



REPUBLIKA E SHQIPËRISË  
MINISTRIA E FINANCAVE

**Public Finance  
Management** |   
**Annual  
Monitoring Report** |   
**2024** | 



## EXECUTIVE SUMMARY

### Annual Monitoring Report

This Annual Monitoring Report on the Implementation of Public Finance Management Reforms covers the period from January 1, 2024, to December 31, 2024. It outlines the progress of planned reform activities and achievements against performance indicators and targets established in the new PFM sectoral strategy for 2023-2030 and the action plan for 2023-2026. The PFM sectoral strategy aligns with the National Strategy for Development and European Integration (NSDEI), the PAR Roadmap, the Economic Reform Programme, and the broader European Integration agenda. The strategy and action plan received formal approval with DCM 390, dated June 12, 2024, on “Approval of Sectorial PFM Strategy 2023-2030.”

### Subsector strategies

During the reporting period, the PFM action plan was implemented alongside several subsector strategies, including the draft Medium Term Revenue Strategy, the Business Strategy of the Albanian Customs Administration, the Procurement Strategy, the Medium-term Debt Management Strategy, and the Albanian Supreme Audit Institution (ALSAI) Development Strategy.

### Cooperation with development partners

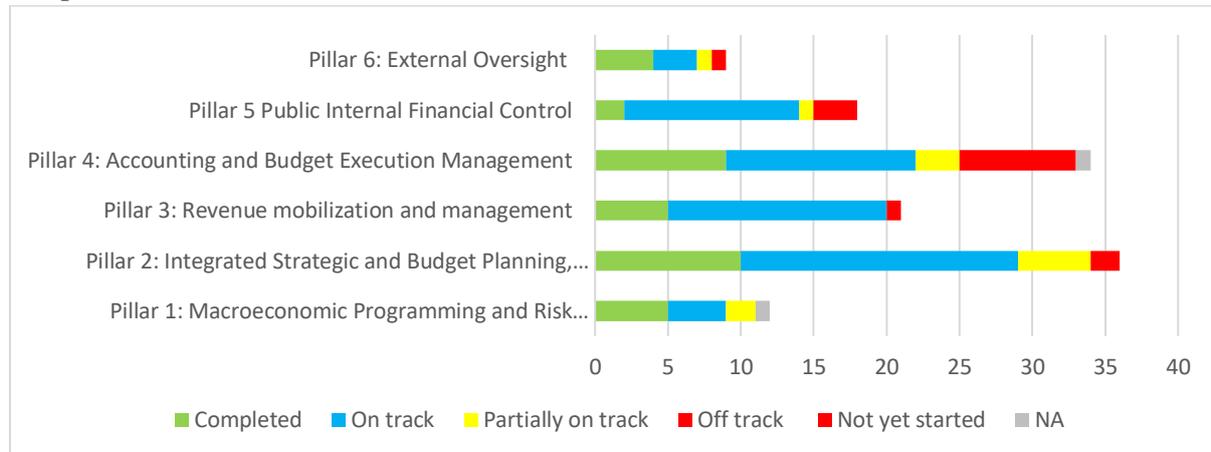
The government sustained productive collaboration with development partners for strategy implementation. This included regular assessments to evaluate the state of PFM policy and systems, such as the International Monetary Fund (IMF) Article 4 consultations and the preparation of a Public Expenditure and Financial Accountability Assessment with the EU, along with a Principles of Public Administration assessment with SIGMA. Numerous technical assistance and support projects funded by development partners continue to enhance PFM systems, with major partners including the IMF, World Bank, EU, SIGMA, and SECO.

### Overall progress

The PFM action plan for 2024 comprises 53 performance indicators and 130 activities across six pillars. **The implementation of the action plan is on track**, with 101 of planned activities for 2024 completed or progressing as intended, and most performance indicator targets achieved as is shown in the graphs below.

**Graph 1. Performance indicator targets status**



**Graph 2. Activities status**

### Pillar highlights

#### Pillar 1: Macroeconomic Programming and Fiscal Risk Monitoring

The Ministry of Finance (MoF) has maintained and enhanced systems for developing and monitoring sound fiscal policies, guided by fiscal rules, robust macroeconomic forecasts and solid fiscal risk management. Compliance with fiscal rules has been transparently reported in key documents, including the ‘Macroeconomic and Fiscal Framework’, the ‘Economic Reform Programme’ and the ‘Report on the Implementation of the Annual Budget, Macroeconomic and Fiscal Situation.’ The fiscal rules for nominal GDP forecasting and primary balance have been fully adhered to. The action for the first technical assistance (training) on establishing the Debt Sustainability Analysis (DSA) framework is completed. During 2024 the preparation of the Fiscal Risk Statement for FY2023 was finalized. The finalized document, approved by the Minister of Finance, has been officially submitted to CoM, for information purposes. A technical options paper for the establishment of a Fiscal Council has been prepared.

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

Compliance of new strategic documents with Integrated Planning System Guidelines (IPS) has improved significantly. Methodologies for green budgeting and gender gap analysis have been developed. Procedures and regulations for internal budget hearings between the MoF and Budget Institutions, as well as for public participation in the Medium Term Budget Programme (MTBP) formulation process, have been completed. Approval of the PPD together with the NSPP has been fully completed. Procedures for Public Investment Management have been improved. In line with the objective to strengthen NSPP and enhance the gatekeeper role of MoF changes have been introduced in DCM 887/2022, by DCM no. 70 dated 14.02.2024. 80% of municipalities used new Local Budget Management Software (LBMS). In 2024, the new online system is being used by most LGUs. Regarding the publication of Citizens Budget Execution Reports, the templates are finalized. Regarding the number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts, for 2024, it is expected to include more than in the report of last year (2023), specifically over 135 concession contracts.

#### Pillar 3: Revenue Mobilization and Management

A new Medium Term Revenue Strategy was adopted. VAT revenues have increased from 1.98% of GDP in 2023 to 2.39% of GDP in 2024. General Directorate of Taxation (GDT) reduced the VAT compliance gap and reduced under-declared and undeclared work. The utilisation of the green channel

increased from 27.9% in 2023 to 30.73% in 2024. The customs declaration processing time has decreased from 99.1 minutes in 2023 to 90 minutes in 2024. The number of Authorised Economic Operators increased from 13 in 2023 to 16 in 2024. Regarding the law on property tax and sub-legal acts for the implementation of the law on property tax adopted, based on the DCM no. 818/2024, the draft law is foreseen to be submitted for consideration to the Council of Ministers during the third quarter of 2025. Once the draft-law is approved and entered into force, it will be continued with the drafting and approval of the respective sub-legal acts. Additional system modules for the Integrated Tariff Management System have been developed. A company was contracted to start the development of an information system for the National Single Window.

#### **Pillar 4: Accounting and Budget Execution Management**

**Accounting and Budget Execution Management** has shown significant improvement, with most of the **PI targets** planned for **2024** being achieved. The access of Budget Institutions to the Electronic Archive has exceeded expectations, with an additional number of 144 new institutions. The percentage of government accountants who have completed IPSAS trainings has improved, with 380 internal auditors of public sector trained on the basic principles and concepts of accrual accounting based on IPSAS as part of their Continued Professional Development. The Annual Borrowing Plan and DMS Monitoring Report have been prepared and published and the monthly cash forecast accuracy rate has been consolidated. For the first time, in 2024 there are 6 detailed inflow and 4 detailed outflow items in the Cash Flow Forecasting for 2024. The number of instruments for active cash management was increased with 2 instruments. The roadmap "On the use of the most economically advantageous tender based on costs-MEAT based on cost", was approved on 04 October 2024. PPA has reviewed and amended the regulatory framework, specifically the green procurement Guideline "On the Implementation of Green Public Procurement in Public Procurement Procedures" and the methodology "For the Implementation of Green Public Procurement in Albania" are approved and published.

#### **Pillar 5: Public Internal Financial Control**

**All the Performance Indicator targets set for FMC were fully achieved in 2024. The Ministry of Finance / DHFMCA has continued to enhance the legal and regulatory framework for FMC.** FMC manual and several instructions were amended in January 2024. In addition, Internal Control quality assessment methodology was reviewed and adopted in October 2024 and the risk coordinator and FMC coordinator instruction was amended in December 2024. The Ministry of Finance has supported public institutions in enhancing managerial accountability and risk management, resulting in increased compliance with FMC requirements. In 2024, the quality assessment process was conducted in 20 general government units and technical assistance was provided in 5 of them and finalized in 4 unites. Capacity building and awareness raising efforts have been a key focus for the MoF/DHFMCA in collaboration with ASPA. Following the amendment of the law on internal audit, significant progress has been made in the oversight and the expansion of support services to public institutions and internal audit teams. The Ministry of Finance continued to support the professionalization of the core internal audit practices through developing guidelines and delivering capacity building activities. Three functional Audit Committees were established in 2024 aiming to enhance good governance and provide additional safeguards for the independence of internal auditors. Work is being done towards the professionalization of core internal audit practices through the development of guidelines and the delivery of capacity-building activities. The Public Financial Inspection and Anti-Fraud Coordination Services, with technical support from experts under the Good Governance project, have prepared the draft National Anti-Fraud Strategy for the protection of the EU financial interests, a strategic framework that includes an action plan, clearly defined indicators, and cost estimates for the proposed activities. This strategy outlines the steps required to implement the identified measures and achieve the desired outcomes. The strategy is

expected to be completed and approved in the first quarter of 2025. Concerning the Management of EU funds, all IPA III entrustment packages for the IPA 2022 Annual Action Programmes and three Operational Programmes have been approved by the EC in 2024. Progress is made towards the development and implementation of regulations, procedures for IPA III management and enhancement of the capacities of IPA III structures. The Manuals of Procedures of the structures have been finalized and formally approved by National Authorizing Officer (NAO) Decisions. The 2024 Training Needs Assessment (TNA) was reviewed to create a preliminary list of topics, followed by meetings to gather feedback for the online questionnaires launched in October 2024. Preliminary findings have been received, and IPA bodies provided input for the final Training plan, scheduled to be finalized by end of January 2025.

### **Pillar 6: External Oversight**

In accordance with its development strategy, the Albanian Supreme Audit Institution continued to further improve the effective scrutiny of public institutions, enhancing audit coverage and standards to ensure thorough oversight of financial processes and to strengthen external audit follow-up practices, crucial for maintaining accountability and transparency in financial management practices. Specifically, the methodology for audit of PPPs and concession is approved in December 2024, which outlines the audit approach for PPPs, covering all phases of the process, from feasibility study to contract execution and monitoring, incorporating insights gained from the three pilot audits conducted during the project. In 2024, ALSAI conducted a Needs Assessment to support the approval of its Quality Management Policy, which includes enhanced audit quality procedures and guidance, and was published on the ALSAI website. Additionally, ALSAI approved report writing guidance, revised audit procedures, and expanded communication tools. At the same time, the Parliamentary Committee for Economy and Finance is actively advancing towards improving legislative scrutiny of audit reports with support from several development partners. The CEF conducted an institutional review with international partners to strengthen its capacities in areas such as state budget review, public debt oversight, and public finance management. One of the main achievements for 2024 was the establishment of the Parliamentary sub-committee for public sector audit establishment of the Parliamentary sub-committee for public sector audit, with the support of the National Democratic Institute (NDI).

### **Risk management**

Multiple risks that potentially negatively impact on the implementation of the action plan have materialized or have been identified. These include the inadequate number of skilled human resources, low capacity of existing human resources and staff turnover, a lack of coordination and engagement of stakeholders, IT development and procurement and delays in the development and approval of legislative changes. Measures taken and planned to respond to these risks are developing and implementing recruitment and training plans, improved coordination and communication with partners and stakeholders, close monitoring of procedures for procurement and legal changes.

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# 1 Overall overview of the implementation of the Strategy 2023-2030

## 1.1 Introduction

This is the tenth Annual Monitoring Report on the Implementation of the Public Finance Management (PFM) Reform which covers the period 1 January 2024 to 31 December 2024. It encompasses another year of reform efforts and provides detailed information to the PFM Steering and Technical Committees on progress achieved and challenges encountered in meeting the Strategy's objectives and measures.

The present report provides an assessment of the PFM eligibility criteria for the European Union (EU) to provide Budget Support to Albania and as well for the Reform Agenda. The PFM eligibility criterion requires the existence of a credible and relevant programme to improve public financial management as well as satisfactory progress in the implementation of the programme. To our self-assessment PFM progress has been overall satisfactory, with 84.91% of target Performance Indicator achieved and partially achieved and 77.69% of the activities fully completed and on track.

The Government of Albania (GoA) has made good progress in the implementation of its Public Financial Management Reform Strategy. The developments for each pillar are described in the sections below.

## 1.2 Monitoring methodology

Directorate of Public Finance Strategies and Budget Support leads the process of preparing PFM annual monitoring report and send the reporting request to all the pillar leaders, which are the governing structure in charge for reporting on implementation of the Strategy against costed action plan, performance against targets; any delays; or amendments, identifying of the risks materialized, new risks and their mitigating measures. This report was prepared based on the monitoring toolkit approved by Steering Committee no. 11, dated 7 April 2020, and the Decision of the Council of Ministers no. 290, dated 11.4.2020, "On the establishment of the state database of the Integrated Planning Information System (SIPI/IPISIS)". The structure of the 2024 annual monitoring report is drafted in compliance with IPSIS methodology based on DCM no. 290, dated 11.4.2020.

Assessment of PFM progress is done at two levels: level of achievements of performance indicators and in the activity level. Regarding the assessment of performance indicators, the methodology used is: PI is marked in green and is named as achieved if the PI has achieved the 2024 target as planned. PI is marked in red if the PI has not achieved the 2024 target as planned. In other cases, the PI is marked in yellow and is considered as partially achieved. Regarding the assessment in the activity level: in green are those activities which has started in 2023 or 2024 and are completed as planned within 2024; in blue are those activities which has started in 2023 or 2024, has progressed as planned in these years, but the end date is beyond 2024 (except those activities which their targets is periodically planned, in these cases there are considered as completed for the year and marked in green); in yellow are those activities which despite the end date they don't progressed as planned in 2024; and in red are those activities which has not started yet and Off-track are those activities not making good progress and possibly in danger of failing.

## 1.3 PFM visibility and consultations

The PFM Reform Strategy serves as a policy dialogue framework for all donors and civil society actors active in the sector. The institutional framework for managing PFM reforms within the MoF comprises a steering committee (SC), a technical committee and the directorate for PFM reform.

Two PFM Steering Committee meeting and one Technical Committee meeting were held during 2024. On May 3, 2024, the Public Finance Management Steering Committee was organized. Part of this event were all actors involved in the planning of the PFM reform (members of the Technical and Steering Committee), international partners and representatives from Civil Society Organizations. Public Financial Management Strategy 2023-2030 was approved with DCM no. 390, dated 12.6.2024 and it is published in the Official Gazette on 26.06.2024 and MoF's website. In October 10, 2024 the 12<sup>th</sup> Public Finance Management (PFM) Technical Committee was organized. The focus of the meeting was the discussion of the draft annual monitoring report of the PFM for 2023, the challenges and progress achieved, as well as the discussion on the evaluation reports from international partners. In October 31, 2024, the draft report was discussed and approved by the 18<sup>th</sup> PFM Steering Committee (SC) meeting and is published in the MoF website<sup>1</sup>. The PFM Steering Committee was chaired by the Minister of Finance. Representatives of institutions and directorates within MoF involved in PFM and other members of the Steering Committee, also development partners and civil society organizations participated in the meeting.

