monitored	NAFS reported and monitored

6.5 Component 5.4 Management of EU funds

⁷³ Law no 112/2015 dated 15.10.2015 "On the Financial Inspection".

⁷⁴ TBD. OLAF may provide support to strengthen the AFCOS coordination function through its regular engagement with the MoF-DPFI.

Objective

The goal for 2030 is to have in place adequate PFM systems in compliance with EU requirements for sound financial management in order to effectively absorb EU funds.

Context

The first Inter-Governmental Conference on accession negotiations with Albania took place on 19 July 2022 and the 'screening' was launched on the same date. Albania is receiving financial assistance under IPA III where the main objective is to support the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required to comply with Union values. Many important milestones have been completed so far, such as the ratification of the "Financial Framework Partnership Agreement between the European Commission and the Republic of Albania", for IPA III⁷⁵ and the manuals of procedures soon to be submitted to European Commission. As IPA III assistance is implemented through various methods such as direct management, indirect management and shared management, Albania will need to get ready to absorb the financing received by establishing and strengthening administrative and institutional capacities. Adding extra resources where needed and building capacities of the staff will be one of the priorities of the structures involved in dealing with IPA III.

Priorities

The priorities for the period 2023-2026 are:

- Develop and establish the IPA III institutional and regulatory framework and enhance the human resource capabilities to implement IPA III.
- Prepare for the absorption of future EU funds by identifying management options and making fund management systems fit for purpose.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 5.4.1 Establishment of IPA III legal framework	1. Preparing and approving the Decision of Council of Ministers on designation of functions, responsibilities and relations between authorities and structures for indirect management of EU financial assistance under the Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)	Q1 2023	Q4 2023	Responsible entity: SASPAC (lead), NAO support office, CFCU Partners: EUD
Measure 5.4.2 Develop and implement regulations, procedures for IPA III management and enhance the capacities of IPA III structures	1. Approve and establish the management structures in charge for IPA III implementation and prepare the manuals and instructions to guide the IPA III implementations. ⁷⁶	Q1 2023	Q4 2024	Responsible entity: NAO support office (lead), CFCU, SASPAC Partners: EUD
	2. Assess existing human resource capacities, and skill gaps, develop a human resource capacity development plan, plan targeted training programs aligned with IPA III goals and foster international peer learning through partnerships and collaborative initiatives.	Q1 2023	Q4 2026	
Measure 5.4.3 Enhance financial adjustment and/or Recovery procedures for EU Funds in line with national and IPA III legal requirements	1. Undertake a comprehensive review of the national and IPA III legal base, evaluate existing financial adjustment and recovery procedures and identify weaknesses and areas for improvement in line with legal provisions IPA III.	Q1 2023	Q4 2024	Responsible entity: CFCU (lead), NAO Support office Partners: EUD
	2. Develop and adopt a comprehensive guide detailing the sequential steps for financial adjustments and recovery.	Q1 2023	Q4 2024	
	3. Develop Training modules for staff involved in executing the procedures.	Q1 2023	Q4 2025	
Measure 5.4.4 Take stock of future requirements for	1. Stocktaking of EU fund management modalities and systems based on examples from other EU member states.	Q1 2025	Q4 2026	Responsible entity: SASPAC (lead)

⁷⁵ Law 65/2022

⁷⁶ In accordance with the Financial Framework Partnership Agreement between the European Commission and the Republic of Albania".

Measure	Activity	Start	End	Stakeholders
managing EU post-accession funds and develop an action plan, within the framework of chapter 22, which will determine the needs for improving the legal framework of funds management.	2. Implement a gap analysis and develop a action plan for (accelerated) preparation and implementation of fund management modalities and required adjustment of PFM systems.	Q1 2025	Q4 2026	Partners: EUD
Measure 5.4.5 Development of Simplified Cost Options (SCO)	1. Defining rules for the development and implementation of simplified cost options, including legislation, standard SCOs for specific sectors, etc.	Q2 2024	Q4 2025	Responsible entity: SASPAC (lead), CFCU, Managing Authorities for Operational Programs IPA III

Performance indicators and milestones

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
3. IPA-III entrustment package developed and approved.	-	IPA-III entrustment package developed	IPA-III entrustment package approved	IPA-III entrustment package implemented	IPA-III entrustment package implemented
4. Guideline for adjustment and recovery (GAR) of EU funds introduced	-	-	GAR adopted	GAR implemented	GAR implemented

7 Pillar 6 External Oversight

7.1 Introduction

Specific Objective of the Pillar 6 is “External oversight mechanisms strengthened” and covers supreme audit and the parliamentary oversight.

Component 6.1 External Audit

Goal 2030: to ensure that the Supreme Audit function operates based on the International Organization of Supreme Audit Institutions (INTOSAI) principles and in full compliance with the international Standards for Supreme Audit Institutions (ISSAIs) through further improvement of the legal, regulatory and methodological framework and the deployment of sufficient and capacitated auditors and support staff.

Measure 2023-2026:

- Measure 6.1.1 Further improve legal, regulatory and agile methodological framework and expand utilisation of audit tools;
- Measure 6.1.2 Professionalise reporting and communication in compliance with the communication strategy and relevant principles and standards.

Component 6.2 Parliamentary Oversight

Goal 2030: to ensure that the enabling environment and supporting structure for the Committee for Economy and Finance is professionalised following EU/OECD good practices which allows the parliament to better implement its scrutiny and oversight mandate.

Measure 2023-2026:

- Measure 6.2.1 Further professionalise the support function of the Parliamentary Committee for Economy and Finance.

7.2 Component 6.1 External Audit

Objective

The goal for 2030 is to ensure that the Supreme Audit function operates based on the International Organization of Supreme Audit Institutions (INTOSAI) principles and in full compliance with the international Standards for Supreme Audit Institutions (ISSAIs) through further improvement of the legal, regulatory and methodological framework and the deployment of sufficient and capacitated auditors and support staff.

Context

ALSAI's independence and mandate is by legislation,⁷⁷ and over the years the international Standards for Supreme Audit Institutions (ISSAIs) have been adopted and the regulatory framework has been aligned to it. ALSAI audits each year in accordance with its annual audit plan based on risks selected central government institutions, State Owned Enterprises, Public Private Partnerships, and since 2021 all 61 LGUs in accordance with the law on local government. A renewed code of ethics has been introduced in 2018. For developing the capacity of ALSAI as an institution and its individual auditing staff, it has established collaboration with INTOSAI Development Initiative, the European Organization of Supreme Audit Institutions (EUROSAI), the European Court of Audit (internship programmes), CEF Slovenia (training programmes), SIGMA, internal audit trainings and bilateral engagements with other SAIs. ALSAI has expanded its scope of work with also auditing gender equality and achieving SDGs. For improving its audit practices, ALSAI established cooperation with development partners for piloting the external audit of PPPs and concession contracts and for introducing IT-supported audit techniques. Also, the communication and engagement with Parliament, Government, media and citizens is enhanced and is expected to further improve with the development of the new Communication Strategy 2022-2025. Steps to improve adequate follow-up of ALSAI audit recommendations – which has been a key issue - were made through a Parliamentary regulation aimed at providing a more effective mechanism for monitoring the follow-up of audit findings. More work in this area is foreseen.

Following the Supreme Audit Institutions Performance Measurement Framework (SAI-PMF) assessment⁷⁸ implemented in 2022, ALSAI has developed and approved its Development Strategy for 2023-2027. Some highlights of the strategy include introducing specialised audits and agile audit approaches, improving communication of ALSAI with the Parliament and Citizens and continuing to expand and train its audit cadre.

Priorities

In accordance with ALSAI's Development Strategy for 2023-2027 the priorities for 2023-2026 are:

- Increasing and improving the role of the ALSAI as a supporter of the Parliament for effective accountability and careful and in-depth examination of entities that use public funds;
- Increasing the impact of audit work on good governance, through improving the level of implementation of recommendations;

⁷⁷ Law "On the Organization and functioning of the High State Control", approved in 2014.

⁷⁸ Albania Supreme Audit Institution performance report, approved with the Decision of the ALSAI Chairman no. 225, date 02.12.2022.

- Optimizing professional capacities to acquire innovative knowledge in audit work.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 6.1.1 Further improve legal, regulatory and agile methodological framework and expand utilisation of audit tools	1. Continue regular peer reviews of the functioning of the ALSAI and on the basis of this update and implement ALSAI's strategic development plan.	Q1 2024	Q4 2026	Responsible entity: ALSAI (lead) Partners: INTOSAI-IDI
	2. Define amendments in the ALSAI's Organic Law to further strengthen the independence and the constitutional mandate of ALSAI.	Q4 2023	Q4 2024	
	3. Develop/introduce IT applications for the use of Computer Aided Audit Techniques in some types of audits (compliance, financial and performance).	Q1 2024	Q4 2026	
Measure 6.1.2 Professionalise reporting and communication in compliance with the communication strategy and relevant principles and standards	1. Improve the quality of the audit reports customised to the demands of its readers and expand the use of all communication tools to continuously promote the role of the ALSAI	Q1 2023	Q4 2024	Responsible entity: ALSAI (lead)
	2. Expand monitoring, reporting and communication on follow-up on audit recommendations by auditees.	Q1 2023	Q4 2026	

Performance indicators and milestones

Indicator	Baseline value (year)	Target Value			
		2023	2024	2025	2026
5. PEFA Indicator 30.1 Audit coverage and standards	B (2017)	-	-	A	-
6. PEFA indicator 30.3 External audit follow-up	C (2017)	-	-		A
7. SIGMA Indicator 4.3.1.5: Effectiveness of scrutiny of public authorities by independent oversight institutions (Implementation of SAI recommendations).	4/8	-	-	5/8	7/8
8. Guideline for auditing of budget institutions prepared and implemented	-	-	Guideline approved	Guideline Implemented	-
9. Computer Aided Audit Techniques (software) is in use.	-	-	-	Training provided	Software in use
10. Methodology for audit of PPPs and concession institutionalised.	-	-	Methodology finalised	Methodology implemented	-

7.3 Component 6.2 Parliamentary Oversight

Objective

The goal for 2030 is to ensure that the enabling environment and supporting structure for the Committee for Economy and Finance is professionalised following EU/OECD good practices which allows the parliament to better implement its scrutiny and oversight mandate.

Context

The mandate of the Parliament in the governance system is clearly defined and the areas of responsibility of the Committee for Economy and Finance in the PFM system cover: economic policies, the State Budget, and the supervision of its implementation, privatizations and the banking system.⁷⁹ Recent PEFA and SIGMA assessments conclude that the Parliament – including the Committee for Economy and Finance – show a relatively solid performance but also identify space for improvement.⁸⁰ As a follow-up on these assessments, several

⁷⁹ <https://staging.parlament.al/>

⁸⁰ PEFA indicator 31 Legislative scrutiny of audit reports: score B on a scale of A to D (source: PEFA 2017) and SIGMA indicator 2.7.1 Parliamentary scrutiny of government policy making: score 4 out of 5 (source: SIGMA 2021).

recommendations have been provided, including the establishment of subcommittees. International developments suggest that stronger engagement of Parliament across the budget cycle (fiscal policy and sustainability, scrutiny of budget, and supplementary budget proposals, scrutiny of budget execution, financial and audit reports as well as oversight of financial institutions) contribute to improved PFM.⁸¹ In this context, the Committee for Economy and Finance of the Parliament has expressed strong interest to further develop its role in the overall Good Governance and PFM system.

Priorities

The priority for 2023-2026 is:

- Professionalising the support structures of the Committee for Economy and Finance by preparing and commencing the implementation of a development plan.

Measures and activities

Measure	Activity	Start	End	Stakeholders
Measure 6.2.1 Further professionalise the support structures of the Committee for Economy and Finance of the Parliament	1. Undertake an institutional review of the Committee for Economy and Finance of the Parliament and its support structure based on EU/OECD good practices.	Q1 2024	Q2 2024	Responsible entity: Committee for Economy and Finance of the Parliament Partners: National Democratic Institute, Westminster Foundation, EUD.
	2. Further establish international peer-to-peer collaboration and exchanges with parliaments and their Public Accounts Committees in the EU and the region.	Q4 2023	Q4 2024	
	3. Prepare and approve a development plan for the Committee for Economy and Finance of the Parliament and its support structure. ⁸²	Q3 2024	Q2 2025	
	4. Implement and monitor the development plan.	Q3 2025	Q4 2026	
	5. Establish a special Parliamentary sub-committee for public sector audit.	Q1 2024	Q2 2024	

Performance indicators and milestones

Indicator	Baseline value (year)	Target value			
		2023	2024	2025	2026
11. PEFA PI-31 Legislative scrutiny of audit reports. ⁸³	B (2017)	-	-	-	> B
12. Development plan prepared and implemented	-	-	-	Approved	Implementation

⁸¹ OECD (2019), Budgeting and Public Expenditures in OECD Countries 2019, Chapter 5 Parliament's role in budgeting.