*On June 20, 2025, the 13<sup>th</sup> Public Finance Management Technical Committee was organized.* The focus of the meeting was the discussion of the draft annual monitoring report of the PFM for 2024, the challenges and progress achieved, as well as the discussion on the evaluation reports from international partners. *In November 11, 2025, the draft report was discussed and approved by the 19<sup>th</sup> PFM Steering Committee (SC) meeting and will be published in the MoF website.* The PFM Steering Committee was chaired by the Deputy Minister of Finance. Part of this event were all actors involved in the planning of the PFM reform (members of the Technical and Steering Committee), international partners and representatives from Civil Society Organizations.

In the framework of transparency and communication with the public, MoF publishes on its official website every annual monitoring report both in Albanian and English language.

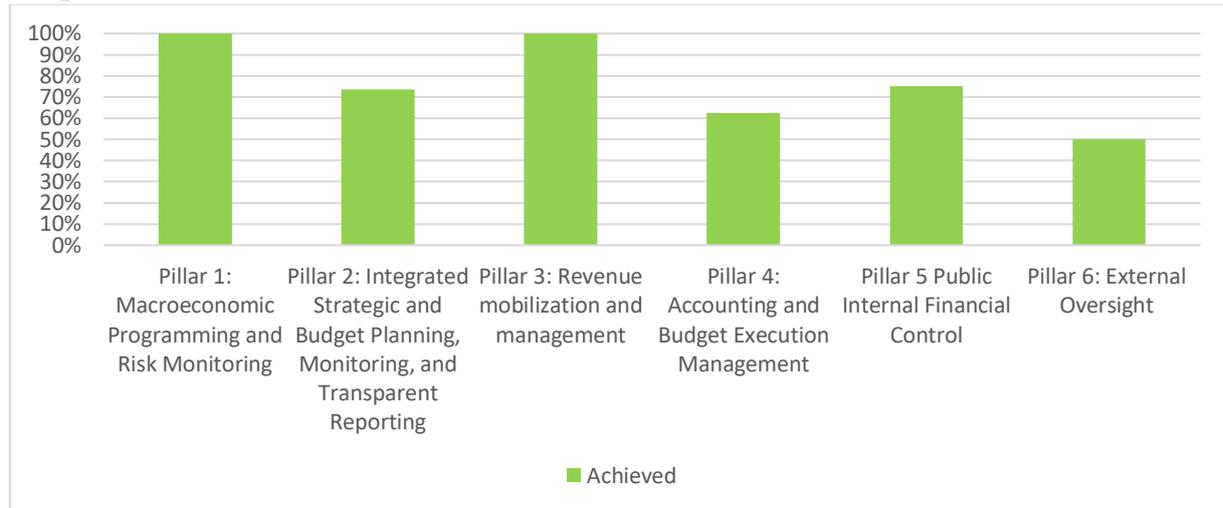
## 2. STRATEGY PROGRESS IN 2024

### 2.1 Achievements in implementing PFM Strategy Pillars for 2024

The Government of Albania has made good progress in the implementation of its Public Financial Management Reform Strategy. PFM progress has been overall satisfactory, with 84.91% of target Performance Indicator fully achieved. Overall, the graph below presents an overview of the level of achievement for each pillar, in the performance indicator level.

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<sup>1</sup> <https://financa.gov.al/wp-content/uploads/2025/01/2023-PFM-Annual-Monitoring-Report.pdf>

**Graph 3. Level of PIs Achievement for each Pillar**

During 2024, the following performance indicator targets were met: (1) Nominal Gross Domestic Product (GDP): the difference of the forecasted values between MoF and IMF should not be higher than zero; (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; (3) Completing the technical assistance for DSA; (4) Annual Fiscal Risk Statement introduced; (5) Fiscal Council established; (6) Percentage of strategies and action plans developed in accordance with IPS guidelines; (7) SIGMA Indicator 6.7.1 - Functioning of internal control (Alignment between management and budget structures (%)); (8) Gender gap analysis (GGA) as part of GRB introduced; (9) Green / Climate change-responsive budgeting (CCRB) introduced; (10) Approval of the PPD together with the NSPP; (11) Improved procedures for PIM introduced (including relevant decision-making mechanism); (12) Share of public investment projects that are proposed based on the strategic priorities of the government (value of projects in specific year); (13) Actual disbursement for major investment projects compared to planned disbursements along with explanation of variations; (14) Ratio of new public investments submitted within the MTBP Cycle versus total new public investments approved in one year; (15) Grant formula adjusted based on Population Census Data; (16) Percentage of municipalities using new LBMS software; (17) Local Budget Management Software and E-Platform introduced by MoF; (18) Citizens Budget Execution Reports published; (19) Number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts; (20) Increase in revenues from MTRS (in total from tax and customs administration according to MTRS); (21) Adoption of MTRS; (22) Increase of revenues from VAT (measured on non-cumulative basis); (23) Increase of revenues from reduction of under and undeclared work (measured on non-cumulative basis) as a result of the introduction of 40000 new employees into the scheme and the increase of the salary declaration of 120000 employees, according to the growth calendar in MTRS; (24) Percentage utilization of Green Channel; (25) Custom declaration processing time; (26) Number of Authorised Economic Operators; (27) Additional number of Budget Institutions connected to AGFIS and electronic archive (EA); (28) Detailed inflow and outflow items in Cash Flow Forecasting included; (29) Percentage of government accountants that have completed IPSAS training; (30) Annual Borrowing Plan and DMS Monitoring Report prepared and published; (31) Increase of the number of instruments for active cash management; (32) Percentage of Public Institutions that comply with FMC requirements; (33) Percentage of Public Institutions that have adequate Managerial accountability mechanisms in place; (34) FMC law and sublegal acts amended and approved; (35) Percentage of public institutions that have adopted all risk management tools. (36) Number of public institutions that are covered by annual internal audits; (37) Number of public institutions that have a functional

audit committee; (38) Percentage of internal audit units that have established and implemented QAIPs in accordance with the applicable standards; (39) Percentage of internal auditors that comply with CPD requirements; (40) IPA-III entrustment package developed and approved; (41) Methodology for audit of PPPs and concession institutionalized.

## 2.2 Impact of PFM strategy implementation in line with the European Integration agenda

The public finance management reform continues to be a priority of the Albanian government not only as one of the preconditions for accession to the EU under public administration reform (PAR), but also aims at supporting a more developed economy with better services to citizens. Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilization, and continued relevance and credibility of the reform programme is one of the general conditions for disbursement of budget support tranches under IPA funds, and as well for the Reform Agenda. In this context, the Public Finance Management Strategy 2023-2030, addressed several challenges that Albania is facing in its path towards EU. Furthermore, progress of PFM is part of several monitoring and evaluation reports such as: Public Administration Reform Special Group (PAR SG) report, PAR Roadmap, SIGMA monitoring report, PEFA Assessment, and EU Progress Report for Albania.

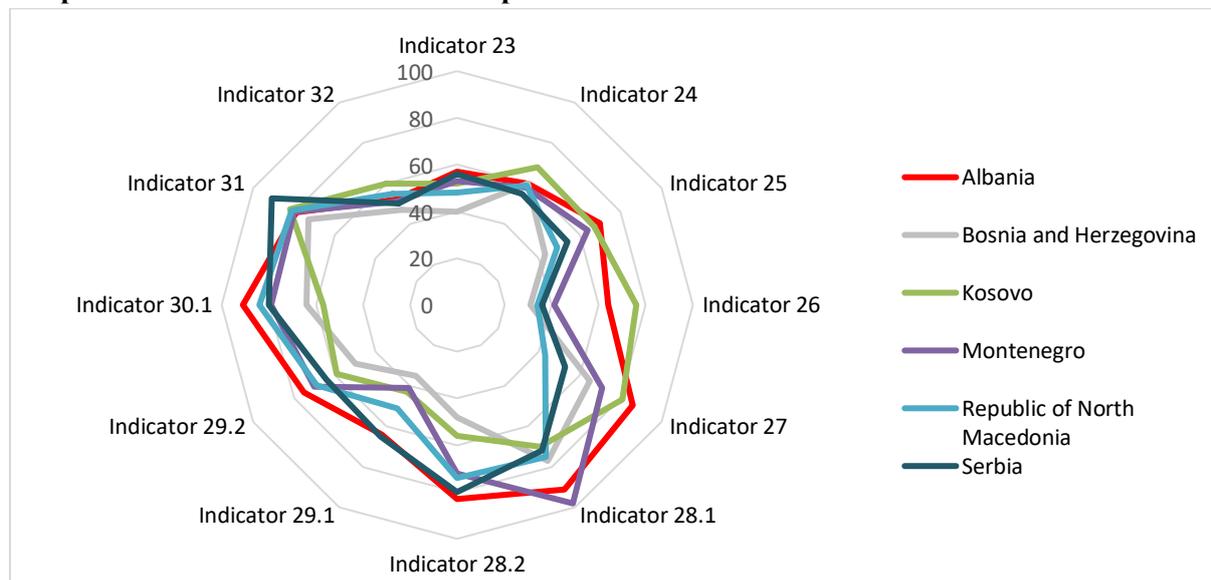
With regards to the **EU-Albania PAR SG**, it serves as the main platform to push forward the work on PAR. Periodic reports on the follow-up of the PAR SG conclusions are prepared by Albanian Government and every yearly meeting, conclusions on the areas to be improved are issued. The 12<sup>th</sup> PAR SG meeting was held in June 2024, in which several operational conclusions were left such as: (1) Albania to start implementation of the recently adopted PFM Strategy; (2) Albania to continue reforms to prevent the occurrence of arrears, with a particular focus on arrears at local government and arrears related to enforcement of court decisions (from civil, as well as administrative cases); (3) Albania to streamline the decision-making and management processes for public investments, irrespective of funding source through application of the CoM decision on the matter. Albania to ensure sufficient resources at MoF for financial oversight role. Albania to further improve reporting on investments, including PPPs, by extending coverage and quality of monitoring reports (4) Albania to further strengthen reporting on financial performance of SOEs, including fiscal risk assessment; (5) Albania to limit the use of normative acts for the budget revision and return to the standard budget revision procedure, fully respecting the budget oversight role by the Parliament. These conclusions will be monitored and followed-up by MOF, and their progress will be reported in the upcoming PAR SG meeting.

**Regarding the PAR Roadmap**, following the bilateral meeting between the European Commission and the Government of Albania on Public Administration Reform (Cluster 1), held on December 12, 2022, the Department of Public Administration, as the leading institution in this area, initiated the process for the preparation of the PAR Roadmap for 6 thematic areas under PAR, where “Public Finance Management” is one of the thematic areas. The PAR Roadmap was approved with DCM No. 737, dated 13.12.2023. During 2024, the MOF continued to monitor the implementation of measures and report the progress on a quarterly basis.

**Regarding the 2024 SIGMA monitoring report**, the process of the SIGMA evaluation for Albania started in January 2024. The principles of Public Administration are organized in 6 thematic areas, 32 principles and 289 sub-indicators. The Ministry of Finance is responsible for the thematic area ‘Public Financial Management’, as well as contributing to the other 5 thematic areas. The thematic area ‘Public

Financial Management’ is composed of 10 principles, where 6 of these are directly related to the function of the Ministry of Finance. The Ministry of Finance has also cooperated with other institutions for inputting data into the system, such as: the Ministry of Infrastructure and Energy; the Ministry of Interior; Ministry of Education and Sports; Ministry of Health and Social Protection; The General Directorate of Taxation and the Albanian Road Authority. During February – March 2024, the data are collected and uploaded in the PAR.IS online system, and in April 2024, dedicated meetings are held with responsible units. The draft report prepared by the experts was shared with Albanian Government data and facts-checking in September 2024, a process that lasted until October 2024. The 2024 SIGMA monitoring report is finalized and published<sup>2</sup>. Referring to the report, Albania remains the regional leader in the functioning of public administration in several thematic areas, notably public financial management (PFM). The comparison for the PFM thematic area between the Western Balkan countries is given in the graph below.

**Graph 4. 2024 SIGMA assessment comparison between the Western Balkan countries**



Source: SIGMA / OECD 2025

Albania’s performance across the indicators reveals a mix of strengths and areas for improvement when compared to its Balkan neighbors. It scores particularly high in Indicator 28.1, achieving a notable 91, reflecting strong performance in the quality of legislative framework for public procurement. Overall, Albania shows satisfactory success across the indicators, with room for improvement in some areas compared to its regional counterparts.

**In May 2024 started the 2024 PEFA Assessment for Albania.** The assessment covered the data for the fiscal years 2021, 2022, 2023. The PEFA Assessment 2024 aim is to provide the Government of Albania with an updated objective diagnosis of the performance of Public Finance Management at the central level based on the PEFA methodology, based on 31 performance indicators. The following were the areas of PFM subject of this assessment: (i) budget planning and executing; (ii) intergovernmental fiscal relations; (iii) performance information for service delivery, (iv) public access to fiscal information; (v) public investment management; (vi) public asset monitoring; (vii) macro-economic forecasts; (viii) debt management, (ix) revenue administration; (x) predictability of in-year resource allocation; (xi) expenditure arrears; (xii) payroll controls and internal controls on non-salary expenditure;

<sup>2</sup> [https://www.oecd.org/en/publications/public-administration-in-albania-2024\\_5577d117-en.html](https://www.oecd.org/en/publications/public-administration-in-albania-2024_5577d117-en.html)

(xiii) procurement system; internal and external audit; financial data integrity. This process was managed and supervised by the Government of Albania, the Delegation of the EU, the International Monetary Fund; World Bank, SECO and SIDA. The Ministry of Finance in this process plays the role of coordinator and supporter for the team of independent consultants contracted by EUD.

The draft assessment report was finalized in December 2024. The assessment made for PEFA 2024 was conducted using the same methodology as the PEFA assessment in 2016. Consequently, the change in performance is directly comparable and shows that the majority (58%) of PFM areas have not changed and almost a third (29%) have achieved higher results in 2024. Processes and functions that have declined are 13%.

Regarding **EU report on Albania 2024**<sup>3</sup>, key findings are presented in the following box.

- **The public financial management (PFM) is broadly in place but needs to be improved.** The legal basis for PFM is mostly in place, with a comprehensive organic budget law. The new 2023-2030 PFM strategy was adopted in June 2024 and covers retro-actively the year 2023. It is comprehensive, covering all aspects of PFM and domestic revenue mobilisation, and focuses primarily on medium-term actions for the period 2023-2026.
- **The provisions of the organic budget law are mostly followed.** However, budget revisions continue to be done almost exclusively through normative acts by the executive, an instrument better suited in cases of urgency.
- **Support systems for budget execution follow-up have been developed further and rolled out.** The level of arrears has reduced, but ongoing efforts to strengthen commitment compliance should still be pursued.
- **Action has been taken to strengthen fiscal risk monitoring.** Nevertheless, fiscal risk reporting and risk assessment on fiscal risk related to state-owned enterprises and public-private partnerships need to be further improved.
- **Budget transparency** is mostly satisfactory with all key budget documents published.

Furthermore, based on the data reported from PFM responsible units, it results that 14 out of 24 components of PFM reform are related with the NPEI chapters, including the fundamental clusters.

## 2.3 Impact of sector development in the region and / or beyond

This section provides a comparative overview of key macroeconomic indicators among Western Balkan countries, with a focus on public finance and economic performance. It is assumed that the Western Balkans follow largely a similar PFM reform agenda linked to the overall EU accession goal. Based on the data provided in the Western Balkans Regular Economic Report, and as is shown in the table below, a mixed picture of the performance of Albania appears when compared to its peers. During the years there is a decrease in the Real GDP growth, from 9% in 2021 to 4<sup>4</sup>% in 2024. Kosovo and Serbia have the highest levels in the region. The Revenue as percentage of GDP is the lowest in the region, whereas the primary balance fluctuates is 1.4 in 2024. Debt as percentage of GDP has decreased in the past years and remains at 54.2% in 2024, lower than in Montenegro and North Macedonia, but higher than in other countries in the region. Albania has performed better than the average of the region, in terms of the average growth rate for these years, reflecting also a milder recession during the pandemic in 2020 and a strong recovery afterwards relative to the average of the WB peer countries.

<sup>3</sup>[https://enlargement.ec.europa.eu/document/download/a8eec3f9-b2ec-4cb1-8748-9058854dbc68\\_en?file-name=Albania%20Report%202024.pdf](https://enlargement.ec.europa.eu/document/download/a8eec3f9-b2ec-4cb1-8748-9058854dbc68_en?file-name=Albania%20Report%202024.pdf)

<sup>4</sup> <https://www.instat.gov.al/en/themes/economy-and-finance/national-accounts-gdp/#tab2>

**Table 1. Fiscal indicators in the Western Balkan countries 2021 - 2024**

Macro indicators	Real GDP growth (%)			Revenue (% of GDP)			Primary balance (% of GDP)			Debt (% of GDP)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Albania	9.0	4.8	4.0	27.4	26.6	27.2	-2.7	-1.8	0.7	74.1	64.1	57.6
Bosnia and Herzegovina	7.4	4.2	1.7	41	40.2	41.3	0.3	1.1	-0.1	37.6	31.5	28.5
Kosovo	10.7	4.3	3.3	27.4	27.9	29.4	-0.9	-0.1	0.2	21.6	20	17.5
Montenegro	13.0	6.4	6.3	44.0	38.6	42.2	0.2	-3.3	2.4	86.8	70.9	60.8
North Macedonia	4.5	2.2	1.0	32.1	32.1	34.9	-4.1	-3.4	-3.1	60.3	59.0	62.0
Serbia	7.7	2.5	2.5	43.2	43.4	42.6	-2.4	-1.5	-0.4	57.1	55.6	52.6

Macro indicators	Real GDP growth (%) 2024 f	Revenue (% of GDP) 2024 f	Primary balance (% of GDP) 2024f	Debt (% of GDP) 2024f <sup>5</sup>
Albania	4.0 <sup>6*</sup>	28.2*	1.4*	54.2*
Bosnia and Herzegovina	2.8	42.2	-0.8	28.2
Kosovo	3.8	29.2	-0.7	17.4
Montenegro	3.4	41.5	-0.8	63.6
North Macedonia	1.8	37.3	-2.9	63.5
Serbia	3.8	43.3	0.2	37

Source: World Bank Group<sup>7</sup>

\*Source: Fact Value for 2024 from INSTAT & MoF

## 2.4 Pillar activities that did not progressed as planned

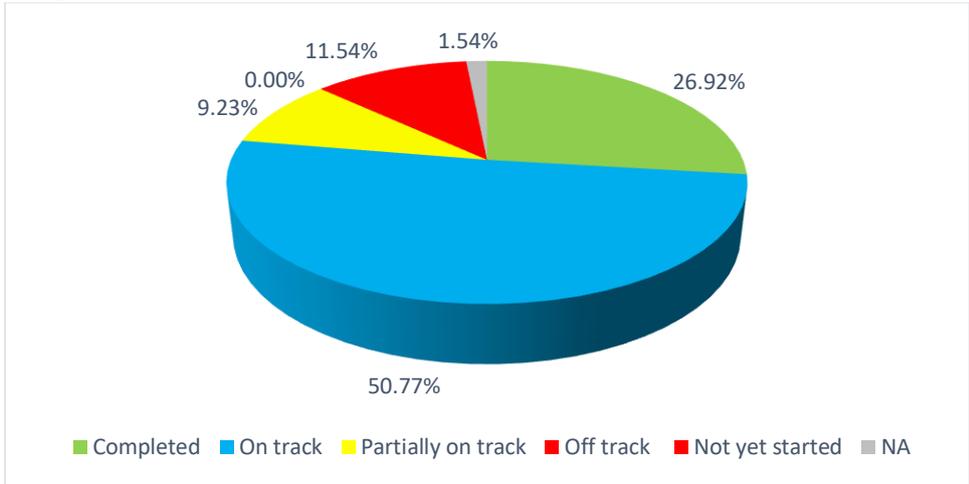
Based on the self-assessment, PFM progress has been satisfactory, with 77.69% of progress in the activity level (it includes “26.92% completed” and “50.77% on track”). The graph below presents an overview of the status of the activities for the six pillars.

<sup>5</sup> Forecast values for 2024

<sup>6</sup> <https://www.instat.gov.al/en/themes/economy-and-finance/national-accounts-gdp/#tab2> Data for Albania in 2024 are the latest provided by national authorities, as INSTAT and MF

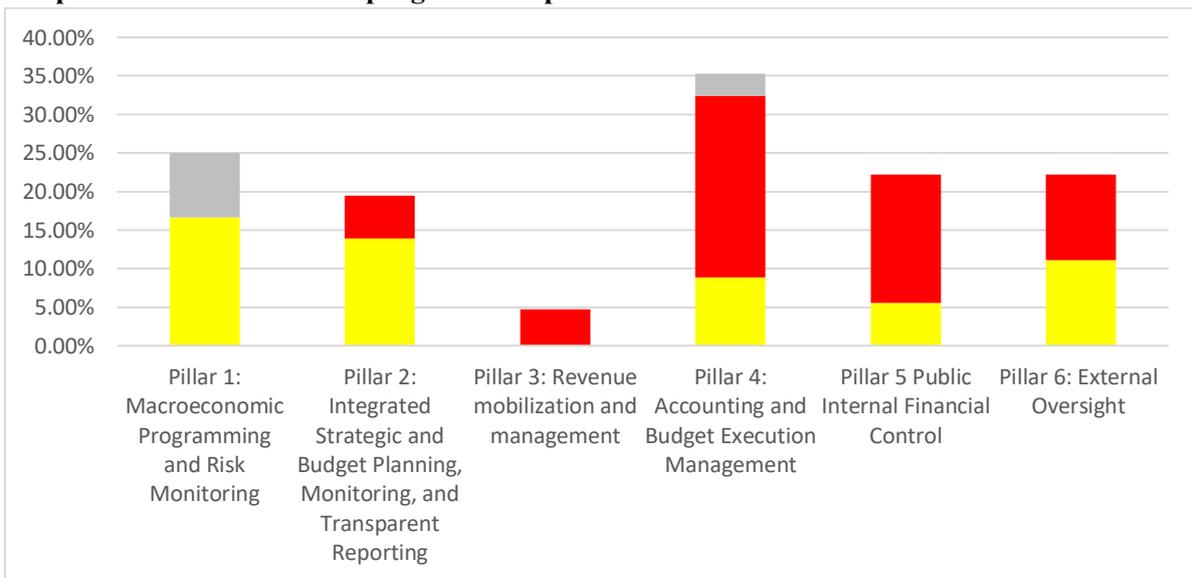
<sup>7</sup>Western Balkans Regular Economic Report No.26 | Fall 2024. <https://documents1.worldbank.org/curated/en/099101424043012347/pdf/P5067421db658a06b1a82c1811f0301d818.pdf>

**Graph 5. Overall PFM Strategy Level of Activities**



Meanwhile, there are some activities that did not progressed as planned. In total, there are 9.23% of activities partially on track, 11.54% of the activities that did not start during 2024 and for 1.54% the data were not available at the time of the reporting. The work will continue in the upcoming year for these activities.

**Graph 6. 2024 Activities not progressed as planned**



## 2.5 General Budget execution

Most 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 has generally not required additional financial resources. The existing staff of the institutions involved in the implementation of the reforms have taken all the necessary steps to achieve the desired results. The Action Plan 2023-2026 provides that the total additional cost of implementing the activities is EUR 11.58 million, of which EUR 811,152 to be covered by the Government Budget and EUR 10,77 million from International Development Partners. While the planned budget for 2024 Action Plan was EUR 4.342 million (EUR 376,607 from Government Budget and EUR 3,965,948 from International Development Partners). During 2024, the total

resources used for the reform implementation were EUR 388,917 from Government Budget and EUR 2,078,833 from International Development Partners.

### 3 Progress in implementing PFM Strategy Pillars

The specific details of the developments for each Pillar are described in the sections below.

#### 3.1 Progress under Pillar 1 “Macroeconomic Programming and Risk Monitoring

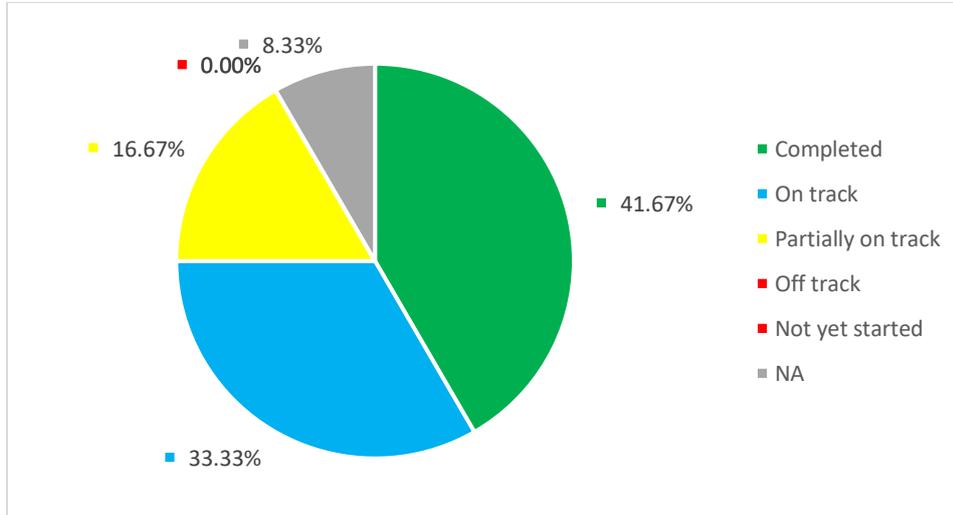
During 2024, the systems for (i) developing and monitoring a sound fiscal policy based on fiscal rules, (ii) advanced macroeconomic forecasting and (iii) solid fiscal risk management practices have been maintained and further improved. All targets set for 2024 have been achieved or were exceeded and are summarized in the table below.

**Table 2: Performance Indicators and Targets of Pillar 1**

Indicator		Baseline value (year)	Target Value 2024	Fact Value 2024
<b>Specific Objective (Component) 1.1 Prudent and realistic macroeconomic programming</b>				
1	Nominal GDP: the difference of the forecasted values between MoF and IMF should not be higher than zero.	0.0 billion ALL (2022)	≤ 0	-44.8
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 % of GDP (2022)	≥ 0	1.4
<b>Specific Objective (Component) 1.2 Establishing a comprehensive Debt Sustainability Analysis</b>				
1	Completing the technical assistance for DSA.	- (2022)	Request of technical assistance.	Technical assistance received by WB
<b>Specific Objective (Component) 1.3 Fiscal Risk Management</b>				
1	Annual Fiscal Risk Statement introduced.	-	Piloted	FRS for FY 2023 finalized and approved by the Minister of Finance, officially submitted to the CoM.
<b>Specific Objective (Component) 1.4 Fiscal Council</b>				
1	Fiscal Council established	-	Fiscal Council options paper prepared	Technical paper done by WB

Satisfactory progress is made as well towards completing the activities planned for 2024. 41.67% of the activities are completed, 33.33% are on track, 16.67% are partially on track and for 8.33% of the activities the information is not available.

**Graph 7: 2024 status of Pillar 1 activities**



## Components (Specific Objective) progress made during 2024

### Specific Objective 1.1 Prudent and realistic macroeconomic programming

#### Performance Indicators

The targets for the performance indicators of this component have been achieved and show full compliance with the fiscal rules for 2024.

The first performance indicator for this component requires that the difference between the Ministry of Finance annual GDP forecast as presented in the annual budget documentation that is presented to the Parliament and the IMF annual GDP forecast as published in the World Economic Outlook Forecast should not be higher than zero. For the year 2024 this difference amounts to -44.8 billion ALL as is further explained in the table below.

**Table 1.2 Nominal Value GDP forecast**

Year	MOF Forecast <sup>8</sup>	World Economic Outlook Forecast <sup>9</sup>	Difference
2024	ALL 2.494.2 billion	ALL 2,539.0 billion	-44.8 billion

The second performance indicator refers to the macroeconomic indicator primary balance which target value should not be negative. This macroeconomic indicator has been legally mandated as a new Fiscal Rule commencing from 2024 and is measured as total budget revenues minus total budget expenses plus interest payment. This commitment aligns with the stipulated fiscal rules in the Organic Budget

<sup>8</sup>[https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://financa.gov.al/wp-content/uploads/2025/02/Kuadri-Makroekonomik-dhe-Fiskal-per-periudhen-2026-2028-VKM-Nr-83-date-5.2.2025-1.pdf&ved=2ahUKewijsPv06JWMAx-WAQ\\_EDHf5LJRcQFnoECCMQAQ&usq=AOvVaw3yQ2a3fkEoaXzc6Nx919CM](https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://financa.gov.al/wp-content/uploads/2025/02/Kuadri-Makroekonomik-dhe-Fiskal-per-periudhen-2026-2028-VKM-Nr-83-date-5.2.2025-1.pdf&ved=2ahUKewijsPv06JWMAx-WAQ_EDHf5LJRcQFnoECCMQAQ&usq=AOvVaw3yQ2a3fkEoaXzc6Nx919CM)

<sup>9</sup> Published at the time the Annual Budget Law was submitted for approval in Parliament (October 2024) and can be accessed in the following link: <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases#sort=%40imfdate%20descending>

Law (OBL), emphasizing the adherence to sound fiscal principles for long-term economic resilience and stability. As stipulated in the OBL, it is mandated that starting from 2024 and for each subsequent year, the primary balance will be no less than zero, ensuring a balanced or positive stance. More specifically, the primary balance reached the level of 1.4% for 2024, up from 0.7% in 2023, therefore meeting the fiscal rule one year ahead of schedule.

### **Measures and activities**

*Prudent and realistic forecasting of macroeconomic indicators, continuous benchmarking of projections (comparative analysis) against those of independent international forecasters, and compliance with fiscal rules is completed.*

The Ministry of Finance's macroeconomic indicator projections have been publicly compared for the year 2024. This comparative analysis has been disseminated through the *Macroeconomic and Fiscal Framework (MFF) 2026-2028* and the *Economic Reform Programme (ERP) 2025-2027*, approved by the Council of Minister with Decision no.46, dated 22.01.2025. The MFF document has been finalized and approved by the Council of Ministers with Decision No. 83, dated 05.02.2025.