⁸² The scope of the development plan may include the mandate, sub-committee structure, collaboration with partners such as ALSAI, the Independent Fiscal Institution / Fiscal Council (to be established) and the National Bank of Albania; required research and support services, staffing requirements, capacity development needs, communication, transparency and public participation.

⁸³ The PEFA sub-indicators PI 31.2 Hearings on audit findings (score C in 2017) and PI 31.3 Recommendations on audit by legislature (score C in 2017) have improved at a score higher than B.

8 Monitoring and Reporting Institutional Framework

The institutional framework for managing PFM reforms within the MoF comprises a steering committee, a technical committee and the directorate for PFM reform. The PFM Steering Committee is part of integrated Policy Management Groups (IPMG) 1 “Democracy, Rule of Law and Good Governance”.

PFM Steering Committee

The PFM Reform **Steering Committee** (SC)⁸⁴ will continue to be the oversight body with responsibility for directing and monitoring PFM reform activities, including engagement with Development Partners and Civil Society. The SC is chaired by the Minister of Finance, and its membership are as follows:

- The Deputy Ministers for Finance;
- The Secretary General of the Ministry of Finance;
- Minister of State and Chief Negotiator
- One representative from the Prime Minister's Office;
- The Secretary General of the ALSAI;
- One representative from the Parliamentary Committee for Economy and Finance;
- The Head of the Department of Public Administration;
- The General Director of the Public Procurement Agency;
- The Head of Public Procurement Commission;
- The General Director of Taxation;
- The General Director of Customs;
- The General Director of SASPAC
- The Head of INSTAT;
- Invited representatives from the DIP.

The Secretary General of MOF will serve as Secretary to the SC. The Committee will meet at least once a year and whenever required to review the progress of the reforms, review the risks and approve mitigating actions. The Secretary General may invite any other persons to the SC from time to time.

PFM Technical Committee

A **Technical Committee** (TC) that was established in 2017 will continue to have the mandate to catalyse the reform activities and to co-ordinate and monitor the implementation of the Outputs under the different Components of the respective Pillars. Importantly the TC would identify risks, plan their mitigation and alert the SC to these matters accordingly. The TC is chaired by the Secretary General of MoF. The Committee shall meet at least once a year and whenever required.

The SC and TC will be supported by the **Directorate responsible for Managing the PFM Reforms**. The Directorate will continue to be responsible for monitoring and reporting on the PFM reforms:

- Review Pillars progress reports;
- Succinctly report on PFM progress: achievements; where progress is off-track; challenges and risks to the TC and SC, in conjunction with the Pillars' Coordinators;
- Prepare an Annual Monitoring Report about PFM Strategy progress; and
- The Director shall support the SC in ensuring that risks to the implementation of the Action Plan are identified and TC and SC recommendations are implemented.

The PFM SC will be used as a forum for dialogue and feedback from Albania's external partners on the PFM Strategy and its implementation. Meetings dedicated to the PFM reforms will be held on at least an annual basis.

⁸⁴ To ensure the effective implementation of the reform Strategy and to facilitate coordination of efforts, a steering committee was established by the Prime Minister Order No. 202 dated 25.08.2014.

9 Risks and mitigation plan

To ensure the effective management of reforms, drawing from the experience gained between 2014 and 2022, a more proactive approach to risk management is imperative. This involves not only addressing risks associated with the implementation of activities but also considering potential risks to the overarching objectives of the Pillars and their respective Components. Thus, heightened attention will be directed towards the Risk and Mitigation Plan, which is to be a dynamic document forming an integral part of the regular reporting framework outlined in the governance arrangements mentioned earlier.

The Pillars/Component leaders are tasked with the ongoing monitoring of the execution of the Strategy's Action Plan, with a particular focus on proposing mitigating actions whenever identified risks materialize. The paragraphs below highlights key risks associated with the implementation of the PFM Strategy, accompanied by insights into how these challenges can be effectively mitigated.

Political Risk - Political transitions, changes in leadership, or shifting priorities can result in a faltering commitment to the reform agenda. To mitigate this risk:

- Increase awareness among political leaders and key decision-makers regarding the importance and benefits of PFM reforms;
- Ensure integration of PFM reforms into broader government plans and strategies;
- Conduct public awareness campaigns to enlighten citizens on the significance of PFM reforms, leveraging public support to influence political prioritization and sustainability.

Institutional Risks - Insufficient capacity and capabilities within government institutions pose significant risks to PFM reforms. To mitigate this risk:

- The MoF and other involved institutions are committed to investing in a comprehensive training needs assessment and the development of tailored training programs;
- Strengthen collaboration with ASPA and international organizations for additional support;
- Sustain continuous engagement in human capital investment, recognizing it as essential for sustaining positive outcomes.

Legal risk – regulatory changes planned are delayed. To mitigate this risk:

- Establish regular communication channels with relevant regulatory bodies involved in PFM reform;
- Seek support from political leaders and key institutions to prioritize and facilitate the implementation of regulatory changes;
- Advocate for the importance of timely regulatory reforms to achieve the broader objectives of PFM reform.

Financial Risks - Limited financial resources can hinder the implementation of comprehensive PFM reforms. To mitigate this risk:

- Conduct a thorough review of the resources needed for its implementation;
- Consider a phased implementation approach if necessary;
- Explore alternative sources of funding, including international donor funding.

Technological Risk - As PFM reforms increasingly rely on technology, the risk of cybersecurity threats rises. To mitigate this risk:

- Formulate a comprehensive cybersecurity policy that outlines standards, protocols, and guidelines for protecting information systems;
- Emphasize continuous monitoring and adaptability to evolving threats as crucial components of a successful cybersecurity plan.

Social Risks - Inadequate consultation and communication with key stakeholders can lead to social resistance or misunderstandings. To mitigate this risk:

- Engage stakeholders extensively during the PFM Strategy preparation process and its monitoring.
- Make all monitoring reports available to the public to ensure transparency and foster trust.

The table below highlights potential risks envisaged at the Strategy preparation stage and will form the basis for monitoring the risks. Pillars leaders will support the SC for ensuring that risks are monitored and mitigating actions are reported.

Table 3: Key potential risks

Risk assessment (probability and impact): H = High M = Moderate L = Low	Main Risk Factors						
	Delayed legal/ Regulatory changes	Inadequate Financial provision	Non-sustainable human resource capacity development	Inadequate availability of Human Resources	IT development or procurement challenges	Timely availability of TA / support	Inadequate coordination
Pillar 1 Macroeconomic Programming and Risk Monitoring							
1.1 Prudent and realistic macro-economic programming	L	L	M	M	L	M	L
1.2 Establishing a comprehensive Debt Sustainability Analysis	L	M	M	M	L	L	L
1.3 Fiscal Risk Management	L	L	M	M	L	L	M
1.4 Fiscal Council	H	M	M	H	L	M	M
Pillar 2: Integrated Strategic and Budget Planning, Monitoring, and Transparent Reporting							
2.1 Integrated Strategic Planning	M	L	M	M	H	L	H
2.2 Medium Term Budget Planning	L	M	M	M	L	L	M
2.3 Public Investment Management	M	H	H	M	L	M	M
2.4 Local Finance	L	M	H	M	M	M	H
2.5 Budget Execution Monitoring and Reporting	L	M	H	M	M	L	M
Pillar 3: Revenue mobilization and management							
3.1 Tax Management	M	H	M	H	H	M	M
3.2 Property Tax Management	M	H	M	H	H	M	H
3.3 Customs Management	M	H	M	H	H	M	M
Pillar 4: Accounting and Budget Execution Management							
4.1 National Government Accounts	L	L	M	M	L	L	M
4.2 Accounting	M	M	M	M	H	M	L
4.3 Public Procurement	M	M	M	M	M	M	M
4.4 Debt Management	L	M	M	M	M	M	L
4.5 Cash Management	L	M	M	M	M	M	L
4.6 Asset Management	M	M	M	M	M	M	L
Pillar 5: Public Internal Financial Control							
5.1 Financial Management and Control	L	M	M	M	L	L	M
5.2 Internal Audit	L	M	M	H	L	L	M
5.3 Public Financial Inspection and Anti-Fraud Coordination Services	L	M	M	M	L	L	M
5.4 Management of EU funds	M	M	M	M	M	L	M
Pillar 6: External Oversight							
6.1 External Audit	L	L	M	M	M	L	L
6.2 Parliamentary Oversight	L	M	M	H	L	M	L

10 Estimated Cost and Financing

The majority of the reforms included in this strategy are policy reforms. The work of formalizing these reforms in the form of new and/or modified legislation and regulations will not require additional financial resources. Existing staff of the institutions involved in the implementation of the reforms will be responsible for taking necessary steps to bring the measures envisaged under this strategy document to successful fruition.

The approach used to measure the scope of resources employed to implement the PFM strategy is only extra costs, excluding administrative costs in the cost table. The PFM strategy includes some activities for which the source of financing is known, but the amount that will be financed to cover expenses or activities for which the source of funding has not yet been agreed upon remains to be decided.

The Government will seek financing from External Development and Integration Partners to finance activities and cover costs related to implementation and capacity building. Also, the Government remains committed to providing financing for activities to allow the implementation of reforms.

The table below presents information on the indicative cost **in Euro** of the PFM strategy at the pillar level. Further details on costing by specific objectives (components) can be found in Annex 3.

PUBLIC FINANCIAL MANAGEMENT SECTORAL STRATEGY ACTION PLAN Plan 2023-2026				
No.	Title	Total Indicative Cost		
		MTBP	Donor Funding	Total Cost
1	Policy Goal (Pillar) 1: Macroeconomic Programming and Risk Monitoring	133,517	47,093	180,610
2	Policy Goal (Pillar) 2: Integrated strategic and budget planning, monitoring, and transparent reporting	-	865,000	865,000
3	Policy Goal (Pillar) 3: Revenue mobilization and management	467,945	9,504,836	9,972,781
4	Policy goal 4 (Pillar) - Accounting and Budget Execution Management	209,690	-	209,690
5	Policy goal 5 (Pillar) - Public Internal Financial Control	-	359,000	359,000
6	Policy goal 6 (Pillar) - External Oversight	-	-	-
	Indicative Cost Strategy	811,152	10,775,929	11,587,081

Annex 1 Stakeholders for PFM Reform

Ministry of Finance

MoF	Ministry of Finance
GDTP	General Directorate of Tax Policies (under MoF)
DFH	Directorate of Fiscal Harmonization (under MoF)
GDMP	General Directorate of Macroeconomic Programming (under MoF)
GDHPFC	General Directorate of Harmonization of Public Internal Financial Control (CHU, under MoF)
DHIA	Directorate of Harmonization of Internal Audit (under MoF GDHPFC)
DHFMCA	Directorate of Harmonization of Financial Management, Control and Accounting (under MoF GDHPFC)
GDB	General Directorate of Budget (under MoF)
DABP	Directorate of Analysis and Budget programming (under MoF GDB)
DBM	Directorate of Budget Management (under MoF GDB)
DPIM	Directorate of Public Investment Management (under MoF GDB)
DLF	Directorate of Local Finance (under MoF GDB)
DRF	Directorate of Fiscal Risk (under MoF GDB)
GDT	General Directorate of Treasury (under MoF)
DTO	Directorate of Treasury Operations (under MoF GDT)
DBP	Directorate of Business Processing (under MoF GDT)
GDSD	General Directorate of State Debt (under MoF)
DB	Directorate of Borrowing (under MoF GDSD)
DSDM	Directorate of Strategy and Debt Monitoring (under MoF GDSD)
GDPT	General Directorate for Property Tax (under MoF)
DPMI	Directorate of Public Financial Inspection (under MoF)
DC	Directorate for Concessions (under MoF)
GDTax	General Directorate of Taxation (under MoF)
GDC	General Directorate of Customs (under MoF)
NAO	National Authorising Officer (under MoF)
CFCU	Central Financing and Contracting Unit (under MoF)
AA	Audit Authority

Ministry of Economy, Culture and Innovation

ATRAKO	Concessions Agency
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Prime Minister's Office

PMO	Prime Minister's Office
SASPAC	State Agency for Strategic Programming and Aid Coordination (under PMO)
DoPA	Department of Public Administration (under PMO)
NAIS	National Agency for Information Systems (under PMO, also referred to as AKSHI)
PPA	Public Procurement Agency
	EU Funds Audit Agency

Independent Institutions

ALSAI	Albanian Supreme Audit Institution (independent institution, also referred to as High State Control)
INSTAT	Institute of Statistics (independent institution)
PPC	Public Procurement Commission (independent institution)

Parliament

PCEF Parliamentary Committee for Finance and Economy

Other central government institutions

BI Budget Institutions

Local Government

LGU Local Self-Government Units (Municipalities)

Development Partners

EU European Union

IMF International Monetary Fund

SECO State Secretariat for Economic Affairs (Switzerland)

SIGMA Support for Improvement in Governance and Management (OECD - EU)

WB World Bank

UN United Nations

Annex 2 Overview of ongoing and planned support from development partners

1.	PEFA National Level	Partner: EU, Implementation period: 2024 (planned)
2.	Subnational PEFA in five municipalities	Partner: SECO Implementation period: 2024 (planned)
3.	SIGMA Principles of Public Administration Assessment	Partner: SIGMA Implementation period: 2024 (planned)
4.	EU for Good Governance Technical Assistance	Partner: EU Implementation period: 2023-2027 (ongoing) Scope: Support Government with reforms in Public Administration, Anti-Corruption, Local Governance, and Public Finance Management.
5.	Strengthening Fiscal Governance in the Western Balkans	Partner: World Bank (trust fund), EU (funding) Implementation period: Scope: Component I focuses on strengthening fiscal responsibility frameworks through (i) improving fiscal responsibility frameworks (rules and institutions) and (ii) Macroeconomic modelling and forecasting. Component II focuses on enhancing infrastructure governance through the strengthening of public investment management (PIM) and public asset management (PAM) with a sectoral and institutional focus through (i) Supporting evidence-based and climate-resilient infrastructure governance reforms and (ii) Institutional strengthening of PIAM with a focus on infrastructure, state-owned enterprises (SOE), and subnational governments (SNG)
6.	Fiscal Reform in South East Europe	Partner: IMF (lead), EU, SECO Implementation period: -2026 (second phase, ongoing) Scope: Support to five Western Balkan Countries in Revenue, PFM. PFM component: Fiscal Risk Management, State Owned Enterprises and Cash Forecasting.
7.	Government Debt Risk Management	Partner: WB (lead), SECO. Implementation period: Scope: Development of the financial market / debt instruments, Medium Term Deb Strategy, Auctions.
8.	Local PFM	Partner: SECO. Implementation period: 2024-2028 (second phase, planned) Amount: Scope: Supporting municipalities with improving budget planning and execution, revenue mobilization and PIFC.
9.	AFMIS rollout to subnational level	Partners: WB (lead), SECO Implementation period
10.	SAI PPP audit	Partner: SECO
11.	Public Sector Accounting Reform	Partners: World Bank (lead), SECO Implementation period: 2024-2027 (second phase)
12.	SIDA	ProTax Albania Project

Annex 3 Estimated Cost and Financing according to specific objectives (components)

PUBLIC FINANCIAL MANAGEMENT SECTORAL STRATEGY ACTION PLAN 2023-2026								
Policy Goal (Pillar) 1: Macroeconomic Programming and Risk Monitoring Budget programs that contribute to policy goal: 'MoF-01120 - Public Expenditures Management								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
1.1	Specific Objective (Component) 1.1: Prudent and realistic macro-economic programming	DGMP	IMF	Q1 2023	Q4 2026	0	0	0
1.2	Specific objective (Component) 1.2: Establishing a comprehensive Debt Sustainability Analysis	MoF DGMP	IMF, EU	Q4 2024	ongoing	0	0	0
1.3	Specific objective (Component) 1.3: Fiscal Risk Management	DRF, MoF, MoECI, DC, Working group of arrears	IMF, EU	Q1 2023	>2026	133517	0	133517
1.4	Specific objective (Component) 1.4: Fiscal Council	Fiscal Council Working Group	WB/Regional EU Trust Fund	Q1 2024	Q4 2026	0	47093	47093
Indicative Cost Policy Goal (Pillar) 1						133,517	47,093	180,610

Policy Goal (Pillar) 2: Integrated strategic and budget planning, monitoring, and transparent reporting Budget programs that contribute to policy goal: 'MoF-01120 - Public Expenditures Management; SASPAC - 01150 - Other services								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
2.1	Specific Objective (Component) 2.1 Integrated Strategic Planning	SASPAC, MoF	Line ministries, Foreign Aid Donors	Q1 2024	Q4 2026	0	0	0
2.2	Specific Objective (Component) 2.2 Medium Term Budget Planning	DAPB, DBM, DPIM, DLF, SASPAC	SIGMA, EU, UN Women, WB and GIZ, Line Ministries	Q1 2024	Q4 2026	0	45000	45000
2.3	Specific Objective (Component) 2.3: Public Investment Management	DPIM, SASPAC, Budget Institutions	World Bank, IMF, EU	Q1 2023	Q4 2026	0	0	0
2.4	Specific Objective (Component) 2.4 Local Finance	DLF	SECO, Helvetas	Q1 2024	>2026	-	820,000	820000
2.5	Specific Objective (Component) 2.5 Budget Execution Monitoring and Reporting	DBM, GDB, GDTreasury, DMIP, Budget Institutions, DC, ATRAKO	EU, World Bank, IMF	Q1 2023	Annually	-	-	0
Indicative Cost Policy Goal (Pillar) 2						-	865,000	865,000

Policy Goal (Pillar) 3: Revenue mobilization and management								
Budget programs that contribute to policy goal: MoF-01110- Planning, Management and Administration; 01140 - Tax Revenue Management; 01150 - Customs Revenue Management								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
3.1	Specific Objective (Component) 3.1: Tax management	GDFP, GDTax	IMF	Q1 2023	Q4 2026	0	0	0
3.2	Specific Objective (Component) 3.2: Property Tax Management	MoF, GDPT	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project and Swedish Tax Agency (STA)	Q1 2023	> 2026	0	32500	32500
3.3	Specific Objective (Component) 3.3: Customs Management	GDC HR Directorate, GDC, GDC Coordinator, GDC Anticorruption Directorate, GDC Directorate of Procedures	EU Delegation, EU / Non EU Customs	Q1 2023	Q4 2026	467,945	9,472,336	9940281.003
Indicative Cost Policy Goal (Pillar) 3						467,945	9,504,836	9,972,781

Policy goal 4 (Pillar) - Accounting and Budget Execution Management								
Budget programs that contribute to the policy goal: INSTAT - 01320 - Statistical Activity; MoF - 01110 - Planning, managing and administering; MoF-01120 - Public Expenditures Management; PPA - 01130 - Public Procurement Service; PPC - 01110 - Planning, managing and administering								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
4.1	Specific objective (Component) 4.1: National Government Accounts	INSTAT (lead), MoF-GDMP	Eurostat	Q1 2024	> 2026	60000	0	60000
4.2	Specific Objective (Component) 4.2: Accounting	GDTreasury, NAIS, DHFMCA	World Bank, SECO	Q1 2023	Q4 2026	0	0	0
4.3	Specific Objective 4.3: Public Procurement	PPA, MoE, PPC, Working Group	SIGMA, World Bank, University of Tirana, SIGMA, other International Partners	Q1 2023	Q4 2026	149690	0	149690
4.4	Specific Objective (Component) 4.4: Debt Management	GSDS, DGMP, GDB, Line Ministries.	World Bank, GIZ, AFD	Q1 2023	Q4 2026	0	0	0
4.5	Specific Objective (Component) 4.5: Cash Management	GDTreasury, CMU	BI, GDTax, Customs, BoA, IMF	Q1 2024	Q4 2026	0	0	0
4.6	Specific Objective (Component) 4.6: Asset Management	DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS).		Q1 2024	>2026	0	0	0
Indicative Cost Policy Goal (Pillar) 4						209,690	-	209,690

Policy goal 5 (Pillar) - Public Internal Financial Control								
Budget programs that contribute to the policy goal: MoF-01120 - Public Expenditures Management; MoF - 01110 - Planning, managing and administering; SASPAC - 01150 - Other services								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
5.1	Specific Objective (Component) 5.1: Financial Management and Control	DH/FMCA (lead)	EU, SIGMA, SECO	Q1 2023	Q2 2026	0	0	0
5.2	Specific Objective (Component) 5.2: Internal Audit	DHIA (lead)	EU, SIGMA	Q1 2023	Q4 2026	0	254000	254000
5.3	Specific Objective (Component) 5.3: Public Financial Inspection and Anti-Fraud Coordination Services	DPFI (lead)	EU, SIGMA	Q4 2023	Q4 2026	0	45000	45000
5.4	Specific Objective (Component) 5.4: Management of EU funds	SASPAC (lead), NAO support office, CFCU	EUD	Q1 2023	Q4 2026	0	60000	60000
Indicative Cost Policy Goal (Pillar) 5						-	359,000	359,000

Policy goal 6 (Pillar) - External Oversight								
Budget programs that contribute to the policy goal: HSC - 01120 - HSC auditing activity / 92401AA product code; The Assembly - 01110 - Planning, managing and administering								
No.	Title	Institutions		Implementation Period		Total Indicative Cost		
		Responsible Institutions	Partners	Start date	End date	MTBP	Donor Funding	Total Cost
6.1	Specific Objective (Component) 6.1: External Oversight	ALSAI (lead)	INTOSAI-IDI	Q1 2023	Q4 2026	0	0	0
6.2	Specific Objective (Component) 6.2: Parliamentary Oversight	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD.	Q4 2023	Q4 2026	0	0	0
Indicative Cost Policy Goal (Pillar) 6						-	-	-
Indicative Cost Strategy						811,152	10,775,929	11,587,081

Annex 4 Action Plan of Public Finance Management Strategy 2023-2026

ACTION PLAN OF PUBLIC FINANCE MANAGEMENT 2023-2026						
Pillar 1: Macroeconomic programming and Risk Monitoring						
Specific Objective (Component) 1.1: Prudent and realistic macro-economic programming						
					STAKEHOLDERS	
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS
1.1.1	Prudent forecasting of macroeconomic indicators in line with independent and international forecasters	Continuously benchmark MoF's macroeconomic indicator projections with independent and international forecasters and disclose such comparison annually. This comparative analysis will be disseminated through the: "Macroeconomic and Fiscal Framework"; and the "Economic Reform Programme".	Q1 2023	Q4 2026	GDMFP (lead)	IMF
		Address vacancies for specialized staff and develop and implement specialized training of GDMFP staff.	Q4 2023	Q4 2026		
1.1.2	Prudent and realistic medium-term revenue forecasting in line with independent and international forecasters	Continuously benchmark and disclose the MoF's medium-term revenue forecast projections with independent and international forecasters. This comparative analysis will be disseminated through the: "Macroeconomic and Fiscal Framework"; and "Economic Reform Programme".	Q1 2025	Q4 2026		
1.1.3	Safeguard sound public finances through the permanent compliance with the Fiscal Rules	Guaranteeing strict compliance with legislatively mandated fiscal rules. This commitment underscores the dedication to abiding by established fiscal regulations, fostering a resilient fiscal framework and reinforcing the stability and accountability of public finances.	Q1 2023	Q4 2026		
		Enhancing transparency and providing comprehensive explanations pertaining to the adherence to fiscal rules. This commitment will be fulfilled through the regular dissemination in the: "Macroeconomic and Fiscal Framework"; "Economic Reform Programme"; and the "Report on the Implementation of the Annual Budget, Macroeconomic and Fiscal Situation".	Q1 2023	Q4 2026		
Specific Objective (Component) 1.2: Establishing a comprehensive Debt Sustainability Analysis Sustainability Analysis						
					STAKEHOLDERS	
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS
1.2.1	Provide technical assistance for the DSA process.	Allocate resources (staff and technology) for the DSA process	Q4 2024	Q4 2026	MoF (GDMFP)	IMF, EU
		Develop and implement capacity development activities.	Q4 2024	Q4 2026	MoF (GDMFP)	IMF, EU
1.2.2	Introduce the DSA framework as a macroeconomic programming tool.	Prepare the customised DSA framework.	Q1 2025	Q4 2026	GDMFP	
		Involve the DSA framework and findings in the macroeconomic programming.	Q4 2026	Q4 2026	GDMFP	
		Ensure transparency in reporting and publishing the DSA process.	Q4 2026	ongoing	GDMFP	
		Periodic preparation of an informative bulletin on the main macroeconomic developments in the country for investors	Q3 2024	Q4 2026	GDMFP	