*The safeguarding of sound public finances and resilient fiscal frameworks through strict compliance with legislatively mandated fiscal rules is completed.* In 2024, Albania strictly complied with strict legislatively mandated fiscal rules. Compliance with fiscal rules for 2024 is analyzed through regular dissemination in a dedicated section, *Explanatory Box: Compliance with Fiscal Rules*, within the MFF, ERP, and the *Report on the Implementation of the Annual Budget, Macroeconomic and Fiscal Situation* documents, as specified above. There are no delays in implementation.

*The recruitment of specialized staff and the development and delivery of specialized training for General Directorate of Macroeconomic and Fiscal Programming (GDMFP) staff are partially on track.* Staff vacancies have not yet been filled. Training for existing staff and capacity strengthening are ongoing, while recruitment for new staff should be publicly announced on the official civil service website operated by the Department of Public Administration (DoPA).

## **Specific Objective 1.2 Establishing a comprehensive Debt Sustainability Analysis**

### **Performance Indicators**

Regarding the indicator of completing the technical assistance for Debt Sustainability Analysis, the Ministry of Finance has agreed with the World Bank (WB) at the end of 2024 that Technical Assistance and the first round of training for DSA will commence in 2025.

### **Measures and activities**

The provision of technical assistance for the DSA process is on track. At the end of 2024, MoF has agreed with the WB to initiate staff training for the DSA model. The DSA model has been made available to MoF staff and it is currently being populated with data for Albania.

The introduction of the DSA framework as a macroeconomic programming tool is completed, in terms of a TA provided by the World Bank team funded by the EU Trust Fund, and therefore we remain on track to establish a systematic in-house DSA by 2026, as targeted in the respective PFM strategy per-

formance indicator. Additionally, an informative bulletin on key macroeconomic developments for investors has been introduced, and its being published in the official website<sup>10</sup> of MoF each quarter by the GDMFP and the General Directorate of State Debt (GDSD).

### Specific Objective 1.3 Fiscal risk management

#### Performance Indicators

Regarding the performance indicator “Annual Fiscal Risk Statement introduced”, the target value for 2024 was achieved in 2023. The first pilot Fiscal Risk Statement (FRS) for 2022 was drafted, which served as an exercise phase, focusing on the coordination and consolidation of information provided by all reporting units, laying the groundwork for improved fiscal risk management in the future. During 2024 the preparation of the FRS for FY2023 was finalized. The finalized document, approved by the Minister of Finance, has been officially submitted to CoM, for information purposes.

#### Measures and activities

*The development and implementation of capacity building activities for fiscal risk management are on track* for 2024. The Directorate of Fiscal Risks (DRF) was formally established within the new organizational structure of the Ministry of Finance at the beginning of 2024. Throughout 2024, the Budget Risk Unit in the Budget Management Department which is still part of the General Directorate for Budget in the Ministry of Finance, continued to manage all tasks related to fiscal risk management. By the end of 2024 and beginning of 2025, DRF has been staffed almost at its fullest, with 4 specialists, missing just the Director position only.

*Development, piloting and publication of the Annual Fiscal Risk Statement each year has been completed* for 2024. In 2024, the preparation of the FRS for FY2023 was finalized. The statement was approved by the Minister of Finance and has been officially submitted to the Council of Ministers for informational purposes. Expanding the scope of fiscal risks reported in the FRS to also include risks related to natural disasters and climate change **has been on track** for 2024. Natural disaster risks has been already incorporated into the finalized 2023's FRS. Upcoming TA from international partners will further enhance natural disaster risk analysis, particularly those conducted by the Civil Protection Agency, with the goal of further expanding into climate change risk analysis. The information for consolidation and further improvement of the methodology for monitoring and reporting arrears is not available.

### Specific Objective 1.4 Fiscal Council

#### Performance Indicators

In accordance with the plan, an options paper for the development of a Fiscal Council was prepared by the World Bank, following fruitful discussions between the Ministry of Finance and the World Bank.

#### Measures and activities

An option paper regarding the options and the possible ways to develop a tailored Fiscal Council for Albania, has been prepared by the WB. A costed plan for the Fiscal Council has not yet developed because the preferred option has not been formally articulated by the MoF.

### Key challenges and next steps

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<sup>10</sup> <https://financa.gov.al/buletini-makroekonomik-2/>

No key challenges were faced during 2024, except for addressing vacancies for specialized staff and developing and implementing specialized training for GDMFP staff. Training for existing staff and capacity strengthening remain an ongoing processes, while recruitment for new staff should be publicly announced on the official civil service website operated by the Department of Public Administration (DAP), which will be addressed during 2025.

### 3.2 Progress under Pillar 2 “Integrated strategic and budget planning, monitoring and transparent reporting”

During 2024, work was done to further enhance practices of budget planning and budget execution monitoring. 73.7% of the PI targets are achieved during 2024, 5.3% are partially achieved and 21% are not achieved. Overall, the analysis shows positive progress in most areas.

The table below presents the status of the achievement of performance indicators for Pillar 2 Integrated strategic and budget planning, monitoring, and transparent reporting.

**Table 3: Performance Indicators and Targets of Pillar 2**

Indicator		Baseline value (year)	Target Value 2024	Fact Value 2024
<b>Specific Objective (Component 2.1) Integrated Strategic Planning</b>				
1	Percentage of strategies and action plans developed in accordance with IPS guidelines	65% (2022)	75%	75%
2	Percentage of strategies and action plans monitored through the IPSIS	NA	30%	0%
<b>Specific Objective (Component) 2.2 Medium Term Budget Planning</b>				
1	PEFA Indicator 16 Medium Term Perspective in expenditure budgeting	C+	B	C+
2	SIGMA Indicator 6.7.1 - Functioning of internal control (Alignment between management and budget structures (%))	0/3 (2021)	Growing trend	2/2 <sup>11</sup>
6	Spending reviews introduced.	-	General methodology prepared and regulated <sup>12</sup>	General methodology not prepared and regulated
7	Gender gap analysis (GGA) as part of GRB introduced	-	GGA methodology prepared and regulated <sup>13</sup>	GGA methodology prepared and regulated
8	Green / Climate change-responsive budgeting (CCRB) introduced	-	CCRB methodology prepared and regulated <sup>14</sup>	CCRB methodology prepared and regulated

<sup>11</sup> In the 2024 SIGMA Assessment, the indicator assessing the alignment between management and budget structures underwent a significant change. Previously considered a sub-indicator under Indicator 6.7.1 – ‘Functioning of internal control’ and awarded 3 points, it has been reclassified as a criterion within the sub-indicator ‘Managerial Accountability’, with a maximum of 2 points under the new methodology. According to the 2024 SIGMA monitoring report, this criterion received a full score of 2/2, indicating a strong alignment between management and budget structures with budget execution carried out through well-defined spending units. The SIGMA Report can be accessed in the following link: <https://www.sigmaweb.org/publications/monitoring-reports.htm>

<sup>12</sup> Revised and approved at the 18<sup>th</sup> PFM Steering Committee (SC) Meeting, held on October 31, 2024.

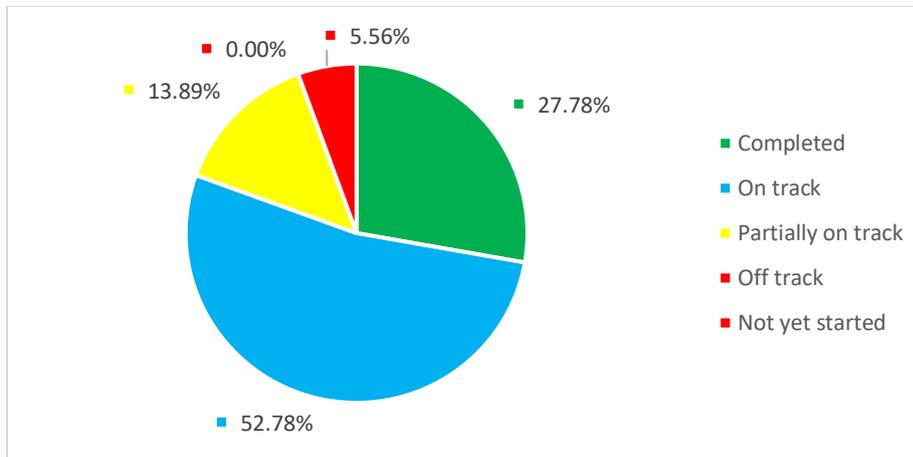
<sup>13</sup> Revised and approved at the 18<sup>th</sup> PFM Steering Committee (SC) Meeting, held on October 31, 2024.

<sup>14</sup> Revised and approved at the 18<sup>th</sup> PFM Steering Committee (SC) Meeting, held on October 31, 2024.

9	Approval of the PPD together with the NSPP	(2022)	Cooperation with Line Ministries and approval with DCM every beginning of the year	"100% Cooperation with Line Ministries and approval with DCM every beginning of the year"
<b>Specific Objective (Component) 2.3 Public Investment Management</b>				
2	Improved procedures for PIM introduced (including relevant decision-making mechanism)	-	PIM procedures implemented and improved	PIM procedures implemented and improved
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%	93%
4	Actual disbursements for major investment projects compared to planned disbursements along with explanation of variations	98% (2022)	≥ 98%	98.4%
5	Ratio of new public investments submitted within the MTBP Cycle versus total new public investments approved in one year	74.2% (2022)	≥ 80%	81.3%
<b>Specific Objective (Component) 2.4 Local Finance</b>				
1	Grant formula adjusted based on Population Census Data	n/a	Grant formula Adjusted	Formula adjusted
2	Additional performance-based grant scheme (PBGS) introduced	n/a	PBGS designed	PBGS determined
4	Percentage of municipalities using new LBMS software	-	30%	80%
7	Local Budget Management Software and E-Platform introduced by MoF.	-	E-platform fully operational and rolled out	E-platform fully operational and rolled out
<b>Specific Objective (Component) 2.5 Budget Execution Monitoring and Reporting</b>				
1	PEFA Performance Indicator 28 "In-year budget reports"	D+ (2017)	B	D+
2	Citizens Budget Execution Reports published	-	Template approved	Finalized
4	Number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts	-	100	Plus 100

Satisfactory progress is made as well towards completing the activities planned for 2024. 27.78% are completed, 52.78% are on track, 13.89% are partially on track and 5.56% have not yet started.

Graph 8: 2024 status of Pillar 2 activities



## Components (Specific Objective) progress made during 2024

### Specific Objective 2.1 Integrated Strategic Planning

#### Performance Indicators

The Percentage of strategies and action plans developed in accordance with IPS guidelines has been increased from 70% in 2023 to 75% in 2024. The 75% achievement in coordinating policies and priorities stems from key strategic and collaborative efforts. Several critical national strategies, like the Priority Policy Document (PPD) 2025-2027 have been approved, highlighting effective strategic planning. These strategies establish a strong foundation for achieving broader policy goals. Continuous collaboration and review processes, such as SASPAC's partnership with the National Agency for Information Systems (NAIS) and the EU4GoodGovernance project, reflect a commitment to optimizing governance systems like IPSIS and EAMIS. These efforts illustrate a dynamic approach to policy implementation and refinement. Regular meetings organized by the IPMG "For the Development of Human Capital" and thematic groups ensure constant stakeholder engagement, enhancing policy responsiveness and adaptability. Amending Order No. 90 to update ministerial responsibilities and GMIPs management further supports governance improvements. Lastly, the integration of cross-sectoral strategies like the Anti-Corruption and Justice Strategies demonstrates a comprehensive effort to synchronize various policy areas. This holistic approach is crucial in progressing toward the set objectives, evidencing a 75% achievement, with ongoing work needed to fully realize strategic goals.

Regarding the percentage of strategies and action plans monitored through the IPSIS, the target value is not achieved.

#### Measures and activities

All activities aimed at enhancing the IT-supported Integrated Planning System for strategy formulation and monitoring have remained on track, except for the EAMIS upgrade, which has been partially on track.

The coordination of policies and priorities is a periodic and ongoing process and the activity of the GMIPs is reported to the Strategic Planning Committee.

Regarding of enhancement of laws, by-laws and guidelines for integrated planning where needed, during 2024 were approved: (i) the Priority Policy Document (PPD) 2025-2027 by DCM no. 161, dated 20.03.2024; (ii) National Action Plan for the Fight against Human Trafficking 2024-2025 by DCM no. 458, dated 09.07.2024; (iii) Intersectoral Strategy of Consumer Protection and Market Surveillance 2024-2030 by DCM no. 326, dated 29.05.2024; (iv) National Social Protection Strategy 2024-2030 by DCM no. 152, dated 13.03.2024; (v) National strategy for migration and action plan 2024-2030 by DCM no. 271, dated 02.05.2024; (vi) National Strategy for Public Procurement 2024-2030 by DCM no. 304, dated 21.5.2024; (vii) Sectoral Strategy of Public Finance Management 2023-2030 by DCM no. 390, dated June 12, 2024; (viii) Intersectoral Justice Strategy 2024-2030; DCM no. 787, dated 18.12.2024; (ix) Cross-Sectoral Anti-Corruption Strategy 2024 – 2030. SASPAC is working with the National Agency for Information Systems to maintain and improve the IPSIS system, where part of the changes will include the inclusion of GMIPs. These changes are being reviewed in collaboration with the EU4GoodGovernance project, which is supporting SASPAC in the analysis of the functioning of IPSIS. IPMG "For the Development of Human Capital" has called regular meetings in 2024 – including meetings of the thematic groups. SASPAC is working with the National Agency for Information Systems. Is still in process to maintain and further improve the EAMIS and its reporting structure/plan, in close collaboration with beneficiary institutions and the donors community.

**Expanding the mid-term review and ex-post evaluation of strategies and actions plans has been partially on track.** SASPAC has been working during 2024 with support from the EU4GG project on amending Order No. 90<sup>15</sup>, dated 01.08.2023, of the Prime Minister, “On taking measures for the implementation of the broad sectoral/intersectoral approach, as well as the establishment and reorganization of the integrated sectoral/intersectoral mechanism”, to also reflect the changes made to the area of responsibility of ministers and the management of the GMIPs.

## Specific Objective 2.2 Medium Term Budget Planning

### Performance Indicators

**Concerning the Medium-Term Budget Planning, for 2024, according to the draft PEFA Assessment, the fact value for Performance Indicator 16 Medium Term Perspective in expenditure budgeting, is rated C<sup>+</sup>.**

**According to the SIGMA Assessment Report for 2024,** the alignment between the management and budget structure is strong, with budget execution carried out through well-defined spending units.

**The performance indicator related to the introduction of the spending reviews has not been achieved,** however the Budget Directorate in the Ministry of Finance, started the preparatory work. During 2024, meetings were held with technical assistance and work was done to study the practices followed by other countries to enable the adaptation of the methodology for Albanian case. It is foreseen that with support of the EU4GG project a good practise analysis will be completed and on the basis of this a methodology for spending reviews will be finalized in 2025.

The **Gender Gap Analysis methodology was approved** with Instruction No. 12, dated 18.10.2024. Between September and December 2024, an initiative was launched to review Standard Instruction No.

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<sup>15</sup> Order No. 90, dated 01.08.2023, of the Prime Minister, “On taking measures for the implementation of the broad sectoral/intersectoral approach, as well as the establishment and reorganization of the integrated sectoral/intersectoral mechanism”

7/2018 “On the standard procedures for preparing the MTBP”<sup>16</sup>. As part of this review, the appendix dedicated to gender budgeting was updated to include additional elements regarding the steps for preparing the gender analysis.