Specific Objective (Component) 1.3: Fiscal Risk Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
1.3.1	Introduce Annual Fiscal Risk Statement and gradually expand the scope of fiscal risk monitoring and reporting	Develop and implement capacity building of staff for fiscal risk management.	Q1 2024	Q4 2026	DFR	IMF
		Develop, pilot and publish each year the Annual Fiscal Risk Statement.	Q1 2023	Q4 2025	DFR	IMF
		Expand the scope of fiscal risks reported in the FRS by also including risks related to natural disasters and climate change.	Q2 2024	>2026	DFR	IMF
1.3.2	Strengthen the management of Fiscal Risk related to PPP and concession contracts	Improve the methodology and regulations for assessing and monitoring of fiscal risks of all PPPs and concession contracts at national and subnational level.	Q2 2025	Q2 2026	DC	IMF
1.3.3	Strengthen the fiscal oversight of State Owned Enterprises	Enhance the methodology and regulations for assessing, monitoring and oversight of (fiscal) risks related to State Owned Enterprises at national and subnational level.	Q1 2025	Q4 2026	DFR (lead), MoF	IMF
		Strengthen capacity for regular monitoring and reporting fiscal risks related to State Owned Enterprises.	Q1 2026	Q4 2026	MoECI	IMF
1.3.4	Further enhance management of arrears	Consolidate and further improve methodology of monitoring and reporting on arrears.	Q1 2024	Q4 2026	WG of arrears, MoF	EU

Specific Objective (Component) 1.4: Fiscal Council						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
1.4.1	Establish the Fiscal Council	Prepare an options paper presenting possible modalities for a Fiscal Council tailored to the Albanian context. Identify the preferred option and develop a costed plan for establishing and operating the Fiscal Council.	Q1 2024	Q4 2024	Fiscal Council Working Group (lead)	WB/Regional EU Trust Fund
		Prepare and implement the necessary changes to the relevant legislation including a sub-legal act for the operations of the Fiscal Council.	Q1 2025	Q4 2026	Fiscal Council Working Group (lead)	
		Establish the Fiscal Council.	Q1 2026	Q4 2026	Fiscal Council Working Group (lead)	

Pillar 2: Integrated strategic and budget planning, monitoring, and transparent reporting						
Specific Objective (Component) 2.1 Integrated Strategic Planning						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
2.1.1	Enhance the IT-supported Integrated Planning System for formulating and monitoring strategies	Review the effectiveness of the current Integrated Planning System and develop proposals for improvement.	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors
		Enhance laws, by-laws and guidelines for integrated planning where needed.	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors
		Upgrade the IPSIS including its interfaces with other relevant computer systems	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors
		Develop and implement a comprehensive capacity development plan for civil servants engaged in the integrated planning process.	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors
		Upgrade the EAMIS to adequately plan and manage projects implemented with external partners.	Q1 2024	Q2 2026	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors
2.1.2	Expand the mid-term review and ex-post evaluation of strategies and action plans	Develop/update methodology/guideline for mid-term reviews and ex-post evaluations.	Q1 2024	Q4 2026	SASPAC (lead) MoF	
		Develop and implement capacity development of evaluation teams.	Q1 2026	Q4 2026	SASPAC (lead) MoF	
		Gradually start implementing/expanding mid-term reviews and ex-post evaluations through pilots	Q1 2026	Q4 2026	SASPAC (lead) MoF	

Specific Objective (Component) 2.2 Medium Term Budget Planning						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
2.2.1	Further improve methods, procedures and managerial accountability for MTBP formulation	Strengthen the concept of managerial accountability in MTBP formulation; amend legislation and AFMIS system.	Q1 2024	Q4 2026	DAPB (lead)	SIGMA, EU
		Rollout the updated managerial accountability framework through pilots, awareness raising and training activities.	Q1 2024	Q4 2026	DAPB (lead)	SIGMA, EU
		Improve procedures for internal budget hearings between MoF and Budget Institutions; update the regulatory framework.	Q4 2024	Q2 2025	DAPB (lead)	SIGMA, EU
		Improve the procedure for public participation in the MTBP formulation process; Update the regulatory framework.	Q2 2024	Q4 2024	DAPB (lead)	SIGMA, EU
		Introduce and regularise as part of the MTBP procedures and budget documentation an overview of deviations between MTBP ceilings and budget ceilings as approved by parliament.	Q3 2024	Q4 2025	DAPB (lead)	SIGMA, EU
2.2.2	Enhance budget documentation and in particular the element of performance information	Assist Budget Institutions with improving performance information in the budget through capacity development activities and quality assurance systems.	Q4 2024	Q2 2025	DAPB (lead), DMB	EU
2.2.3	Introduce spending reviews	Develop a methodology for undertaking sector-specific expenditure reviews and adapt the relevant regulation.	Q3 2024	Q2 2025	DAPB (lead), DBM, DPIM, DFL	EU
		Pilot the expenditure review in selected sectors / Budget Institutions; adapt the methodology and rollout to other sectors through capacity development activities.	Q1 2026	Q4 2026	DAPB (lead), DBM, DPIM, DFL	EU
2.2.4	Further develop and introduce gender-responsive budgeting and climate-responsive budgeting	Review budget methodology to include ex ante and ex post gender analysis as a procedure to be undertaken by LM and BI in the process of proposing NPI	Q1 2025	Q3 2025	DAPB (lead)	UN Women, WB and GIZ
		Capacity building for LM and BI for conducting ex ante and ex post Gender Analysis.	Q4 2025	Q4 2025	DAPB (lead)	UN Women, WB and GIZ
		Develop a methodology for green / climate change responsive budgeting and pilot the methodology for green / climate change-responsive budgeting in selected sectors / Budget Institutions.	Q2 2024	Q4 2024	DAPB (lead)	UN Women, WB and GIZ
2.2.5	Approval of the PPD together with the NSPP	Approval of the Policy Priority Document together with NSPP as an integral part of it / contribution from line ministries.	Q1 2024	Q2 2024	SASPAC (lead)	Line Ministries

Specific Objective (Component) 2.3: Public Investment Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
2.3.1	Operationalise procedures for improved public investment management	Upgrade PIM module of AFMIS to reflect changes in the new PIM procedures (Decision 887).	Q1 2023	Q4 2024	DPIM (lead), SASPAC, Budget Institutions	World Bank, IMF, EU
		Develop and deliver training for the implementation of the PIM procedures (Decision 887).	Q1 2023	Q4 2026	DPIM (lead), SASPAC, Budget Institutions	World Bank, IMF, EU
		Monitor the implementation of the PIM procedures; review and update the decision for PIM procedures if needed.	Q4 2025	Q4 2026	DPIM (lead), SASPAC, Budget Institutions	World Bank, IMF, EU
2.3.2	Strengthen the Single Project Pipeline and enhance the gatekeeper role of MoF	Review procedures and systems for developing a comprehensive National Single Project Pipeline including PPP/Concessions, including detailed guidelines for the preparation and evaluation of feasibility studies to cover also compliance with the rules of state aid.	Q1 2024	Q4 2024	SASPAC (lead for SPP), DPIM (lead for gatekeeper role)	IMF, EU
		Develop and implement a plan to further improve the concept of the SPP and the gatekeeper role of MoF.	Q4 2024	Q1 2025	SASPAC (lead for SPP), DPIM (lead for gatekeeper role)	IMF, EU

Specific Objective (Component) 2.4 Local Finance						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
2.4.1	Improve the grant formula and calculation system for local government.	Review and update the unconditional transfer formula, using the new data based on the population census.	Q4 2024	Q4 2025	DLF (lead)	SECO, Helvetas
		Develop and gradually implement an additional performance-based grant system based on measurable and verifiable indicators.	Q3 2024	Q3 2026	DLF (lead)	SECO, Helvetas
		Review and if necessary update the grant mechanism / formula in connection to the local government and decentralisation reforms.	Q1 2025	Q4 2026	DLF (lead)	SECO, Helvetas
2.4.2	Strengthen MTBP formulation and monitoring implementation in Municipalities.	Review and improve the program description of the budget classifications customised to the specific service delivery arrangements of different categories of municipalities.	Q1 2024	Q4 2026	DLF (lead)	SECO
		Implementation of the new methodology for the design of the performance-based MTBP and monitoring of the MTBP implementation.	Q1 2024	Q4 2026	DLF (lead)	SECO
		The use of performance indicators in the Medium-Term Budget Program directly influencing the increase in the quality of monitoring the implementation of the local budget.	Q1 2024	Q4 2026	DLF (lead)	SECO
		Develop and implement capacity building activities for MTBP formulation, in-year budget execution reporting and annual budget execution reporting.	Q1 2024	Q4 2026	DLF (lead)	SECO
2.4.3	Develop and deploy the new Local Budget Management System (LBMS) for subnational budget preparation and monitoring	Prepare a detailed specification document for the Local Budget Management System (LBMS).	Q4 2023	Q1 2024	DLF (lead)	SECO
		Develop and test the new LBMS.	Q2 2024	Q1 2025	DLF (lead)	SECO
		Develop and implement capacity building activities for the use of the new LBMS.	Q1 2024	Q4 2024	DLF (lead)	SECO
		Full operation of the new LBMS by all LSGU.	Q2 2024	Q4 2024	DLF (lead)	SECO
		Further plan AFMIS specification and development based on experience with the web-based MTBP software.	Q4 2024	>2026	DLF (lead)	SECO
2.4.4	Improve the level of financial resources from shared taxes	Review, adopt and consolidate the methodology for Personal tax sharing with LGUs.	Q3 2024	Q4 2026	DLF (lead)	SECO

Specific Objective (Component) 2.5 Budget Execution Monitoring and Reporting						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
2.5.1	Improve budget execution monitoring and reporting and introduce Citizens Budget Execution report	Review and update instruction for procedure and content/template of annual budget execution reports including the publishing of Citizens Budget Execution Report as part of Annual Budget Execution Report	Q1 2024	Q4 2024	DBM (lead), GDB, GDTreasury	EU
		Publish the periodic Citizens Budget Execution Report	Q2 2025	Annually	DBM (lead), GDB, GDTreasury	EU
2.5.2	Improve monitoring and reporting on Public Investment Projects	Implement the newly approved PIM monitoring procedure and enhance procedures if necessary.	Q1 2023	Q4 2024	DPIM (lead), Budget Institutions	World Bank
		Adapt AFMIS to reflect changes related to the newly approved PIM procedures.	Q1 2024	Q4 2024	DPIM (lead), Budget Institutions	World Bank
		Plan and deliver training activities for monitoring and reporting on Public Investment Projects.	Q2 2024	Q4 2026	DPIM (lead), Budget Institutions	World Bank
2.5.3	Improve monitoring and reporting on PPP and concession contracts	Update PPP legislation and relevant sub-legal acts to ensure adequate monitoring and reporting at contract and portfolio/program level.	Q4 2024	Q4 2025	DC (lead), ATRAKO, DPIM	IMF, EU
		Develop a dedicated information system for monitoring and reporting on PPPs and concession contracts and prepare for necessary interfaces with other systems.	Q4 2025	Q4 2026	DC (lead), ATRAKO, DPIM	IMF, EU
		Plan and deliver training activities for civil servants responsible for monitoring and reporting of PPP and concession contracts.	Q1 2025	Q4 2026	DC (lead), ATRAKO, DPIM	IMF, EU

Pillar 3: Revenue mobilization and management						
Specific Objective (Component) 3.1 Tax management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
3.1.1	Adoption of the Mid-Term Revenue Strategy, 2024-2027	Creation of the Working Group for the drafting of the MTRS	Q2 2024	Q4 2024	MoF/ GDT/GDC	IMF
		Official approval of MTRS	Q2 2024	Q4 2024		
3.1.2	Enhance the institutional capacity to analyse and develop tax policies and to manage tax reforms	Develop and implement capacity building for tax policy analysis and assessment.	Q1 2023	Q4 2026	GDTP (lead)	IMF
3.1.3	Develop and implement initiatives to reduce the VAT compliance gap	Improve risk management approaches for sectors identified as high risk	Q1 2023	Q4 2026	GDTax (lead)	IMF
		Use of Fiscalization system for maximizing VAT revenues.	Q1 2023	Q4 2026	GDTax (lead)	IMF
3.1.4	Develop and implement an integrated approach to reduce under and undeclared work	Strengthening the legal provisions for sanctions for offenses related to undeclared workers and under-declaration	Q1 2023	Q4 2024	GDTax (lead)	IMF
3.1.5	Ensure taxation of any unjustified wealth inside and outside the country	Assess cases of large unexplained wealth of individuals by providing legal competence to inspectors to issue tax assessments through indirect methods especially for individuals that do not participate in the Voluntary Declaration Program.	Q1 2023	Q4 2026	GDTax (lead)	IMF
3.1.6	Improve service delivery to tax payers	Design and implement a taxpayer service delivery strategy aiming to improve tax products	Q1 2023	Q4 2026	GDTax (lead)	IMF
		Improve the efficiency of the national call center with a structured escalation process to deal with enquiries of different complexities	Q1 2023	Q4 2026	GDTax (lead)	IMF
		Develop and implement capacity development programs for GDTax staffers (by tax academy, universities and other partners)	Q1 2023	Q4 2026	GDTax (lead)	IMF