**The Climate Change Responsive Budgeting methodology was approved with Instruction No. 12/2024.**<sup>17</sup> Between September and December 2024, an initiative was undertaken to review Standard Instruction No. 7/2018 “On the standard procedures for preparing the MTBP”<sup>18</sup>. As part of this review, a special appendix was added, defining the concept and outlining the steps that line ministries and central institutions should follow to identify and allocate budgetary funds for climate change-related policies. Additionally, the duties and responsibilities of all actors involved in the MTBP preparation process, particularly in relation to climate change, were clearly defined.

**The development and the approval of the Priority Policy Document together with the National Single Project Pipeline in January of each year has been fully completed.** This integration was formalized by Decision of the Council of Ministers (DCM) no. 161, dated March 20, 2024. This milestone reflects a coordinated approach to social protection, aligning national priorities with strategic planning initiatives. By embedding the NSPP into the Priority Policies Document 2025-2027, the government demonstrates its commitment to enhancing social welfare and cohesion, paving the way for future actions focused on socio-economic development and effective policy implementation. Further actions are planned for 2025 to increase the frequency for updating the NSPP and to strengthen the content of the NSPP.

### Measures and activities

**Some further steps to Strengthening Managerial Accountability in MTBP Formulation have been taken.** In 2024, meetings were held with technical assistance teams to discuss issues related to managerial accountability in the MTBP preparation process, including potential amendments to relevant legislation and the Albanian Financial Management Information System (AFMIS) system. Some changes to AFMIS are planned to strengthen the process further. However, the activity related to rolling out the updated managerial accountability framework through pilots, awareness-raising, and training activities has not yet started. This will occur once the revised legislation is approved.

**The activities aimed at improving procedures and updating the regulatory framework for internal budget hearings between the Ministry of Finance and Budget Institutions, as well as for public participation in the MTBP formulation process, have been completed.** Additionally, the process of conducting budget hearings has been enhanced by keeping meeting minutes and recordings. This improvement follows recommendations from the internal audit and the Albanian Supreme Audit Institution, aimed at further improving the procedures and the quality of organization of budget hearings. In October 2024, Instruction No. 7/2018 was revised to strengthen the process of organizing public budget hearings by clearly defining the roles and responsibilities of the institutions involved.

**The Directorate of Analysis and Budget Programming has started with the drafting of a regulatory act about the publication of deviations between ceilings in each phase of the budget process.** This act is foreseen to be a new regulation approved by the Minister of Finance and will ensure transparent reporting of the variances between MTBP ceilings and budget ceilings (as approved by the parliament). This activity is expected to be completed in 2025.

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<sup>16</sup> Standard Instruction No. 7, dated 28.02.2018, “On the standard procedures for preparing the Medium-Term Budget Programme (MTBP)”.

<sup>17</sup> Instruction of the Minister of Finance No. 12 dated 18.10.2024 on Climate-change responsive budgeting methodology.

<sup>18</sup> Standard Instruction No. 7, dated 28.02.2018, “On the standard procedures for preparing the Medium-Term Budget Programme (MTBP)”.

**To enhance budget documentation, particularly the quality of performance information, several trainings were conducted by the end of 2024.** These trainings, supported by partners, aimed to increase participants' capacities in preparing the MTBP, with a focus on identifying Key Performance Indicators (KPI) related to climate change and gender responsive budgeting (GRB).

**The activity related to introduction of spending reviews has been partially on track.** Meetings have been held with technical assistance to discuss the methodology. The experiences of other countries that have introduced this methodology are currently being analyzed to have it as an example in the drafting of the methodology for Albania.

**The activity related to the further development and introduction of GRB and climate responsive budgeting has been completed.** The methodology for green / climate change-responsive budgeting was approved with Instruction no. 7/2018, revised with instruction no.12, dated 18.10.2024.

**NSPP has been approved as integral part of the Priority Policies Document** by DCM no.161, dated 20.03.2024 “On the approval of the Priority Policies Document 2025-2027”.

### Specific Objective 2.3 Public Investment Management

#### Performance Indicators

With the approval of the DCM no. 887, dated 27.12.2022 "On public investment administration procedures", as amended: In August 2024, referring to the provisions of DCM no. 887 “On procedures for the administration of public investments”, was approved DCM No. 533, dated 12.08.2024, where the National Single Project Pipeline (NSPP) was approved. The Public Investment Management (PIM) Department has precisely followed the procedures of the DCM for the first and second phase of the preparation of the MTBP 2025-2027 and the budget law of 2025. Currently, the detailing of new public investment projects is carried out according to the new procedures.

**Concerning the share of public investment projects that are proposed based on the strategic priorities of the government (value of projects in specific year), the fact value for 2024 is 93%.** This indicator is measured as a ratio of the total amount of public investment that reflect strategic priorities and total amount of investment projects.

**Concerning the actual disbursements for major investment projects compared to planned disbursements along with explanation of variations, the fact value for 2024 is 98.4%.** This indicator is measured as a ratio of the total annual disbursement of investment projects and total planned annual budget for respective projects.

**Concerning the ratio of new public investments submitted within the MTBP Cycle versus total new public investments approved in one year, the fact value for 2024 is 81.3%.**

#### Measures and activities

**Operationalization procedures for improved public investment management has been on track.** The PIM module in AFMIS will be changed, Supervision of work in the AFMIS system. **A working group has been established<sup>19</sup> and a first review has been undertaken for further developing the PIM module in AFMIS.** The objective is to have AFMIS supporting the whole process from submission of capital project proposals up to monitoring the implementation of capital projects including the generation of reports for the purpose of the NSPP, MTBP, annual budget, and budget execution.

**The relevant procedures for Public Investment Management as stipulated in DCM 887/2022 "On public investment administration procedures" were fully adhered to and changes in the public investment administrative procedures were introduced as to strengthen NSPP and enhance the**

<sup>19</sup> Order of the General Director of National Agency for Information Systems (NAIS) no. 359, dated 05.11.2024

**gatekeeper role of the Ministry of Finance.** These changes aim to establish clear rules regarding project maturity and the development and assessment of feasibility studies for the projects within the NSPP. These changes are reflected in DCM No. 70 dated 14.02.2024, “On some additions and amendments to DCM No. 887/2022 ‘On Public Investment Management Procedures’”.

SASPAC is working closely with the “EU for Good Governance” project to improve the methodology for ranking the projects, reporting and monitoring the NSPP. It is anticipated that these procedures will be amended in 2025.

## Specific Objective 2.4 Local Finances

### Performance Indicators

**The government has well advanced with further developing the formula for the transfers of unconditional transfers from central government to Local Government Units, and used the most recent data from the Census for the calculation of the transfers in the 2025 budget.** Following the approval of the 2024 Census data, the population numbers were used to determine the unconditional transfers to municipalities for the fiscal year 2025. The Directorate for Local Finance (Ministry of Finance) will continue to review and improve the formula in 2025 for the 2026 budget.

**Regarding additional Performance based grant scheme (PBGS), in 2024, it was discussed the performance grant scheme and the grant was part of the budget law that was approved in December 2024.** It was determined that the PBGS will be part of the budget law for 2025. A new instruction between Ministry of Finance and Minister of State for Local Government will be prepared in January-February 2025, for the process of allocation of this funds to municipalities.

**The rollout of the new Local Budget Management System (LBMS) has been very successful and by the end of 2024, 80% of all municipalities have used this information system for preparing the 2025-2027 MTBP and Budget against a target of 30%.**

**In 2024, the new online system was fully operational and introduced to all municipalities.** 5 regional meetings were held to train 61 municipalities and 12 districts regarding the use of the New Budget Management System for the preparation of the 2025-2027 MTBP.

### Measures and activities

**All the activities that contribute to improve the grant formula and calculation system for local government and to strengthen MTBP formulation and monitoring implementation in Municipalities have been on track.**

**The MTBP 2025-2027 guideline has been prepared,** part of which is also a new online system for the preparation of the MTBP at the local level, the Local Budget Management System. Moreover, the list of standard products, which are related with all the functions of LGU-s that are determined in 139/2015 law “For local self-government”, has been established for 12 pilot municipalities. The program description of the budget classifications is standardized through the new online system.

**In 2024, Directorate of Local Finance also continued to develop the monitoring module of the LBMS which is expected to be completed in 2025.**

**In 2024, for the formulation of the 2025-2027 MTBP, all municipalities have used performance indicators.** With 3 new municipalities added in 2024, a total of 12 municipalities are now formulating their MTBP with the new methodology up to the level of the product.

**In order to develop and implement capacity building activities for MTBP formulation,** in-year budget execution reporting and annual budget execution reporting, MoF has organized regional trainings with all budget directors of the municipalities.

**In order to develop and deploy the new LBMS for subnational budget preparation and monitoring**, a detailed specification document for the use of the new LBMS was part of the Instruction 3/2024 “For the preparation of the Local MTBP 2025-2027”.<sup>20</sup>

**The new online system for LBMS was fully tested, became operational and was introduced to all municipalities.**

To support the rollout of the LBMS, **an extensive capacity building programme has been delivered** and this included 5 regional meetings were held to train 61 municipalities and 12 districts regarding the use of the New Budget Management System for the preparation of the 2025-2027 budget. In parallel to the development and rollout of the LBMS, the integration of local budget management into the AFMIS is foreseen.

**The development of AFMIS specifications based on experience with the web-based MTBP software is partially on track.** The municipalities will continue to use the LBMS software until the LBM module in AFMIS becomes operational.

**The review, adaptation and consolidation of the methodology for the Personal tax component of the revenue sharing between Central Government and LGUs is planned to start in 2025.** The aim of this activity is improve the level of financial resources for LGUs from shared taxes.

### Specific Objective 2.5 Budget Execution Monitoring and Reporting

#### Performance Indicators

Overall, budget execution monitoring and reporting is gradually improving and activities largely being implemented as planned. **Concerning Budget Execution Monitoring and Reporting, for 2024, according to the draft PEFA Assessment, the fact value for Performance Indicator 28 “In year budget reports” is rated D+.**

**The templates for the Citizens Budget Execution Reports have been finalized.** The Citizens Budget Execution Report will be introduced for the first time in 2025 as part of the Annual Budget Execution Report covering fiscal year 2024. The budget execution report for the citizens is designed to communicate the essential financial information that is provided in the Annual Budget Execution Report, in a clear and user-friendly manner, ensuring that ordinary citizens can easily understand how public funds are being managed.

**Regarding the number of PPP contracts covered in the aggregated annual report on PPPs and concession contracts, for 2024, it is expected to include more than in the report of last year (2023), specifically over 135 concession contracts.**

#### Measures and activities

**In order to improve budget execution monitoring and reporting and to introduce Citizens Budget Execution report, legislative changes are not needed for this measure at this point.** The budget execution report for the citizen is designed to communicate the essential financial information that is provided in the Annual Budget Execution Report. The content/template of annual budget execution report is already defined in the article 63 of Organic Budget Law.

**For monitoring and reporting on Public Investment Projects, central government units report to the Ministry of Finance according to DCM 887/2022<sup>21</sup>.** Regarding the adaption of the AFMIS to

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<sup>20</sup> Instruction of the Minister of Finance No. 3 dated 28.02.2024 on “For the preparation of the Local Medium Term Budget Program 2025-2027”

<sup>21</sup> Annex no. 2 of decision no. 887, dated 27.12.2022 "On Public Investment Management Procedures", amended.

reflect changes related to the newly approved PIM procedures, a working group has been established by Order of the General Director of NAIS no. 359, dated 05.11.2024 and concrete requests for changes are being pursued. For this purpose, a loan is being negotiated with the World Bank Gov Tech 2, in which one of the components is the change of the PIM module in AFMIS. This process was not completed because during 2024, the PIM procedures were revised with DCM no. 70 dated 14.02.2024 and from discussions with the World Bank and NAIS, the revisions that needed to be made in AFMIS were more than those foreseen by us compared to those in the initial phase. Regarding the training activities for monitoring and reporting on Public Investment Projects, in cooperation with the World Bank and Albanian School of Public Administration it has been agreed that the trainings that have been ongoing since 2024 will continue throughout 2025.

**The changes in order to update PPP legislation and relevant sub-legal acts to ensure adequate monitoring and reporting at contract and portfolio/program level are closely related to the amendments to the concessions law.** The Concessions Directorate at the Ministry of Finance has prepared a draft that will be coordinated with the changes that the law will undergo.

### Key challenges and next steps

There were no key challenges, since all the activities are completed and on track, except the activities that contribute to further improve methods, procedures and managerial accountability for MTBP formulation and to improve the level of financial resources from shared taxes. The activity related to rolling out the updated managerial accountability framework through pilots, awareness raising and training activities has not yet started. This activity is expected to take place after the approval of the revised legislation.

## 3.3 Progress under Pillar 3 “Revenue Mobilization and Management”

**Reforms aimed at improving revenue systems mobilization and management continued in 2024 in line with the PFM Action Plan, the Medium Term Revenue Strategy (MTRS) and the Business Strategy of the Albanian Customs Administration.** All PI targets are achieved during 2024.

The table below summarizes the status of the achievement of performance indicators for Pillar 3 Revenue Mobilization and Management.

**Table 4: Performance Indicators and Targets of Pillar 3**

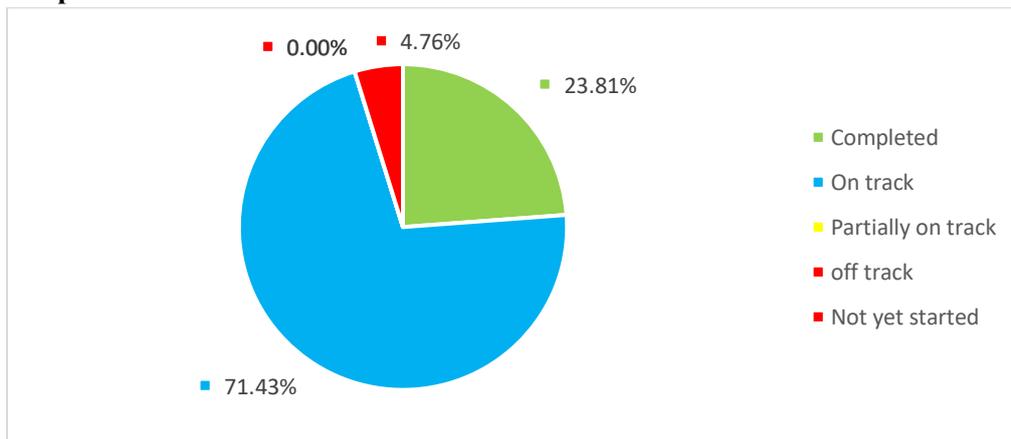
Indicator		Baseline value (year)	Target Value 2024	Fact Value 2024
<b>Specific Objective (Component) 3.1 Tax management</b>				
1	Increase in revenues from MTRS (in total from tax and customs administration according to MTRS)	(2023) 0.57% of GDP	0.76% of GDP Increase compared to 2023	0.79% of GDP Increase of revenues from MTRS
2	Adoption of MTRS		Adopted	Adopted
3	Increase of revenues from VAT (measured on non-cumulative basis)	(2023) 1,98% of GDP	0.4% of GDP	0.41% <sup>22</sup>

<sup>22</sup> GDP revised for 2024 is ALL 2,494,208.4 million.