Specific Objective (Component) 3.2 Property Tax Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
3.2.1	Improve the fiscal cadastre and the property tax collection system	Develop and adopt the legal framework (laws and by laws) for the fiscal cadastre and land and property tax and the sub-legal act for valuation of land and property.	Q1 2023	Q4 2025	MoF (lead) GDPT (lead)	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, and Swedish Tax Agency (STA)
		Design the institutional framework for managing and administering building tax.	Q4 2024	Q1 2026	MoF (lead) GDPT (lead)	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, and Swedish Tax Agency (STA)
		Finalise the fiscal cadastre information system and its interoperability with other systems and rollout to Municipalities.	Q1 2025	Q4 2026	MoF (lead) GDPT (lead)	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, and Swedish Tax Agency (STA)
		Pilot, build capacity and institutionalise procedures for evaluating property and populating and maintaining property data in the FCIS.	Q1 2025	> 2026	MoF (lead) GDPT (lead)	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, and Swedish Tax Agency (STA)
		Improve processes for property tax collection and increase awareness of tax payers.	Q1 2025	> 2026	MoF (lead) GDPT (lead)	Swedish International Development Cooperation Agency (SIDA), ProTax Albania Project, and Swedish Tax Agency (STA)

Specific Objective (Component) 3.3 Customs Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
3.3.1	Modernise business and risk management processes of the Customs Administration	Continue to develop a more professional and agile workforce through improving HR practices and delivering capacity development.	Q1 2023	Q4 2026	GDC HR Directorate (lead), GDC, GDC Coordinator	EU Delegation
		Continue to invest in IT systems for Integrated Tariff Management System (ITMS).	Q1 2023	Q4 2024		EU Delegation
3.3.2	Develop integrity framework and fight against informality and corruption	Develop and implement an integrity framework.	Q4 2023	Q4 2026	GDC Anticorruption Directorate (lead)	
3.3.3	Increase the number of Authorized Economic Operators	Continue the information campaigns and audits of potential Authorized Economic Operators	Q1 2023	Q4 2026	GDC Directorate of Procedures (lead)	EU / Non EU Customs
3.3.4	Implement the National Single Window	Develop the concept and institutional set-up of the National Single Window	Q1 2023	Q4 2026	GDC, GDC Coordinator	WB
		Review and amend legislation and regulations for the National Single Window.	Q1 2024	Q4 2026	GDC, GDC Coordinator	
		Develop and deploy the IT solution for the NSW.	Q1 2024	Q4 2026	GDC, GDC Coordinator	
3.3.5	Improve the utilization of the New Computerised Transit System (NCTS)	Review and update the legal provisions for the NCTS.	Q1 2024	Q4 2026	GDC, GDC Coordinator	
		Further develop the NCTS IT environment.	Q1 2024	Q4 2026	GDC, GDC Coordinator	

Pillar 4: Accounting and Budget Execution Management						
Specific Objective (Component) 4.1 National Government Accounts						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.1.1	Further improve the GFS and EDP statistics with EU standards (ESA 2010)	Investment in the construction of the information exchange system (web service) which will facilitate the exchange of data between MoF, INSTAT and the Bank of Albania.	Q1 2025	Q4 2026	INSTAT (lead), MoF-GDMP	Eurostat
		Report the data on cash and accrual basis from MoF in accordance with International Public Sector Accounting Standards (IPSAS).	Q1 2025	> 2026	INSTAT (lead), MoF-GDMP	Eurostat
		Collect and include the information on the PPPs and Concession contracts in GFS and EDP statistics.	Q1 2024	Q4 2026	INSTAT (lead), MoF-GDMP	Eurostat

Specific Objective (Component) 4.2 Accounting						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.2.1	Increase access to and utilisation of AGFIS	Increase access of budget institutions to the electronic archive module of AGFIS.	Q1 2023	Q4 2024	GDTreasury (lead), NAIS	
		Automate process of pre-commitment control of expenditure for budget institutions that do not have a direct connection with AGFIS hardware and software AGFIS upgrade.	Q3 2024	Q4 2026	GDTreasury (lead), DHFMCA	
		Secure interoperability with the fiscalization system to improve internal controls to prevent arrears.	Q3 2024	Q4 2026	GDTreasury (lead), DHFMCA	
4.2.2	Develop the legal and regulatory framework for accounting reforms	Develop and enact a new public accounting law introducing the accounting reforms.	Q1 2024	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO
		Develop instructions / sub-legal acts covering all adopted IPSAS and develop for each sub-legal act the manuals.	Q1 2024	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO
		Assist the budgetary institutions in compiling opening balances and implementing the new accounting framework.	Q1 2025	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO
4.2.3	Improve functionalities of AGFIS to absorb accounting reforms	Prepare functional requirements document and AGFIS improvement plan to absorb the planned accounting reforms.	Q3 2024	Q4 2026	GDTreasury (lead), DHFMCA	World Bank, SECO
		Develop test and deploy improved / additional functionalities necessary to ensure compliance with the new legislation.	Q1 2024	Q4 2026	GDTreasury (lead), DHFMCA	World Bank, SECO
4.2.4	Prepare, deliver and institutionalise capacity development of accountants to absorb accounting reforms	Develop a comprehensive capacity development plan, including mechanisms for CPD and certification of public sector accountants	Q1 2024	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO
		Prepare and deliver training and on-the-job support to all public sector accountants as per plan.	Q1 2024	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO
		Reorganization of the treasury branches as well as the structure responsible for the public sector accounting methodology, based on the best international practices and supporting the implementation of accrual accounting.	Q3 2024	Q4 2026	DHFMCA (lead), GDTreasury	World Bank, SECO

Specific Objective (Component) 4.3 Public Procurement						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.3.1	Improve quality and efficiency in procurement procedures	On the use of award criteria "most economically advantageous tender based on costs" (MEAT based on cost).	Q1 2023	Q4 2024	PPA (lead)	SIGMA
4.3.2	Design and Implement green public procurement	Prepare the methodology to implement the green procurement/energy efficiency criteria.	Q1 2023	Q4 2023	PPA (lead), MIE	World Bank
		Develop and deliver training on green procurement/energy efficiency to procurement professionals.	Q1 2023	Q4 2024	PPA (lead), MIE	World Bank
		Review and amend the regulatory framework (if needed).	Q1 2023	Q4 2026	PPA (lead), MIE	World Bank
4.3.3	Enhance the efficiency of the complaint review system by increasing the speed of decision-making	Fill in the vacancies.	Q1 2024	Q4 2024	PPC (lead)	University of Tirana, SIGMA, other International Partners
		Perform annually the training need assessment and develop and deliver specialized capacity building activities for inspectors.	Q1 2024	Q4 2024	PPC (lead)	University of Tirana, SIGMA, other International Partners
		Update the E-complaint system.	Q1 2024	Q4 2026	PPC (lead)	University of Tirana, SIGMA, other International Partners
		Implement the ISO 370001 on Anti-bribery management systems.	Q1 2024	Q4 2024	PPC (lead)	University of Tirana, SIGMA, other International Partners
4.3.4	Improve the legal and institutional framework for concessions and public-private partnership	Align the Law on Concessions and PPP with the Acquis Communautaire	2024	2025	Working Group	SIGMA

Specific Objective (Component) 4.4 Debt Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.4.1	Strengthening of debt management reporting and Investor Relations	Prepare and publish the annual borrowing plan.	Q1 2023	Q4 2023	GDS GDMFP	World Bank
		Review current practices and improve information for investors published at MoF's website	Q2 2024	Q3 2024		
		Provide information to investor base on main macroeconomic developments in the country	Q3 2024	Q4 2026		
		Prepare and publish the annual DMS Monitoring Report.	Q1 2023	Q1 2026		
4.4.2	Developing a comprehensive framework for provision of guarantees and on-lending	Develop a comprehensive framework for credit risk assessment of SOEs and subnational governments when providing state guarantees or on-lending.	Q1 2025	Q4 2026	GDS (lead)	World Bank
		Building capacities of GDD staff to evaluate the creditworthiness of the SOEs and Subnational governments.	Q1 2025	Q4 2026	GDS (lead)	World Bank
4.4.3	Gradually start to develop the necessary assessment for the new alternative financing instruments ((Green, Social or Sustainability or other Instruments)	Conduct an assessment of various green bonds and other alternative financing instruments and how they could be applied.	Q3 2024	Q4 2025	GDS (lead), GDB, Line Ministries	World Bank, GIZ, AFD
		Building capacities of GDD, PIM and other staff to enhance the understanding of green financing and other alternative financing instruments and respective conditions and requirements.	Q3 2024	Q4 2025	GDS (lead), DGMP, GDB, Line Ministries	World Bank, GIZ, AFD

Specific Objective (Component) 4.5 Cash Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.5.1	Improve cash forecasting process	Revise the process of preparing and submission of treasury plans by Budget Institutions.	Q1 2024	Q4 2026	GDTreasury (lead), CMU	BI, GDTax, Customs IMF
		Establish Technical Committee and organise technical meetings on monthly basis with largest BI, Tax and Customs to get real time crucial information.	Q1 2024	Q4 2024	GDTreasury (lead), CMU	BI, GDTax, Customs IMF
		Introduce a notification mechanism two weeks before large payments take place.	Q1 2024	Q4 2024	GDTreasury (lead), CMU	BI, GDTax, Customs IMF
		Use a new IMF developed “tool” in Microsoft Excel for preparation of forecasts and for data analysis.	Q1 2024	Q4 2026	GDTreasury (lead), CMU	BI, GDTax, Customs IMF
4.5.2	Introduce a comprehensive performance monitoring system for cash forecasting	Measure and monitor the deviations from the updated monthly forecasts.	Q1 2024	Q4 2025	GDTreasury (lead)	IMF
		Set key performance indicators (KPIs) for daily and monthly forecasts and presenting them to the Cash and Debt Management Committee (CDMC).	Q1 2024	Q4 2025	GDTreasury (lead)	IMF
4.5.3	Enhance cash management instruments	Improve cash buffer policy.	Q1 2024	Q4 2025	GDTreasury (lead)	BoA, IMF
		Raise the amount and timeline of idle cash deposit investment in BoA and introduce new investment instruments.	Q1 2024	Q4 2025	GDTreasury (lead)	BoA, IMF

Specific Objective (Component) 4.6 Asset Management						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
4.6.1	Finalise reform on asset registration for accounting purposes	Review and amend the relevant methodology for asset management in accordance with IPSAS requirements.	Q1 2024	2027	DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS)	
		Continue and finalise migration / entry of asset data into AGFIS by online Budget Institutions and perform the necessary checks.	Q1 2024	Q3 2026	DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS)	
		Public sector institutions carries out the inventory and evaluation of their assets.	Q1 2025	Q4 2026	DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS)	
		Preparation of a consolidated asset register in central institutions, at the controlling unit level.	Q1 2025	Q4 2026	DHMCA (lead for IPSAS), GDTreasury (lead for AGFIS)	

Pillar 5: Public Internal Financial Control						
Specific Objective (Component) 5.1 Financial Management and Control						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
5.1.1	Enhance legal and regulatory framework for FMC	Review the FMC law as to address ongoing reforms in the domain of FMC.	Q1 2023	Q1 2023	DH/FMCA (lead)	EU, SIGMA, SECO
		Review and update sub-legal acts and further improve the FMC manual.	Q4 2023	Q4 2025	DH/FMCA (lead)	EU, SIGMA, SECO
		Review the effectiveness of the FMC law as well as required harmonization with other legislation and prepare amendments if needed.	Q1 2026	Q2 2026	DH/FMCA (lead)	EU, SIGMA, SECO
5.1.2	Enhance Managerial Accountability in public institutions	Support public institutions with using the rules of delegation of duties as a follow-up on the developed legal and regulatory framework for FMC and managerial accountability.	Q1 2025	Q4 2025	DH/FMCA (lead)	EU, SIGMA, SECO
		Raise awareness about managerial accountability and disseminate experiences to senior management of public institutions through training and technical assistance during the IC quality assessment.	Q1 2024	Q4 2025	DH/FMCA (lead)	EU, SIGMA, SECO
5.1.3	Strengthen Risk Management practices	Review and amend the risk coordinator and FMC coordinator instruction.	Q1 2024	Q4 2024	DH/FMCA (lead)	EU, SIGMA, SECO
		Raise awareness and providing technical assistance on risk management on how to develop the tools for (strategic and operational) Risk Management.	Q1 2024	Q4 2025	DH/FMCA (lead)	EU, SIGMA, SECO
5.1.4	Enhance FMC quality assessment and improvement in public institutions	Improve the level of implementation of FMC recommendations from the IC quality assessment procedure through the FMC development plan.	Q1 2024	Q4 2026	DH/FMCA (lead)	SIGMA, SECO

Specific Objective (Component) 5.2 Internal Audit						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
5.2.1	Continue oversight and expand support services to public institutions and internal audit teams	Develop tools and mechanisms for outsourcing internal audit services or establish shared internal audit services and provide support to public institutions that do not have an internal audit team to use these mechanisms.	Q1 2023	Q2 2023	DHIA (lead)	EU, SIGMA
		Enhance the quality assurance management system, in order to ensure effective monitoring of internal audit work throughout public sector entities	Q2 2025	Q4 2026	DHIA (lead)	EU, SIGMA
		Update the law on internal audit as to facilitate reform in the field of Internal Audit.	Q1 2023	Q4 2023	DHIA (lead)	EU, SIGMA
		Capacitate Audit Committees through customized training activities.	Q1 2024	Q4 2026	DHIA (lead)	EU, SIGMA
		Review options for introducing internal audit software to facilitate the work of Internal Audit teams.	Q1 2026	Q4 2026	DHIA (lead)	EU, SIGMA
5.2.2	Professionalise core internal audit practices through developing guidelines and delivering capacity building activities	Development of the new IA Manual under the frame of recently Global internal Audit Standards, issued by IIA.	Q3 2024	Q4 2025	DHIA (lead)	EU, SIGMA
		Develop/update Training of Trainers Program on new internal Audit Manual and GLAS.	Q1 2023	Q4 2026	DHIA (lead)	EU, SIGMA
		Strengthen compliance audit practices: develop/update guidelines and deliver training to Internal Auditors on audit reporting, formulating audit opinion on internal control systems and presenting recommendations in the management letter.	Q1 2024	Q4 2025	DHIA (lead)	EU, SIGMA
		Develop guidelines and deliver training to Internal Auditors on risk-based audit approaches in connection to preventing, detecting or addressing irregularities, fraud and corruption.	Q1 2024	Q4 2026	DHIA (lead)	EU, SIGMA

Specific Objective (Component) 5.3 Public Financial Inspection and Anti-Fraud Coordination Services						
					STAKEHOLDERS	
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS
5.3.1	Enhance collaboration with Internal Audit and ALSAI	Implement MoU between the Financial Inspection, ALSAI and Internal audit.	Q1 2024	Q4 2026	DPFI (lead)	
5.3.2	Coordinate the drafting and monitoring of the National Anti-fraud Strategy for the protection of the EU financial interests	Coordinate the drafting of the National Anti-fraud strategy for the protection of the EU financial interests.	Q4 2023	Q4 2024	DPFI (lead)	EU, SIGMA
		Monitor and report on the implementation of the National Anti-fraud strategy.	Q1 2025	Q4 2026	DPFI (lead)	EU, SIGMA

Specific Objective (Component) 5.4 Management of EU funds						
					STAKEHOLDERS	
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS
5.4.1	Establishment of IPA III legal framework	Preparing and approving the Decision of Council of Ministers on designation of functions, responsibilities and relations between authorities and structures for indirect management of EU financial assistance under the Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)	Q1 2023	Q4 2023	SASPAC (lead), NAO support office, CFCU	EUD
5.4.2	Develop and implement regulations, procedures for IPA III management and enhance the capacities of IPA III structures	Approve and establish the management structures in charge for IPA III implementation and prepare the manuals and instructions to guide the IPA III implementations.	Q1 2023	Q4 2024	NAO support office, CFCU, SASPAC	EUD
		Assess existing human resource capacities, and skill gaps, develop a human resource capacity development plan, plan targeted training programs aligned with IPA III goals and foster international peer learning through partnerships and collaborative initiatives.	Q1 2023	Q4 2026	NAO support office, CFCU, SASPAC	EUD
5.4.3	Enhance financial adjustment and/or Recovery procedures for EU Funds in line with national and IPA III legal requirements	Undertake a comprehensive review of the national and IPA III legal base, evaluate existing financial adjustment and recovery procedures and identify weaknesses and areas for improvement in line with legal provisions IPA III.	Q1 2023	Q4 2024	CFCU (lead), NAO support office	EUD
		Develop and adopt a comprehensive guide detailing the sequential steps for financial adjustments and recovery.	Q1 2023	Q4 2024	CFCU (lead), NAO support office	EUD
		Develop Training modules for staff involved in executing the procedures.	Q1 2023	Q4 2025	CFCU (lead), NAO support office	EUD
5.4.4	Take stock of future requirements for managing EU post-accession funds and develop an action plan, within the framework of chapter 22, which will determine the needs for improving the legal framework of funds management	Stocktaking of EU fund management modalities and systems based on examples from other EU member states.	Q1 2025	Q4 2026	SASPAC (lead)	EUD
		Implement a gap analysis and develop a action plan for (accelerated) preparation and implementation of fund management modalities and required adjustment of PFM systems.	Q1 2025	Q4 2026	SASPAC (lead)	EUD
5.4.5	Development of Simplified Cost Options (SCO)	Defining rules for the development and implementation of simplified cost options, including legislation, standard SCOs for specific sectors, etc.	Q2 2024	Q4 2025	SASPAC (lead), CFCU, Managing Authorities for Operational Programs IPA III	

Pillar 6: External Oversight						
Specific Objective (Component) 6.1 External Audit						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
6.1.1	Further improve legal, regulatory and agile methodological framework and expand utilisation of audit tools	Continue regular peer reviews of the functioning of the ALSAI and on the basis of this update and implement ALSAI's strategic development plan.	Q1 2024	Q4 2026	ALSAI (lead)	INTOSAI-IDI
		Define amendments in the ALSAI's Organic Law to further strengthen the independence and the constitutional mandate of ALSAI.	Q4 2023	Q4 2024	ALSAI (lead)	INTOSAI-IDI
		Develop/introduce IT applications for the use of Computer Aided Audit Techniques in some types of audits (compliance, financial and performance).	Q1 2024	Q4 2026	ALSAI (lead)	INTOSAI-IDI
6.1.2	Professionalise reporting and communication in compliance with the communication strategy and relevant principles and standards	Improve the quality of the audit reports customised to the demands of its readers and expand the use of all communication tools to continuously promote the role of the ALSAI	Q1 2023	Q4 2024	ALSAI (lead)	
		Expand monitoring, reporting and communication on follow-up on audit recommendations by auditees.	Q1 2023	Q4 2026	ALSAI (lead)	

Specific Objective (Component) 6.2 Parliamentary Oversight						
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS	
					RESPONSIBLE ENTITY	PARTNERS
6.2.1	Further professionalise the support structures of the Committee for Economy and Finance of the Parliament	Undertake an institutional review of the Committee for Economy and Finance of the Parliament and its support structure based on EU/OECD good practices.	Q1 2024	Q2 2024	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD
		Further establish international peer-to-peer collaboration and exchanges with parliaments and their Public Accounts Committees in the EU and the region.	Q4 2023	Q4 2024	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD
		Prepare and approve a development plan for the Committee for Economy and Finance of the Parliament and its support structure.	Q3 2024	Q2 2025	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD
		Implement and monitor the development plan.	Q3 2025	Q4 2026	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD
		Establish a special Parliamentary sub-committee for public sector audit.	Q1 2024	Q2 2024	Committee for Economy and Finance of the Parliament	National Democratic Institute, Westminster Foundation, EUD

Annex 5 Passport of Indicators of Public Finance Management Strategy 2023-2026

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG indicator	
Policy Goal (Pillar) 1: Macroeconomic Programming and Risk Monitoring																	
Specific Objective (Component) 1.1: Prudent and realistic macroeconomic programming																	
1	Nominal GDP: the difference of the forecasted values between MoF and IMF should not be higher than zero.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Macroeconomic and Fiscal Framework Report	General Directorate of Macroeconomic Programming	This indicator will be produced as a comparison between the level of forecasted GDP as presented in the Annual Budget Law and the level of nominal GDP as published in the World Economic Outlook.	Not cumulative	Forecasted nominal GDP-Forecasted GDP in WED by IMF	decreasing trend	0.0 (2022)	≤ 0	≤ 0	≤ 0	≤ 0			
2	Primary Balance: commencing from the year 2024, the Primary Balance will be legally mandated as a new Fiscal Rule, and it is stipulated to be no less than zero.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Macroeconomic and Fiscal Framework Report		This indicator is measure as difference between the government net borrowing, excluding interest payments on consolidated government statement. In each annual budget law starting from the year 2024 and onwards, the actual primary balance cannot be negative, it must be at least balanced or positive (primary surplus).	Not cumulative	PB = Deficit nominal value – Interests' payment	increasing trend	-1.8 (2022)	≥ 0	≥ 0	≥ 0	≥ 0			
Specific Objective (Component) 1.2: Establishing a comprehensive Debt Sustainability Analysis																	
1	Completing the technical assistance for DSA.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	General Directorate of Macroeconomic Programming	Annual assessment by GDMF and TA	Not cumulative	Not applicable	Not applicable	- (2022)	-	Request of technical assistance.	Continuation of the technical assistance.	Technical assistance completed.			
2	DSA framework established	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports		Annual assessment by GDMF and TA	Not cumulative	Not applicable	Not applicable	- (2022)	-	-	Introduction of a basic DSA framework.	DSA established.			
Specific Objective (Component) 1.3 Fiscal Risk Management																	
1	Annual Fiscal Risk Statement introduced.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	Directorate for Fiscal Risks	Annual assessment by DFR and TA	Not cumulative	Not applicable	Not applicable	-	-	Piloted	Completed	Consolidated			
2	Score PEFA Indicator PI 10.3 Contingent liabilities and other fiscal risks.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	Directorate for Fiscal Risks	PEFA 10.3. Contingent liabilities and other fiscal risks is the indicator that will be measured. This indicator assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, including those of extrabudgetary units. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	A: A report is published by central government annually that quantifies and consolidates information on all significant contingent liabilities and other fiscal risks of central government. B: Central government entities and agencies quantify most significant contingent liabilities in their financial reports. C: Central government entities and agencies quantify some significant contingent liabilities in their financial reports. D: Performance is less than required for a C score	increasing trend	C (2017)	-	-	-	B			
3	Score PEFA Indicator PI 10.1 Monitoring of public corporations.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	Directorate for Fiscal Risks	MoCI	PEFA 10.1 Monitoring of public corporations is the indicator that will be measured. This indicator assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements. It also assesses the extent to which the central government publishes a consolidated report on the financial performance of the public corporation sector annually. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	A: Audited annual financial statements for all public corporations are published within six months of the end of the fiscal year. A consolidated report on the financial performance of the public corporation sector is published by central government annually. B: Audited annual financial statements are published for most public corporations within six months of the end of the fiscal year. C: Government receives financial reports from most public corporations within nine months of the end of the fiscal year. D: Performance is less than required for a C score		C (2017)	-	-	-	B		
4	Methodology for assessing, monitoring and oversight of fiscal risks related to SDE improved	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	Directorate for Fiscal Risks	MoCI	Annual assessment by DFR and TA	Not cumulative	Not applicable	-	-	-	-	Improved			
Specific Objective (Component) 1.4: Fiscal Council																	
1	Fiscal Council established	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports EU Screening reports	Fiscal Council Working Group	Annual assessments by Fiscal Council Working Group	Not cumulative	Not applicable	Not applicable	-	-	Fiscal Council options paper prepared	Fiscal Council legal framework drafted	Fiscal Council legal framework approved			