			Increase compared to 2023	
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.	(2023) 0.08 of GDP	0.02% of GDP increase compared to 2023	0.033% of GDP increase compared to 2023
<b>Specific Objective (Component) 3.2 Property Tax Management<sup>23</sup></b>				
<b>Specific Objective (Component) 3.3 Customs Management</b>				
1	Percentage utilisation of Green Channel	-	30%	31%
2	Custom declaration processing time	-	Decreasing trend	90
3	Number of Authorised Economic Operators	-	Increasing trend	16

Satisfactory progress is being observed regarding the completion of activities and the achievement of set targets for 2024. 71.43% are on track, 4.76% have not yet started and 23.81% of activities are completed.

Graph 9: 2024 status of Pillar 3 activities



## Components (Specific Objective) progress made during 2024

### Specific Objective 3.1 Tax Management

#### Performance Indicators

The Government continued its reforms in tax management and a new Medium Term Revenue Strategy was adopted presenting measures to increase domestic revenue mobilization. In the meantime, General Directorate of Taxation (GDT) increased VAT revenues, reduced the VAT compliance gap and reduced under-declared and undeclared work.

Concerning the increase in revenues from MTRS (in total from tax and customs administration according to MTRS), the additional revenue from the MTRS reached 0.79% of GDP, compared

<sup>23</sup> For Specific Objective (Component) 3.2 Property Tax Management, no target values have been established for 2024.

**to the initially projected 0.76%.** This significant increase in revenue is primarily the result of strong performance under the pillar of Tax Administration Improvement.

**Concerning the increase of revenues from reduction of under and un-declared work** (measured on non-cumulative basis) of the MTRS has foreseen the introduction of 40000 new employees into the scheme and the increase of the salary declaration of 120 000 employees, for the period 2024-2027. For the year 2024, the MTRS has foreseen 1% of total workforce or 8,000 new contributors in the scheme and for around 2% of total employees or around 15 000 employees, the salaries will be increased. Based on the factual data for the year 2024, it comes these two indicators have been fully achieved. For the year 2024, there are 12,500 new employees incorporated into the contributor scheme, equivalent to 1.6% of the total workforce, exceeding the 1% initially projected under the strategic framework for the year. Moreover, an upward wage adjustment of ALL 7,000 was applied to approximately 27,000 employees, representing 3.6% of the total employed population, compared to the 2% initially anticipated for 2024.

**In 2024, the Ministry of Finance developed the Medium Term Revenue Strategy and Action Plan 2024-2027.** The MTRS was adopted by DCM<sup>24</sup> No.847/2024. After the approval of MTRS and AP 2024-2027, for monitoring the implementation of this MTRS, a steering committee and technical secretariat have been established by order of the Minister<sup>25</sup>. According to the Minister's Order, the 2024 Monitoring MTRS Report is approved by March 2025 and is expected to be used as monitoring tool.

**Domestic VAT revenues amounted to 2.39% of GDP in 2024, which shows a significant increase as compared to 2023 when the same indicator was 1.98% of GDP.** The calculation is based on preliminary data for 2024 of the revised GDP which amounts to ALL 2,494 billion and the domestic VAT revenue which amounts to ALL 59.6 billion. The target has been met.

### Measures and activities

**The activities that contribute in adoption of the MTRS 2024-2027 are completed.** The MTRS and Action Plan 2024-2027 is approved by the DCM no.847, dated 26.12.2024. The IMF provided substantial support for the formulation of the MTRS and will continue to provide support for monitoring its implementation. In addition, IMF will assist with the evaluation of all tax exemptions.

**The Ministry of Finance established in 2024 a new directorate for Forecasting, Statistics, and Tax Revenue Analysis** with the aim to enhance institutional capacity in tax policy development and tax reform management. The GDT has further improved the quality and accuracy of data analysis. IMF provided crucial assistance by training personnel and facilitating the use of R program, one of the most effective tools for statistical analysis and data processing. In addition, GDT has participated in several meetings on artificial intelligence (AI), organized by Microsoft, which have provided valuable guidance and knowledge on integrating AI into analytical processes.

**With the aim to develop and implement initiatives to reduce the VAT compliance gap, the full functionality of the Risk Committee was established<sup>26</sup> and the risk module of identifying noncompliance was operationalized.** The Risk Committee held 12 meetings in 2024, reviewing an average eight issues per decision. A decision was made in each meeting providing Regional Directorates or other Departments on GDT like investigation or on field verification with risky taxpayer lists to be carried out. GDT continued to fully operationalize the risk module of anomalies, which receives data from the fiscalization system. By the end of 2024, 46 risk criteria had been tested and approved within the risk

<sup>24</sup> DCM No. 847/2024 “For the approval of the Medium-Term Revenue Strategy and Action Plan 2024-2027”, dated 26 December and published in Official Gazette No. 2, dated January 9, 2025.

<sup>25</sup> Order No. 14 dated 24 January 2025, “On the establishment of the Steering Committee and Technical Secretariat for the monitoring process of the Medium-Term Revenue Strategy and Action Plan 2024-2027” issued by the Minister of Finance.

<sup>26</sup> By Order No. 42 of the General Directorate of Taxes (GDT), dated February 23, 2023. It was a Compliance Committee which was replaced by a Risk Committee that take decisions on a monthly bases.

module. Additionally, four reports have been created and are fully functional within the Business Intelligence module of Fiscalization. Fiscalization data is regularly used to identify VAT non-compliance, and GDT started to implement pre-filled VAT declarations, which is expected to be completed by the end of 2026.

**MoF has completed the implementation of an integrated approach to reduce under-declared and undeclared work by strengthening legal provisions for sanctions related to undeclared workers and under-declaration of income.** The necessary legal changes were approved as part of the 2023 fiscal package, specifically in Article 119, Point 3 of the Law on Tax Procedures.

**In 2024, the Compliance Plan for the Annual Individual Income Tax Declaration 2022 was approved, targeting 100 high-income individuals.** The risks associated with this group were identified. The next steps include audits for 200 individuals which is a target also in the Reform Agenda and tax assessment for individual with discrepancy in their income declarations or who do not justify their possessing's. Additionally, letters were sent to all individuals who had discrepancies in their DIVA 2021 declaration. The Tax Investigation unit sent letters to non-compliant individuals, who were subsequently identified and examined. These letters are for individuals who had the obligation to declare their incomes but they are not the wealthiest individuals. Additionally, in order to facilitate the tracking of non-compliant individuals, during 2024 were identified the institutions that will receive letters by 2025.

**With the aim to improve service delivery to tax payers, GDT is developing a taxpayer service strategy.** Intensive work is being done on drafting the taxpayer service strategy, which will be concluded on June 2025, in collaboration with Swedish Tax Administration (STA). The scope of the strategy will be "Improvement of taxpayer services functions through more new online services and a modern technical infrastructure". The aim of this strategy is to increase trust and productivity.

The improving efficiency of the national call center with a structured escalation process to deal with enquires of different complexities is completed. The call center is fully functional and has been included in all initiatives of the tax administration related to promoting taxpayer self-compliance. The tax administration is also in the process of implementing several training initiatives designed to develop human capacities. Some of the key training programs include those provided by QTATD, Center of Excellence in Finance (CEF), IMF, AIOTA, and TAIEX. These trainings focus on sustainable capacity building for tax administration purposes.

### Specific Objective 3.2 Property Tax Management

#### Performance Indicators

Concerning Property Tax Management, no target values have been established for 2024. The Government has continued its reform process in Property Tax Management. Regarding the law on property tax and sub-legal acts for the implementation of the law on property tax adopted, based on the DCM no. 818/2024, the draft law is foreseen to be submitted for consideration to the Council of Ministers during the third quarter of 2025. Once this new law has been approved, the Ministry of Finance will start developing and approving the respective sub-legal acts.

#### Measures and activities

**Both of the activities that contribute to improve the fiscal cadastre and the property tax collection system have been on track.** A new law on Property Tax has been developed and has undergone a public consultation process including public hearings. Moreover, the international partners IMF and WB have reviewed the draft law. Following this review and consultation process, improvements have been made to the draft law. The draft-law "On immovable property tax" among other things provides

for: (i) the shift from area-based taxation to market value based taxation; (ii) competent authorities for the assessment of immovable properties for the purpose of calculating the property tax; (iii) responsibilities of General Directorate for Property Tax and Municipalities; (iv) categories of properties that will be taxed; (v) property Tax rates; (vi) exemptions from the property tax; (vii) fines; (viii) cooperation between institutions in terms of exchange of information necessary for the calculation of the property tax.

Based on the DCM no. 818/2024 “On the approval of the general analytical program of drafts to be submitted for consideration to the Council of Ministers during 2025”, the draft law is foreseen to be submitted for consideration to the Council of Ministers during the third quarter of 2025.

### Specific Objective 3.3 Customs Management

#### Performance Indicators

**The government continued its reforms in Customs Management resulting in the reduction of the customs declaration processing time, improved utilization of the green channel and the increase of the number of Authorised Economic Operators (AEO).**

**The utilisation of the green channel was 31% during 2024.** In the framework of the promotion of legal trade, also maintaining the control of the risk based on risk of goods, means of transport or persons, Customs during 2024 was committed on the increase of usage of the green channel (control free) and reduction of usage of red channel (physical control). This has increased the number of Green List companies which for 2024 has gone to 2,200, as well as a better targeting of the physical controls. From the statistical data, it results that the level of usage of the Green channel in 2024 turns out to be about 30.73% against 27.9% in 2023. The level of control in the red channel (physical control) is 6.57%, against 6.64% in 2023. As a conclusion, in 2024, there was an increase in the level of usage of the Green channel.

**General Directorate of Customs (GDC) successfully reduced the customs declaration processing time from 99.1 minutes on average in 2023 to 90 minutes in 2024.** This reduction results from faster processing across the three channels (red, yellow, and green), thanks to improved and more efficient control procedures.

In 2023, the number of Authorised Economic Operators was 13 (out of 13 planned), due to the continuation of the successful applications by economic operators and in time controls and approvals by Customs working group. **For year 2024, three other companies received the AEO status from Customs.** The number of AEO increased from 13 in 2023 to 16 in 2024.

#### Measures and activities

**Concerning Customs Management, all activities are on track.** Only the development of an IT solution for the introduction of the National Single Window experiences some delay.

**Concerning the improvement of Human Resources practices and delivering capacity development,** the trainings of the existing and newly recruited employees are done on continuing bases.

**Concerning the investment in IT systems for Integrated Tariff Management System (ITMS), during 2024, the system modules were created.** From there tests were made in relation to these modules. By the part of the contractor, it was released the printed and electronic versions of the materials. It is made available the program code in a memory storage unit. From the project it has been removed the maintenance part, as this one year period will serve as test period, where there will checked the last defects that the system may have, to get ready for the implementation phase. Both the TA and supply contracts have been closed.

**In accordance with the requirements of the Intersectoral Anticorruption Strategy, GDC drafted and approved its Integrity Plan.** Additionally, the Risk Register for Customs was developed and approved. The Integrity Plan is being monitored regularly by the Anticorruption Directorate in GDC. The Risk Register is drafted and applied each year and monitored by the Group of Strategic Management within the GDC.

**The applications of the economic operators are on continuing bases, as well as the controls and approvals by Customs for receiving the AEO status.** In total with year 2024 there were validated 16 successful applications. 16 companies work with AEO status.

**Ministry of Economy, Culture and Innovation (MoECI) and GDC continued the preparations for the introduction of the National Single Window.**

A World Bank project began in October 2020 and is still ongoing. This projects aims to increase the efficiency and effectiveness of trade and transport processes in the Western Balkans, focusing on improving regional integration and reducing barriers to cross-border trade. In 2024 a company has been contracted to review and amend the legislation and regulations for the “Guide to the National Single Window for Albania” and to develop the technical specifications for the NSW information system. This Roadmap will serve as the basis for the development of the national single window – a single entry point, fully electronic, with all trade-related regulatory requirements. This intervention resulted in a Terms of Reference for a follow-up project that aims to finalize the introduction of the NSW. These ToR have been approved by the WB who will finance the next phase. It is expected that the tender will be launched in September 2025.

**Further steps have been taken with the introduction of a New Computerized Transit System (NCTS) and a contractor has been selected in 2024 to develop the National Transit application.**

The reform on the NCTS started in 2020 as part of the World Bank supported project Supervision Services and Quality Control for the full implementation of the NCTS in Albania.<sup>27</sup> In 2024 MoECI and CFCU contracted a company to implement the contract Architecture and Deployment of the National Transit Application, fully compatible with EU-NCTS<sup>28</sup>.

**To further develop the NCTS IT environment, ACA has established a working group for the implementation of the New Computerized Transit System.** This group consists of various experts from fields such as customs procedures, legal, guarantee, payments, IT, and risk management.

### Key challenges and next steps

There were no key challenges, since all the activities are completed and on track, except the development and deployment of the IT solution for the National Single Window, which has not yet started. Starting time of this activity depends on the other two activities related to implementation of the NSW.

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<sup>27</sup> Supervision Services and Quality Control for the full implementation of the NCTS in Albania, No. Ref. WBTF-ALB-121D, dated 03.06.2022.

<sup>28</sup> Architecture and Deployment of the National Transit Application, fully compatible with EU-NCTS, Ref. No. WBTF-ALB-121B.

### 3.4 Progress under Pillar 4 “Accounting and Budget Execution Management”

**Accounting and Budget Execution Management** has shown significant improvement with most of **PI targets** planned for 2024 being achieved. The access of **Budget Institutions** to the **Electronic Archive** exceeded expectations. An additional number of 144 new institutions are linked to the Electronic Archive during 2024.

As part of debt and cash management, the Annual Borrowing Plan and Debt Management Strategy (DMS) Monitoring Report have been prepared and published, and the monthly cash forecast accuracy rate has been consolidated. Furthermore, the percentage of government accountants who have completed International Public Sector Accounting Standards (IPSAS) trainings has been further improved with 380 internal auditors of public sector trained on the basic principles and concepts of accrual accounting based on IPSAS, as part of their Continued Professional Development.

For the first time in 2024, there are 6 detailed inflow and 4 detailed outflow items in Cash Flow Forecasting for 2024. Additionally, the number of instruments for active cash management was increased with 2 instruments. The improvement of asset management is directly linked to the second phase of IPSAS implementation. This phase began in 2024, with consultants engaged in drafting the regulatory framework based on IPSAS including the law on public sector accounting, instructions and manuals on financial transactions.

By the end of 2024, **62.50%** of the **PI targets** for **Pillar 4: Accounting and Budget Execution Management** were achieved, **25%** were partially achieved, and **12.50%** were not yet achieved. The table below presents the status of the achievement of performance indicators for **Pillar 4**.

**Table 5: Performance Indicators and Targets of Pillar 4**

Indicator		Baseline value (year)	Target Value 2024	Fact Value 2024
<b>Specific Objective (Component) 4.1 National Government Accounts<sup>29</sup></b>				
<b>Specific Objective (Component) 4.2 Accounting</b>				
1	Additional number of Budget Institutions connected to AGFIS and electronic archive (EA).	-	86 to EA	144 to EA
4	Percentage of government accountants that have completed IPSAS training	-	60%	60%
<b>Specific Objective (Component) 4.3 Public Procurement<sup>30</sup></b>				
<b>Specific Objective (Component) 4.4 Debt Management</b>				
1	Annual Borrowing Plan and DMS Monitoring Report prepared and published	-	Documents published in the MoF Website	Document of the DMS Monitoring Report was prepared and published in the MOF Website.