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG Indicator
Policy Goal (Pillar) 2: Integrated strategic and budget planning, monitoring, and transparent reporting																
Specific Objective (Component) 2.1: Integrated Strategic Planning																
1	Percentage of strategies and action plans developed in accordance with IPS guidelines	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	SASPAC Annual reports	SASPAC	Line Ministries	Annual assessment by SASPAC	Not Cumulative	The number of strategies and action plans developed in accordance with IPS guidelines as percentage of the total number of strategies and action plans	Increasing trend	65% (2022)	70%	75%	85%	90%	
2	Percentage of strategies and action plans monitored through the IPSIS	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	SASPAC Annual reports		Line Ministries	Annual assessment by SASPAC	Not Cumulative	The number of strategies and action plans monitored through the IPSIS as percentage of the total number of strategies and action plans	Increasing trend	NA (2022)	NA	30%	40%	55%	
Specific Objective (Component) 2.2: Medium Term Budget Planning																
1	PEFA Indicator 16 Medium Term Perspective in expenditure budgeting	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports	Directorate of Analysis and Budget Programming	PEFA 16 Medium term perspective in expenditure budgeting is the indicator that will be measured. This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT (pg 48).	Not cumulative	See PEFA framework	Increasing trend	C+ (2017)	-	B	B	B+		
2	SIGMA Indicator 6.7.1 - Functioning of internal control (Alignment between management and budget structures (%))	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports SIGMA Assessment reports		This sub-indicator checks whether senior managers have their budgets allocated to them. The analysis is carried out based on data provided by the CHU/Mor and a review of a sample of five large-budget organisations to verify the data provided by the CHU/Mor. If the review of the five sample cases reveals inconsistencies with the CHU data, or there is no data from the CHU, a complete screening of all ministries is carried out, comparing their management and budget structures. The organisational structure is defined in the country context, but it would typically refer to independent constitutional bodies, agencies and departments or sectors within ministries. The analysis will compare the managerial/organisational structures with the budget adopted by the parliament or a more detailed budget breakdown adopted by the government.	Not cumulative	3 points = more than 80% of organisations have alignment between management and budget structures. 2 points = 60%-80% of organisations have alignment between management and budget structures. 1 point = 30%-50 99% of organisations have alignment between management and budget structures. 0 points = fewer than 30% of organisations have alignment between management and budget structures.	Increasing trend	0/3 (2021)	-	Growing trend	Growing trend	Growing trend		
3	SIGMA Indicator 6.2.1 - Quality of the annual budget process and budget credibility (Operational alignment between the MTBF and the annual budget process)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports SIGMA Assessment reports		Review of the MTBF adopted during the last calendar year and the annual budget bill for the ongoing calendar year, including available supporting material.	Not cumulative	For each of the following four criteria, 1 point is awarded (total of 4 points): First-level budget organisations provide comprehensive inputs to both the MTBF and the annual budget proposal (i.e. covering complete budget needs); The government approves expenditure ceilings for first-level budget organisations or ministries before the budget organisations are required to submit their annual budget proposals; The aggregate ceiling for expenditure established in the MTBF is not exceeded in the annual budget bill; The sector ceilings established in the MTBF are maintained in the annual budget bill, with no more than 2% variation from the ceilings.	Increasing trend	2/4 (2021)	-	-	Growing trend	Growing trend		
4	OBI assessment - Public Participation score	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports OBI Reports		Refer to the OBS methodology	Not cumulative	Refer to the OBS methodology	Increasing trend	6/100 (2021)	-	-	Growing trend	Growing trend		
5	OBI assessment - Transparency	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports OBI reports		Refer to the OBS methodology	Not cumulative	Refer to the OBS methodology	Increasing trend	52/100 (2021)	-	-	Growing trend	-		
6	Spending reviews introduced.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports TA Reports		Annual assessment by DABP	Not cumulative	Not applicable	Not applicable	-	methodology prepared and regulated	expenditure reviews piloted	Expenditure reviews implemented in 1 Program/Sector	Expenditure reviews implemented in 2 Programs/Sectors		
7	Gender gap analysis (GGA) as part of GGB introduced	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports TA Reports		Annual assessment by DABP	Not cumulative	Not applicable	Not applicable	-	GGA methodology prepared and regulated	GGA piloted	GGA rolled out	GGA maintained		
8	Green / Climate change-responsive budgeting (CCRB) introduced	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports TA Reports		Annual assessment by DABP	Not cumulative	Not applicable	Not applicable	-	CCRB methodology prepared and regulated	CCRB piloted	CCRB piloted	CCRB rolled out		
9	Approval of the PPD together with the NSPP	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Official Gazette DCM		PPD together with the NSPP-drafted & approved	Not cumulative	Not applicable	Not applicable	(2022)	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year	Cooperation with Line Ministries and approval with DCM every beginning of the year		

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG indicator	
Policy Goal (Pillar) 2: Integrated strategic and budget planning, monitoring, and transparent reporting																	
Specific Objective (Component) 2.3: Public Investment Management																	
1	PEFA PI 11. Public investment management	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report PEFA report	Directorate of Public Investment Management	PEFA 11 Public Investment Management is the indicator that will be measured. This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, and publishing of progress information, with emphasis on the largest and most significant projects. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	Please refer to the PEFA framework	Increasing trend	C+ (2017)	-	-	-	B+			
2	Improved procedures for PIM introduced (including relevant decision-making mechanism)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment by DPIM	Not cumulative	Not applicable	Not applicable	-	PIM procedures Operationalised	PIM procedures implemented and improved	PIM procedures implemented	PIM procedures updated			
3	Share of public investment projects that are proposed based on the strategic priorities of the government (value of projects in specific year)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Public Investment Projects, Public Investment Department, General Directorate of Budget		This indicator will serve for assessing the decision making process in selection of public investment projects. The indicator will be measured as a ratio of the investment projects included in the MTBP that reflect the strategic priorities (ISPP) of the government presented in the NSDI and sector/cross sector strategies against total investment projects included in the MTBP. For the purpose of calculation the projects included in 9 specific key MTBP programmes, will be assessed.	Not cumulative	The indicator could also be expressed in financial terms, with the ratio between the total amounts of the projects proposed based on strategic priorities, against total capital investment budget. VSPP = Total amount of Public Investment Projects reflecting strategic priorities / Total amount of investment projects	Increasing trend	82% (2020)	-	≥ 82%	≥ 82%	≥ 82%			
4	Actual disbursements for major investment projects compared to planned disbursements along with explanation of variations	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Public Investment Projects, Public Investment Department, General Directorate of Budget		This indicator will measure the spending performance of the public investment projects. The Ratio of annual disbursement of budget for public investment projects (RIPD) will be measured as the ratio between the total annual disbursement for investment projects above the 700 million AED (or 5 million EUR), versus the total amount of budget allocated in a given year for implementation of respective projects.	Not cumulative	RIPD = (Total annual disbursement of investments projects / Total planned annual budget for respective projects) X 100%	Increasing trend	98% (2022)	-	≥ 98%	≥ 98%	≥ 98%			
5	Ratio of new public investments submitted within the MTBP cycle versus total new public investments approved in one year	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Public Investment Projects, Public Investment Department, General Directorate of Budget		This indicator is measured as the ratio between the amount of new public investments (NPI) submitted within the MTBP cycle for year n+1 versus the amount of total new public investment approved in the year n+1.	Not cumulative	Value of new public investments submitted within the MTBP / total value of new public investments	Increasing trend	74.2% (2022)	-	≥ 80%	≥ 85%	≥ 90%			
Specific Objective (Component) 2.4: Local Finance																	
1	Grant formula adjusted based on Population Census data	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report Budget documentation	Directorate of Local Finance	Annual assessment implemented by DLF	Not cumulative	Not applicable	Not applicable	n/a	-	Grant formula Adjusted	Grant formula applied to all LGUs	Grant formula applied to all LGUs			
2	Additional performance-based grant scheme (PBGS) introduced	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report Budget documentation		Annual assessment implemented by DLF	Not cumulative	Not applicable	Not applicable	n/a	-	PBGS designed	PBGS piloted	PBGS piloted			
3	PEFA Performance Indicator 7: Transfers to subnational governments	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		PEFA 7 Transfers to subnational is the indicator that will be measured. This indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate budget planning. It contains two dimensions and uses the M2 (AV) method for aggregating dimension scores.	Not cumulative	Please refer to the PEFA framework	Increasing trend	C+ (2017)	-	-	B	B			
4	Percentage of municipalities using new LBMS software	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports		Annual assessment by DLF/TA	Not cumulative	Number of municipalities using new LBMS software as percentage total number of municipalities	Increasing trend	-	-	30%	100%	100%			
5	Percentage of municipalities that publish performance plans for service delivery	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports Websites of municipalities		Annual assessment by DLF	Not cumulative	Number of municipalities that published performance plans for service delivery as percentage of total number of municipalities in the fiscal year	Increasing trend	-	-	-	50%	70%			
6	Percentage of municipalities that publish information on performance achieved for service delivery	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports Websites of municipalities		Annual assessment by DLF	Not cumulative	Number of municipalities that published information on performance achieved for service delivery as percentage of total number of municipalities in the fiscal year	Increasing trend	-	-	-	50%	70%			
7	Local Budget Management Software and E-Platform introduced by MoF	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment by DLF	Not cumulative	Not applicable	Not applicable	-	E-platform developed and adopted	E-platform fully operational and rolled out	E-platform maintained	E-platform maintained			

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG indicator	
Policy Goal (Pillar) 2: Integrated strategic and budget planning, monitoring, and transparent reporting																	
Specific Objective (Component) 2.5: Budget Execution Monitoring and Reporting																	
1	PEFA Performance Indicator 28 "In-year budget reports"	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report	Directorate of Budget Management	PEFA PI 28 "In Year Budget Reports" is the indicator that will be measured. This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. This indicator contains three dimensions and uses the M3 method for aggregating dimension scores. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	Please refer to the PEFA framework	increasing trend	D+ (2017)	-	B	B+	A			
2	Citizens Budget Execution Reports published	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Website of MoF			Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	Template approved	Report published			
3	Development of a dedicated information system for monitoring and reporting on PPPs and concession contracts	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Directorate of Concessions	Annual assessment	Not cumulative	not applicable	Not applicable	-	-	-	Information system is Contracted	Information system is developed and deployed		
4	Number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Annual reports on PPP				Annual assessment	Not cumulative	Number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts	increasing trend	-	-	100	150	200	

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG indicator	
Policy Goal (Pillar) 3: Revenue mobilization and management																	
Specific Objective (Component) 3.1: Tax management																	
1	Increase in revenues from MTRS (in total from tax and customs administration according to MTRS)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report MTRS	General Directorate of Tax Policies (MoF) General Directorate of Taxation General Directorate of Customs	The increase is compared to a year before	Not Cumulative	The increase is based on the year before	increasing trend	(2023) 0.57% of GDP		0.76% of GDP Increase compared to 2023	0.62% Increase compared to 2024	0.42% Increase compared to 2025			
2	Adoption of MTRS	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Official Gazette		Annual assessment	Not Cumulative	Not applicable					Adopted				
3	Increase of revenues from VAT (measured on non-cumulative basis)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	External Reports Budget execution reports		There is not included VAT collected by Customs (just from Tax Administration)	Not Cumulative	0.4% of GDP increase compared to 2023 0.2% of GDP increase compared to 2024 0.1% e PPH increase compared to 2025	increasing trend	2023 1.98% of GDP	-	6.4% of GDP Increase compared to 2023	0.2% of GDP increase compared to 2024	0.1% e PPH increase compared to 2025			
4	Increase of revenues from reduction of under and un declared work (measured on non-cumulative basis) as a result of the introduction of 40 000 new employees into the scheme and the increase of the salary declaration of 120 000 employees, according to the growth calendar in MTRS.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		The increase is based on the a result of the introduction of 40 000 new employees into the scheme and the increase of the salary declaration of 120 000 employees, according to the growth calendar in MTRS.	Not Cumulative	0.02% of GDP increase compared to 2023 0.05% of GDP increase compared to 2024 0.05% of GDP increase compared to 2025	increasing trend	(2023) 0.08 of GDP	0.02% of GDP	0.05% of GDP increase compared to 2024	0.05% of GDP increase compared to 2025				
Specific Objective (Component) 3.2: Property Tax Management																	
1	Law on "property tax" prepared and adopted	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Official Gazette Internal Report	General Directorate of Property Tax	Annual assessment	Not cumulative	Not applicable	Not applicable	-	Property tax law prepared	-	Property tax law adopted	-			
2	Sub-legal acts for the implementation of the law on property tax adopted	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Official Gazette Internal Report		Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	Sub-legal acts prepared and adopted	-		
Specific Objective (Component) 3.3: Customs Management																	
1	Percentage utilisation of Green Channel	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report	General Directorate of Customs	Annual assessment		Percentage utilisation without physical and customs control	increasing trend	-	28%	30%	33%	> 33%			
2	Custom declaration processing time	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment	not cumulative	Average time to process one custom declaration	decreasing trend	-	99.1 minutes	Decreasing trend	Decreasing trend	Decreasing trend			
3	Number of Authorised Economic Operators	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment	not cumulative	Number of Authorised Economic Operators by the end of the year	increasing trend	-	13	Increasing trend	Increasing trend	Increasing trend			
4	National Single Window (NSW)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment	not cumulative	Not applicable	Not applicable	-	-	-	-	2026			
5	New Computerised Transit System (NCTS)	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report		Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	2026			

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG Indicator	
Policy Goal (Pillar) 4: Accounting and Budget Execution Management																	
Specific Objective (Component) 4.1: National Government Accounts																	
1	The information exchange system (web service) to facilitate the exchange of data between MoF, INSTAT and BoA established.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report	INSTAT	annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	Development of the Information Exchange	Information Exchange System (web service) developed		
2	Data on PPPs and Concession contracts included in the GFS.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	GFS reports			Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	PPPs and CCs included in GFS	PPPs and CCs included in GFS	
Specific Objective (Component) 4.2: Accounting																	
1	Additional number of Budget Institutions connected to AGFIS and electronic archive (EA).	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal reports AGFIS Electronic archive	General Directorate of Treasury	Annual assessment	Not cumulative	Not applicable	Not applicable	-	5 to AGFIS, 300 to EA	86 to EA	-	-			
2	Production of legal and sub-legal regulatory framework based on IPSAS as per plan.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports	DHFMA	Annual assessment	Not cumulative	Not applicable	Not applicable	-	Concept paper prepared	-	-	Legal framework drafted	Legal framework approved		
3	Opening balances prepared and new accounting framework implemented	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports	DHFMA	Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	Finalised			
4	Percentage of government accountants that have completed IPSAS training	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports	DHFMA	Annual assessment	Not Cumulative	The number of government accountants that have completed IPSAS training as percentage of total number of government accountants by the end of the year	Increasing trend	-	40%	60%	80%	100%			
Specific Objective (Component) 4.3: Public Procurement																	
1	Percentage of use of the award criteria "the most economically advantageous tender based on cost" (MEAT criteria based on cost) on public procurement procedures.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report	PPA	The impact will be assessed by measuring the value of the contracts awarded based on the best price/quality ratio within the criteria of the most economically advantageous offer (MEAT) in relation to the previous year		Best price/quality ratio within the criteria of the most economically advantageous offer (MEAT) in relation to the previous year	Increasing trend	33.92% (2022)					Increasing trend		
2	ISO 37001 on 'Anti-bribery management systems' implemented by PPC.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report	PPC	Annual assessment		Not applicable	Not applicable	-	-	-	-	Implemented			
Specific Objective (Component) 4.4 Debt Management																	
1	Annual Borrowing Plan and DMS Monitoring Report prepared and published	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report MoF website	GDSO	Annual assessment	Not cumulative	Not applicable	Not applicable	-	Documents published in the MoF Website	Documents published in the MoF Website	Documents published in the MoF Website	Documents published in the MoF Website			
2	Comprehensive Credit Risk Assessment (CRA) framework in place.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report			Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	CRA framework developed and implemented		
3	Concept note on green / alternative financing instruments developed.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report			Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	-	-	Assessment Report prepared		
Specific Objective (Component) 4.5: Cash Management																	
1	Monthly cash forecast accuracy rate	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report AGFIS	GDTreasury	Annual assessment	Not cumulative	Estimate values of cashflow / Actual values of cashflow	Increasing trend	88%	88%	91%	93%	96%			
2	Detailed inflow and outflow items in Cash Flow Forecasting included	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report			Annual assessment	Not Cumulative	Additional number of detailed inflow and outflow items in Cash Flow Forecasting included	Increasing trend	0	0	6	2	0		
3	Increase of the number of instruments for active cash management	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal report			Annual assessment	Not cumulative	Additional number of instruments for active cash management	Increasing trend	1	0	0	1	0		

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG Indicator	
Policy Goal (Pillar) 4: Accounting and Budget Execution Management																	
Specific Objective (Component) 4.6 Asset Management																	
1	Establishment of the proper regulatory framework regarding evaluation and inventory of public assets	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports	DHFMCA (lead) GDTreasury	Annual assessment	Not cumulative	Not applicable	Not applicable	-	Concept paper prepared	Regulatory framework drafted	Regulatory framework approved	-			
2	Preparation of a consolidated asset register in central institutions, at the controlling unit level.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report TA reports	DHFMCA (lead) GDTreasury	Annual assessment	Not cumulative	Not applicable	Not applicable	-	Concept paper prepared	Drafted	Drafted	Approved			
Policy Goal (Pillar) 5: Public Internal Financial Control																	
Specific Objective (Component) 5.1: Financial Management and Control																	
1	Percentage of Public Institutions that comply with FMC requirements.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Annual PIFC report Internal Information system	DHFMCA	FMC assessment	Not cumulative	The number of Public Institutions that comply with FMC requirements as a percentage of the total number of public institutions	Increasing trend	69% (2022)	70%	72%	75%	80%			
2	Percentage of Public Institutions that have adequate Managerial accountability mechanisms in place.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Annual PIFC report Internal Information system		FMC assessment	Not cumulative	The number of Public Institutions that have adequate Managerial accountability mechanisms in place as a percentage of the total number of public institutions	Increasing trend	68% (2022)	70%	72%	75%	80%			
3	FMC law and sublegal acts amended and approved.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report Official Gazette		Annual assessment	Not cumulative	Not applicable	Not applicable	Not applicable	NA (2022)	FMC law, FMC manual and instruction on declaration and reporting for the quality of internal control system adopted	IC quality assessment methodology adopted	Methodology on monitoring the performance of general government unites adopted	FMC law reviewed		
4	Percentage of public institutions that have adopted all risk management tools.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Annual PIFC report Internal Information system		FMC assessment	Not cumulative	The number of public institutions that have adopted all risk management tools as a percentage of the total number of public institutions	Increasing trend	68% (2022)	70%	72%	75%	80%			
Specific Objective (Component) 5.2: Internal Audit																	
1	Percentage of public institutions that are covered by annual internal audits.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	PIFC report Internal report	DHIA	Annual assessment	Not cumulative	The number of public institutions that are covered by annual internal audit as a percentage of the total number of public institutions	Increasing trend	136	138	growing trend	growing trend	growing trend			
2	Number of public institutions that have a functional audit committee.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	PIFC report Internal report		Annual assessment	Not cumulative	Not applicable	Increasing trend	6	7	growing trend	growing trend	growing trend			
3	Percentage of active internal auditors that are fully certified.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	PIFC report Internal report		Annual assessment	Not cumulative	The number of active internal auditors that are fully certified as a percentage of the total number of the internal auditors	Increasing trend	80%	88%	growing trend	growing trend	growing trend			
4	Percentage of internal audit units that have established and implemented QAIPs in accordance with the applicable standards.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	PIFC report Internal report		Annual assessment	Not cumulative	The number of internal audit units that have established and implemented QAIPs in accordance with the applicable standards as a percentage of the total number of the internal auditors	Increasing trend	52%	71%	growing trend	growing trend	growing trend			
5	Percentage of internal auditors that comply with CPD requirements	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	PIFC report Internal report		Annual assessment	Not cumulative	The number of internal auditors that comply with CPD requirements as a percentage of the total number of the internal auditors		100%	100%	100%	100%	100%			
Specific Objective (Component) 5.3: Public Financial Inspection and Anti-Fraud Coordination Services																	
1	National Anti-Fraud strategy (NAFS) for the protection of the EU financial interests approved and monitored.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports Websites of MoF	DPFI	Annual assessment	Not cumulative	Not applicable	Not applicable	-	-	NAFS Prepared/ approved	NAFS reported and monitored	NAFS reported and monitored			
Specific Objective (Component) 5.4: Management of EU funds																	
1	IPA-III entrustment package developed and approved.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report	NAO support office (lead) CFCU SASPAC	Annual assessment	Not cumulative	not applicable	Not applicable	-	IPA-III entrustment package developed	IPA-III entrustment package approved	IPA-III entrustment package implemented	IPA-III entrustment package implemented			
2	Guideline for adjustment and recovery (GAR) of EU funds introduced	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Report	CFCU NAO support office SASPAC	Annual assessment	Not cumulative	not applicable	Not applicable	-	-	GAR adopted	GAR implemented	GAR implemented			

No	Indicator	Connection with NSDEI	Goal/objective of NSDEI	Source of data for monitoring the performance of indicator	Responsible institutions for data collection	Methodology description	Type of indicator: cumulative/not cumulative	Formula	Direction/ trend	Baseline	Target value for 2023	Target value for 2024	Target value for 2025	Target value for 2026	SDG - Sustainable Development Goal according to the UN	Target value of the SDG Indicator	
Policy Goal (Pillar) 6: External Oversight																	
Specific Objective (Component) 6.1: External Audit																	
1	PEFA Indicator 30.1 Audit coverage and standards	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports	ALSAI	PEFA "Audit coverage and standards" is the indicator that will be measured. This indicator assesses key elements of external audits in terms of the scope and coverage of audit, as well as adherence to auditing standards. The scope of audit indicates the entities and sources of funds that are audited in any given year and should include extra-budgetary funds and autonomous agencies. The latter may not always be audited by the Supreme Audit Institutions (SAI), as the use of other audit institutions may be foreseen. Where SAI capacity is limited, the audit program may be planned by the SAI in line with legal audit obligations on a multi-year basis in order to ensure that high priority or risk-prone entities and functions are covered regularly, whereas other entities and functions may be covered less frequently. Audit work should cover total revenue, expenditure, assets and liabilities, regardless of whether these are reflected in financial reports. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	A: Financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using ISSAIs or consistent national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks. B: Financial reports of central government entities representing most total expenditure and revenues have been audited using ISSAIs or national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks. C: Financial reports of central government entities representing the majority of total expenditures and revenues have been audited, using ISSAIs or national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant significant issues. D: Performance is less than required for a C score	increasing trend	B (2017)	-	-	A	-			
2	PEFA Indicator 30.3 External audit follow-up	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		PEFA "External audit follow-up" is the indicator that will be measured. This indicator assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity. Evidence of effective follow-up of the audit findings includes the issuance by the executive or audited entity of a formal written response to the audit findings indicating how these will be or already have been addressed, for example, a management letter. Reports on follow-up may provide evidence of implementation by surring up the extent to which the audited entities have cleared audit queries and implemented audit recommendations or observations. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	A: There is clear evidence of effective and timely follow-up by the executive or the audited entity on audits for which follow-up was expected, during the last three completed fiscal years. B: A formal, comprehensive, and timely response was made by the executive or the audited entity on audits for which follow-up was expected during the last three completed fiscal years. C: A formal response was made by the executive or the audited entity on audits for which follow-up was expected, during the last three completed fiscal years. D: Performance is less than required for a C score.	increasing trend	C (2017)	-	-	-	A			
3	SIGMA Indicator 4.2.1.5: Effectiveness of scrutiny of public authorities by independent oversight institutions (Implementation of SAI recommendations).	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		The data is taken from the most recent SAI report. The percentage reported is an average of all types of audits conducted by the SAI, based on the number of recommendations made by the SAI in the year prior to the latest full calendar year that are implemented by the end of the latest full calendar year. If the SAI does not systematically collect and publish information on the follow-up of its recommendations, 0 points are awarded.	Not cumulative	8 points = more than 80% 6 points = 60%-80% 4 points = 50%-64.99% 2 points = 30%-49.99% 0 points = below 30%	increasing trend	4/8	-	-	5/8	7/8			
4	Guideline for auditing of budget institutions prepared and implemented	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		Annual assessment	Not cumulative	Not applicable	Not applicable	Not applicable	-	-	Guideline approved	Guideline Implemented	-		
5	Computer Aided Audit Techniques (software) is in use.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		Annual assessment	Not cumulative	Not applicable	Not applicable	Not applicable	-	-	-	Training provided	Software in use		
6	Methodology for audit of PPPs and concession institutionalised.	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports		Annual assessment	Not cumulative	Not applicable	Not applicable	Not applicable	-	-	Methodology finalised	Methodology implemented	-		
Specific Objective (Component) 6.2: Parliamentary Oversight																	
1	PEFA PI 31 Legislative scrutiny of audit report	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports	Committee for Economy and Finance of the Parliament	PEFA PI 31 "Legislative scrutiny of audit reports" is the indicator that will be measured. This indicator focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. It has four dimensions and uses the M2 (AV) method for aggregating dimension scores. Please use the PEFA FRAMEWORK FOR THE ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT.	Not cumulative	Please refer to the PEFA framework	increasing trend	B (2017)	-	-	-	-	> B		
2	Development plan prepared and implemented	AGENDA FOR SUSTAINABLE ECONOMIC DEVELOPMENT, CONNECTION AND GREEN GROWTH	Strengthening public finances and fiscal stability	Internal Reports	Annual assessment	Not cumulative	Not applicable	Not applicable	Not applicable	-	-	-	Approved	Implementation			