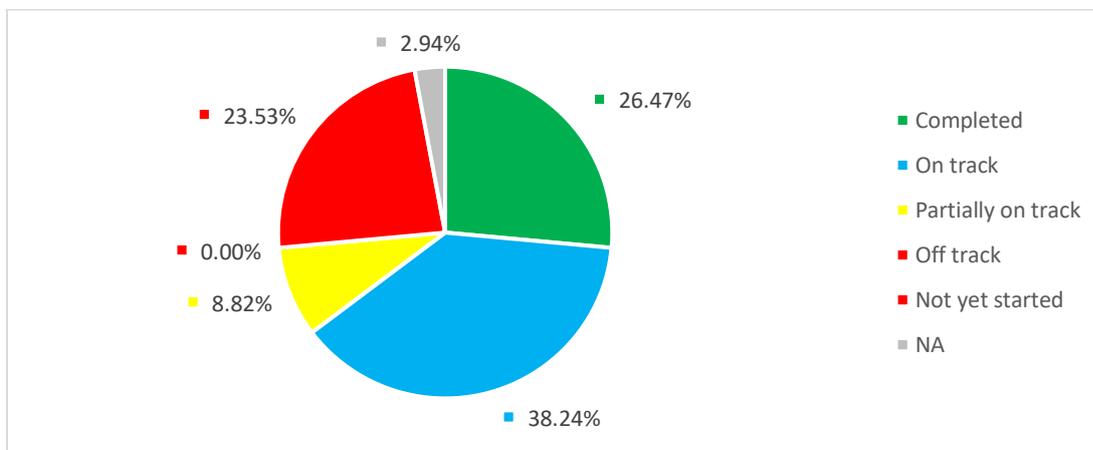
<sup>29</sup> For component 4.1 National Government Accounts, no target values have been established for 2024.

<sup>30</sup> For component 4.3 Public Procurement, no target values have been established for 2024.

				Annual Borrowing Plan (for 2025) prepared and published.
<b>Specific Objective (Component) 4.5 Cash Management</b>				
1	Monthly cash forecast accuracy rate	88% (2022)	91%	90%
2	Detailed inflow and outflow items in Cash Flow Forecasting included	0	6	6
3	Increase of the number of instruments for active cash management	1	0	2
<b>Specific Objective (Component) 4.6 Asset Management</b>				
1	Establishment of the proper regulatory framework regarding evaluation and inventory of public assets	-	Regulatory framework drafted	Regulatory framework has start drafting
2	Preparation of a consolidated asset register in central institutions, at the controlling unit level.	-	Drafted	A consolidated asset register has start drafting

Good progress is made towards completing the activities planned for 2024 with 26.47% completed and 38.24 % are on track.

Graph 10: 2024 status of Pillar 4 activities



## Components (Specific Objective) progress made during 2024

### Specific Objective 4.1 National Government Accounts

#### Performance Indicators

Concerning “National Government Accounts” there was no Performance Indicator target for 2024.

#### Measures and activities

The planned activity and measure for 2024 was completed on schedule. In this regard Institute of Statistics (INSTAT) has worked to further improve the GFS and EDP statistics with EU standards (ESA 2010) through collecting and including the information on the PPPs and Concession contracts in GFS

and EDP statistics. INSTAT is currently in the process of gathering data on Public-Private Partnerships (PPPs) and concessions. All available contracts have been uploaded from the official ATRAKO website. A dedicated database for concessions and PPPs has been created, and the process of populating the system is in its initial phase.

### Specific Objective 4.2 Accounting

#### Performance Indicators

Albania Government Financial Information System (AGFIS) remains the key system-based tool for controlling and monitoring revenues and expenditures. An additional number of 144 new institutions are linked to the Electronic Archive in 2024. The use of the electronic archive (Web portal) was expanded in 2024 to include 144 new institutions, bringing the total number of institutions to 787. For 2024, the expansion of the electronic archive was planned for 86 budgetary institutions, while in reality, the number of institutions that have accessed the electronic archive is 144. This increase occurred due to: 1) Many of the institutions that did not meet the internal financial control rule for transactions of budget execution process to access the electronic archive have added the position of finance specialist to their staff; 2) The addition of newly joined institutions to AGFIS.

Efforts have been done to further improve the percentage of government accountants who have completed IPSAS trainings. During 2024, Directorate of Harmonization of Financial Management, Control and Accounting (DHFMC) achieved the target of having 60% of government accountants complete IPSAS trainings. One of the main objectives of the first phase of the IPSAS project, was to build the capacity building of public sector accountants in the public sector institutions. In 2024, DHFMC trained approximately 380 internal auditors in the public sector on the basic principles and concepts of accrual accounting based on IPSAS, as part of their Continued Professional Development.

#### Measures and activities

In 2024, the GD of Treasury made significant progress in the activities related to increase access and utilization of AGFIS. In this regard the use of the electronic archive (Web portal) was expanded. The archive facilitates the electronic submission of scanned and electronically signed support documentation for budget transactions of general government units to the Treasury branches. This expansion included 144 new budgetary institutions in 2024, bringing the total number of 787 institutions. During Q3 2024 work began on: 1) Automating the pre-commitment control of expenditure process in budget institutions that do not have a direct connection with AGFIS hardware and software upgrade; and 2) Ensuring secure interoperability with the fiscalization system to improve internal controls to prevent arrears. In this regard, and in accordance with Normative Act No. 3 dated 28.08.2024, the fund for the implementation of the project "Improvement of the Government's Financial Information System" has been approved. The Normative Act was submitted to the National Agency of Information Society (NAIS) for recognition, and further processing via a letter from the Ministry of Finance (No. 11696/115, dated 23.09.2024). Subsequently, through NAIS letter No. 1815/3 dated 09.10.2024 "On the Procedure for the Improvement of the Treasury System", a review of the project's terms of reference was requested. On 05.12.2024 the terms of reference and special qualification criteria were finalized and the limit fund for the above-mentioned procedure was determined. NAIS institution is currently proceeding with the procurement procedures.

During 2024, the DHFMC has been working to improve the development of the legal and regulatory framework for accounting reforms. Progress has been made toward developing and enacting a new Public Accounting Law that introduces these reforms. Additionally, efforts are underway to develop instructions/ and sub-legal acts covering all adopted IPSAS, along with corresponding manuals

for each sub-legal act the manuals. The final strategic objective of the reform is to ensure that public sector institutions prepare financial statements based on selected IPSAS. Following the completion of the first phase of the **Public Sector Accounting Project** in December 2022, a project concept note for implementing the new accounting methodology in the public sector, has been drawn up in 2023 in consultation with the World Bank and SECO. A key objective of this second phase is the approval of a **Public Sector Accounting Law and related sub-legal acts**, aligned with IPSAS. **The second phase of the project began in 2024 with consultants engaged in process of drafting the regulatory framework based on IPSAS** (Public Sector Accounting Law, as well as instructions and manuals on financial transactions). Activities related to the measure: “Prepare, deliver and institutionalize capacity development of accountants to absorb accounting reforms” have not yet commenced in 2024, since this measure is related with the beginning of the second phase of the project. In 2025, following the signing of the grant-agreement with the World Bank for the second phase of the project, work will continue on **change management and capacity building**. The DHFMCA plans to sign this agreement in 2025, specifically: (i) Develop training program and deliver training to financial officers in public sector and auditors (internal audit and state audit institution) on new Accounting Instructions, internal processes, opening balance sheet and related audit issues; (ii) Capacity building and training to Treasury and Budget Institutions on all aspects above (may be defined as separate activity or integrated under each element); (iii) Awareness raising, high level events and other change management activities.

### Specific Objective 4.3 Public Procurement

#### Performance Indicators

No Performance Indicator targets were set for 2024 however, progress was made at the activity level, as described below.

#### Measures and activities

**The Improvement of the quality and efficiency of procurement procedures has been completed in 2024. The activity related to the use of the award criteria “the most economically advantageous tender based on cost” (MEAT criteria based on cost) has been completed.** In this regard on 04 October 2024, the roadmap: "On the use of the most economically advantageous tender based on costs-MEAT based on cost" was approved This roadmap was drafted with the SIGMA support and it's a tool for a better use of the MEAT criteria from the contracting authorities. The roadmap is published in the PPA website.<sup>31</sup>

**The design and implementation of green public procurement (GPP) has been completed in 2024.** In this regard PPA has reviewed and amended the regulatory framework, specifically the green procurement Guideline "On the Implementation of Green Public Procurement in Public Procurement Procedures" and the methodology "For the Implementation of Green Public Procurement in Albania" which are already approved and can be found at the PPA website<sup>32</sup>. These two sublegal acts have been drafted with the assistance of World Bank and are based on the EU legal framework. Furthermore, a new provision is added by DCM No. 498, dated 01.08.2024 "On some additions and changes to the DCM No. 285, dated 19.05.2021 "On the adoption of public procurement rules", as amended", i.e. in art. 25 stipulating that, contracting authorities/entities, in the drafting of special qualification criteria, as well as in the drafting of technical specifications, apart from the public procurement rules, are also obliged to apply the obligations defined in the relevant legislation in the following areas: a) Minimum

<sup>31</sup> <https://app.gov.al/GetData/DownloadDoc?documentId=455cad8e-eda5-4b54-b227-ee3598810811>

<sup>32</sup> : <https://app.gov.al/legjislacioni/prokurimi-publik/udherrefyes/>.

energy performance requirements, as defined in the legislation in force for energy efficiency and for energy performance in buildings, energy consumption and other sources of energy-impact products, including provisions for the use of labels for products that have an impact in energy; b) Technical specifications for certain products, as defined in the legal and sublegal acts of the field, in order to improve the energy performance and reduce the impact on the environment; c) Any other provision related to environmental, energy, social and labor legislation.

**During 2024, PPA has developed and delivered training on green procurement/energy efficiency to procurement professionals.** In this regard during the first semester of 2024 two training courses are conducted: 1) **Training of Trainers on Green Public Procurement**, implemented under the World Bank. An opportunity to drive green growth in Albania, held in April 22-23, 2024, where are presented the GPP concept and international trends and practice, details of the planning and design of individual green procurements, as well as pillars of effective procurement reform for GPP at the institutional and national levels. During this training, participants from PPA, and other public institutions dealing with green concepts have actively discussed as regards GPP concepts through the lens of European Union and international practice. 2) **The webinar of January 5, 2024, with the topic "Green public procurement: A modern strategic approach to procurement"**. This Webinar is held within the framework of the World Bank project "Green Public Procurement (GPP) in the Europe and Central Asia region". In this webinar it was discussed about the role of GPP in achieving national strategic goals, international context and trends regarding GPP, good practices of the World Bank, and the use of "GPP" in Albania.

**During 2024 PPC enhanced the efficiency of the complaint review system by increasing the speed of decision-making.** During the year 2024, the Public Procurement Commission, in the framework of exercising its functional and essential duties in accordance with Law no. 162, dated 23.12.2020, "On Public Procurement," and based on the approved Resolution of the Parliament of the Republic of Albania, "On the Evaluation of the Activity of the Public Procurement Commission for the Year 2020," aims to continue the process of digitalizing services in the field of public procurement, concessions, auctions, and mining permits. During 2024, 6 out of 8 vacant positions announced under the Annual Recruitment Plan for the Civil Service for 2024 have been filled, and 2 additional vacant positions were opened and filled within the same year. Also, KPP has developed and delivered specialized capacity building activities for inspectors. Conferences and workshops were organized by the Public Procurement Commission both domestically and internationally. Specifically: i) A workshop on the presentation of the User Manual for the electronic complaint system for Economic Operators and Contracting Authorities; ii) A workshop organized by the PPC in collaboration with the High Judicial Council and the High Prosecutorial Council on the topic: "Integrity Risks in Public Procurement – The Albanian Case and European Practices". Additionally, various procurement-related training sessions were conducted abroad, with PPC staff participating in countries such as Ankara, Brussels, Budapest, Zagreb, Luxembourg, Rome, USA, Bosnia and Herzegovina, Skopje, Slovakia, and Ljubljana. In an effort to meet international standards in corruption risk management, the Public Procurement Commission (PPC) has successfully fulfilled all requirements set by ISO 37001:2016 for anti-bribery management systems. The certification was audited by ITA (International Technical Alliance), an institution accredited by ACCREDIA, the Italian Accreditation Body, one of the most prestigious institutions in Europe.

#### Specific Objective 4.4 Debt Management

##### Performance Indicators

**With the development and publication of the Annual Borrowing Plan 2025 and DMS Monitoring Report 2023, all PI targets are achieved as planned for 2024.** The Monitoring Report of the Medium Term Debt Management Strategy is prepared in accordance with Article 6 of Law No. 9665, dated 18.12.2006 "On state borrowing, state debt and state loan guarantees in the Republic of Albania", as amended. This Monitoring Report is prepared by the Ministry of Finance and sent to the Parliamentary Economy and Finance Committee, as well as published in March 2024 on the official website of the Ministry of Finance<sup>33</sup>. This report introduces an analysis on the progress of the implementation of the Medium Term Debt Management Strategy for previous year. The publication of this report will serve as a positive step towards increasing transparency towards the general public as well as intensifying communication with investors or third interested parties.

The Annual Borrowing Plan for 2025 has been drafted based on the forecasts made in the 2025 budget, detailed analyses of market conditions, the situation presented throughout 2024, considering the performance of auctions and interest rates. **The annual Borrowing Plan for 2025 was prepared during November-December 2024 and published in the MoF website in December 2024**<sup>34</sup>. The Annual Borrowing Plan is a document drafted with the main aim of increasing the transparency of the Ministry of Finance in the borrowing and financing process as well as informing investors.

### Measures and activities

Three activities regarding **Strengthening of debt management reporting and Investor Relations have progressed as planned during 2024.** GDSD in collaboration with GDMFP reviewed current practices and improved information for investors and published it at MoF's website<sup>35</sup>. For the first time an **informative bulletin of the main macroeconomic developments for the country for investors was prepared and published.** The document is being prepared quarterly jointly by GDSD and GDMFP. In 2024 it was published at the MoF website, according the deadlines. This first publication is made at third quarter of 2024, and it will continue its periodic publications.

MF in Q3 2024 started working as planned regarding the activity to provide information to investors base on main macroeconomic developments in the country. For the first time **through electronic communication an informative bulletin was shared with all the investors** of the list GDSD in collaboration with GDMFP previously prepared.

Also, DMS Strategy Monitoring Report for year 2023 was prepared in March 2024 and sent to the Parliamentary Economy and Finance Committee, as well as published on the official website of the Ministry of Finance<sup>36</sup>.

The activities related to gradually start to develop the necessary assessment for the new alternative financing instruments ((Green, Social or Sustainability or other Instruments) were not started as planned in Q3 2024 due to delay and availability of technical assistance and the involvement of appropriate human capacities. The Ministry of Finance in collaboration with World bank and other line ministries has started to prepare an intergovernmental draft order for drafting the green bond framework for Republic of Albania (July 2024). The implementation of this activity is essentially conditioned by the availability of technical assistance from the World Bank as well as the involvement of appropriate human capacities from ministries and other relevant institutions.

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<sup>33</sup> [https://financa.gov.al/wp-content/uploads/2024/04/Monitoring-Report-for-the-Medium-Term-Debt-Management-Strategy\\_Year-2023\\_English-Version.pdf](https://financa.gov.al/wp-content/uploads/2024/04/Monitoring-Report-for-the-Medium-Term-Debt-Management-Strategy_Year-2023_English-Version.pdf)

<sup>34</sup> <https://financa.gov.al/plani-vjetor-i-huamarrjes/>

<sup>35</sup> <https://financa.gov.al/buletini-makroekonomik-2/>

<sup>36</sup> [https://financa.gov.al/wp-content/uploads/2024/04/Monitoring-Report-for-the-Medium-Term-Debt-Management-Strategy\\_Year-2023\\_English-Version.pdf](https://financa.gov.al/wp-content/uploads/2024/04/Monitoring-Report-for-the-Medium-Term-Debt-Management-Strategy_Year-2023_English-Version.pdf)

## Specific Objective 4.5 Cash Management

### Performance Indicators

Concerning the Cash Management, two performance indicators set for 2024 have been successfully completed, while one indicator is not completed. There is a decrease of the Monthly Cash Forecast accuracy reached 90%- in 2024, which is lower than the plan (91%) but represents an improvement compared to 2023 (88%). This is an indicator that depends on the progress of monthly expenses and income. For the first time, in 2024 there are six detailed inflow (VAT; profit tax; TAP; contribution/insurance; other taxes; customs and non-tax revenue) and four detailed outflow (Personnel Expenses; Operational Expenses; Capital Expenses; Other Expenses) items in Cash Flow Forecasting for 2024. This structure will continue to be used for the upcoming Cash Flow Forecasting.

The number of active cash management instruments increased with the introduction of two new instruments

- 1- Deposit in EUR, and
- 2- Currencies Conversion from ALL to USD and SDR.

These instruments have been diverse to ensure active cash management to meet the government's obligations, such as SWAP (2 x 120 million EUR), Outright (60 million EUR in ALL) and deposits.

In 2024 the two newly introduced instruments: **1- Deposit in euro, and 2- Currency conversion (from the TSA balance in ALL to the currencies: USD and SDR), were used for the first time.** This was enabled by two revisions of the agreement between Ministry of Finance with the Bank of Albania on liquidity management instruments: First revision: Protocol No. 3293 of the Ministry of Finance, dated March 11, 2024 and Second revision: Protocol No. 12574 of the Ministry of Finance, dated June 27, 2022.

### Measures and activities

**In 2024 significant improvements were made to enhance the cash forecasting process.** In this regard General Directorate of Treasury initiated the development of a Macro-Excel shared folder tool in collaboration with higher budget BIs (pilot institutions) for daily cash flow forecasting updates. This “tool” developed by IMF using Microsoft Excel is designed to prepare forecasts and facilitate data analysis. It will continue to be improved and utilized in the upcoming years. Additionally, a notification mechanism requiring two weeks before large payments has been approved as part of the supplementary instructions for the implementation of the 2024 budget.

**The revision of the process for preparing and submission of treasury plans by Budget Institutions was not completed as planned in 2024** due to staffing changes. **The head of the Cash Management Unit (CMU) left the Ministry.** The responsible CMU specialist transferred to the General Directorate of Macroeconomic and Fiscal Policies (GDMFP) at MoF. Although temporary replacements were assigned and the new staff is currently undergoing training, these changes impacted on the treasury planning process. As a result, the Cash Flow Allocation Table (CFAT) 2024 was compiled monthly using a top-down approach instead of the planned bottom-up methodology. To address these challenges IMF technical assistance will train Budget Institutions (BIs) staff on updating daily cash flow forecasts using the new Macro-Excel shared folder tool and management to a bottom-up approach. To help this important process, the establishment of a Technical Committee and the organization of monthly technical meetings with key institutions (largest BIs, Tax, and Customs authorities to get real time crucial information were planned to be created in 2024. The regulation on the organization and functioning of the Technical Committee for Cash Flow Forecasting & Management (CFF&M) has been drafted and will be confirmed with IMF technical assistance in March 2025

**Significant progress has been made in establishing a comprehensive performance monitoring system for cash forecasting.** Key developments include deviation analysis for inflows, outflows, and the Treasury Single Account (TSA) balance is now being measured, monitored and presented to the Cash and Debt Management Committee. Key Performance Indicators (KPIs) have been incorporated into the current legislation and are partially reported using the Public Financial Management (PFM) methodology within the annual "Actual Budget of the year" documentation. KPIs were discussed at the PEMPAL event in Tirana (November 4-6, 2024) providing an opportunity for peer assisted learning. In **2024**, cash management was strengthened with the introduction of two new instruments:

1. **Deposit in EUR**
2. **Currency conversion** (from TSA balance in ALL to USD and SDR)

The cash buffer policy was improved and approved in the supplementary instructions for the 2025 budget implementation. Additionally, the amount and timeline for idle cash deposit investments in the Bank of Albania (BoA) were increased through a review of the liquidity management agreement between the Ministry of Finance and the Bank of Albania.

### Specific Objective 4.6 Asset Management

#### Performance Indicators

**In the domain of asset management, progress in establishing a proper regulatory framework for the evaluation and inventory of public assets, as well as the preparation of a consolidated asset register in central institutions, at the controlling unit level did not advance as planned in 2024.** The final strategic objective of the reform is to ensure that public sector institutions prepare financial statements based on selected IPSAS. Following the completion of the first phase of Public Sector Accounting project in December 2022, during 2023, the concept of the project for the implementation of the new accounting methodology in the public sector, discussed with the World Bank and SECO, has been drawn up. A key objective of the **second phase** is the approval of a **Public Sector Accounting Law** and other sub-legal acts aligned with **IPSAS**. This phase began in 2024, with consultants engaged in drafting the **regulatory framework**, including the **Public Sector Accounting Law, instructions, and financial transaction manuals**, in accordance with IPSAS.

#### Measures and activities

During 2024 the work to review and amend the relevant methodology for asset management in accordance with IPSAS requirements started with the second phase of IPSAS project. This phase began in 2024, with consultants engaged in drafting the **regulatory framework**, including the **Public Sector Accounting Law, instructions, and financial transaction manuals**, in accordance with IPSAS.

**General Directorate of Treasury** has continued its efforts to facilitate the **migration and entry of asset data into AGFIS by online Budget Institutions and perform the necessary checks**. During the year 2024, the data for fixed assets were successfully migrated to the live environment of AGFIS for the 2 institutions with direct access to AGFIS (Elbasan Municipality and the General Directorate of Water Supply and Sewerage).

#### Key challenges and next steps

Several challenges have been identified in improving Government Finance Statistics (GFS) and EDP statistics in alignment with EU standards, such as: i) Limited availability of consolidated data on PPPs

and concessions; ii) Implementation delays in gathering and structuring the data; iii) The database for concessions and PPPs is still in its early development phase.

The improvement of the cash forecasting process has been affected by staffing challenges, particularly due to the positions of the Head of the Sector and the Cash Forecasting. To address this, the MoF has taken temporary measures to fill the vacancies, and the IMF technical assistance will train the BIs staff responsible on updating daily cash flow forecasts using new tools (a macro-excel shared folder). Filling these vacancies and training staff on the new approach with help to establish Technical Committee and organize technical meetings on monthly basis with largest BI, Tax and Customs to get real time crucial information. The regulation on organization and functioning of technical Committee for Cash Flow Forecasting & Management (CFF&M) has been drafted and is expected to be confirmed by IMF technical assistance in March 2025. Activities related to gradually starting to develop the necessary assessment for the new alternative financing instruments (Green, Social or Sustainability or other Instruments) were not started in 2024 due to delay and availability of technical assistance and the involvement of appropriate human capacities.

### 3.5 Progress under Pillar 5 “Public Internal Financial Control”

The system of Public Internal Financial Control has been further professionalized in all Budget Institutions to align with EU integration requirements. By the end of 2024, 75% of the PI targets under Pillar 5 had been achieved, 8% were partially achieved, 17% remained unachieved. The table below presents the status of performance indicators achievement for Pillar 5: Public Internal Financial Control.

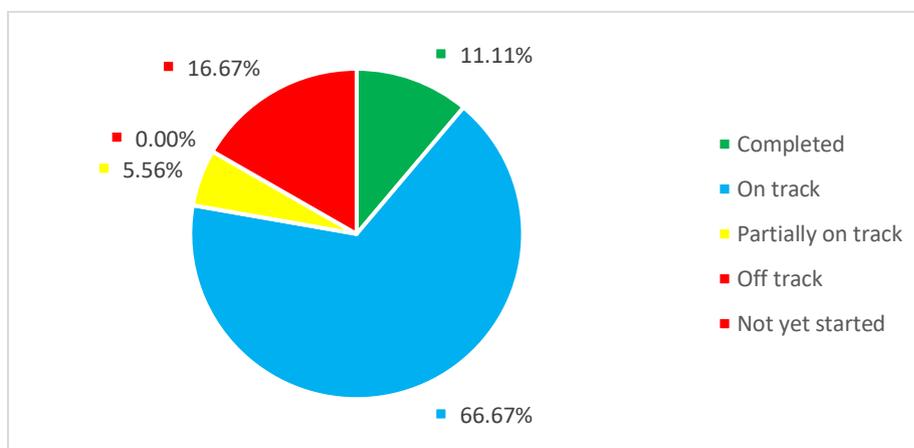
**Table 6: Performance Indicators and Targets of Pillar 5**

Indicator		Baseline value (year)	Target Value 2024	Fact Value 2024
<b>Specific Objective (Component) 5.1 Financial Management and Control</b>				
1	Percentage of Public Institutions that comply with FMC requirements.	69% (2022)	72%	72.62%
2	Percentage of Public Institutions that have adequate Managerial accountability mechanisms in place.	68% (2022)	72%	73.09%
3	FMC law and sublegal acts amended and approved.	NA	IC quality assessment methodology adopted	IC quality assessment methodology was reviewed and adopted.
4	Percentage of public institutions that have adopted all risk management tools.	68% (2022)	72%	73.23 %
<b>Specific Objective (Component) 5.2 Internal Audit</b>				
1	Number of public institutions that are covered by annual internal audits.	136	Growing trend	143
2	Number of public institutions that have a functional audit committee.	6	Growing trend	9

3	Percentage of active internal auditors that are fully certified <sup>37</sup> .	80%	Growing trend	76%
4	Percentage of internal audit units that have established and implemented QAIPs in accordance with the applicable standards.	52%	Growing trend	87%
5	Percentage of internal auditors that comply with CPD requirements	100%	100%	118%
<b>Specific Objective (Component) 5.3 Public Financial Inspection and Anti-Fraud Coordination Services</b>				
1	National Anti-fraud strategy (NAFS) for the protection of the EU financial interests approved and monitored.	-	NAFS Prepared/ approved	NAFS drafted
<b>Specific Objective (Component) 5.4 Management of EU funds</b>				
1	IPA-III entrustment package developed and approved.	-	IPA-III entrustment package approved	IPA III entrustment package approved by EC
2	Guideline for adjustment and recovery (GAR) of EU funds introduced	-	GAR adopted	GAR not adopted

Satisfactory progress has also been made in implementing and completing the activities planned for 2024. A majority (78%) of the activities were either on track or completed, while the remaining 22% were rated as partially on track or not yet started.

**Graph 11: 2024 status of Pillar 5 activities**



## Components (Specific Objective) progress made during 2024

### Specific Objective 5.1 Financial Management and Control

#### Performance Indicators

All the Performance Indicator targets set for FMC were fully achieved in 2024.

<sup>37</sup> All internal auditors should be certified within 3 years according to the Law.

**The percentage of Public Institutions that comply with FMC requirements is 72.62% against a target of 72%.** The main focus was on improving the functionality of the FMC system through the provision of technical assistance and internal control quality assessment and progress of the internal control system encouraging engagement and awareness regarding the strategic and operational importance of implementing financial management and control instruments. From the detailed analysis of the 17 internal control principles, it was found out that the internal control system for 2024 is partially effective. The components of the assessment of the control environment and control activities continue to show a more satisfactory evaluation. Specifically, the implementation of FMC quality assessments in public institutions and the provision of technical assistance has increased the awareness of managers and staff for the recognition and implementation of FMC instruments. The recommendations given in the evaluation reports have served as a very good point on drafting more Public Institution-level action plans. These plans highlight measures to address deficiencies and their continuous follow-up and contribute to the improvement of the monitoring mechanisms of the internal control system.

**The percentage of Public Institutions that have adequate Managerial accountability mechanisms in place has increased to 73.09% in 2024 against a target of 72%.** The institutions have adopted organizational structures appropriate to the size, nature, and complexity of their activity. They have defined mission statements and their strategic and operational objectives, part of the medium-term budget program (MTBP) document, creating an organic connection between these priorities and performance objectives. In the drafting of this MTBP, all program managers are involved, who analyze the situation and determine, monitor, and re-report the priorities and objectives to be realized. At the same time, a lack of regular periodic reporting and implementation of concrete measures to address issues related to the internal control system are observed. This demonstrates the need for the design of a system of procedures for the creation, implementation and periodic standard reporting to managers or other structures of the institution. The focus of the current reporting framework remains on providing information on financial performance, such as budget monitoring reports or reports on financial obligations, and less on the preparation of periodic reports on the progress and status of implementation of established objectives or issues related to internal control systems. Another important mechanism for the operation of an effective system of managerial responsibility is the use of regular procedures for the delegation of tasks and responsibilities. This element finds little application and is evaluated as unsatisfactory. The MoF supports the institutions on implementing managerial accountability instruments, through the regulatory framework or technical assistance, as well as through the recommendations given during the evaluation of the quality of the internal control system, and trainings. The shortcomings identified in this aspect are mainly related to the lack of awareness to understand its importance as well as the clear definition of the terms, rules and procedures that must be followed in the process of delegating tasks within the public unit.

**The Ministry of Finance (DHFMC) has continued to enhance the legal and regulatory framework for FMC.** According to the 2023 PFM annual monitoring report, the FMC manual was amended by the Order No.4 of Minister of Finance on January 26, 2024. Additionally, Instruction on the presentation of the declaration and the annual report on the quality of the internal control system in public units, was reviewed by the Instruction no.2, issued on the same date. Furthermore, Internal Control (IC) quality assessment methodology was reviewed and adopted through Order No. 159, dated October 18, 2024, introducing procedural improvements and expanding its scope to include state-owned enterprises. These revisions align with the amendments to Law No. 10296, dated July 8, 2010 “On Financial Management and Control”, amended. Also, the instruction for risk coordinator and FMC coordinator was amended by the instruction No.16 dated December 31, 2024 on FMC coordination and Risk management group.

**Adequate systems for risk management are another important element of the FMC system. 73.23% (against a target of 72%) of public institutions have adopted all risk management tools in 2024.** It is worth emphasizing the commitment of the institutions in the preparation of the Medium-Term Budget Program where the objectives and priorities of the institution are identified together with the programs to which these objectives belong. From the analysis carried out, it becomes clear that a part of the institutions (directorates and departments) develops their operational objectives by placing them in line with the strategic objectives and national policies. The realization of this process as a whole, creating a clear connection between the purpose of policies, strategic and operational objectives as well as the budget allocated for their realization, serves as a starting point for the risk management process at every level of the public unit. In general, the non-functioning of this component at the required level comes as a result of not concluding the structured process of defining objectives in concrete action plans for their fulfilment by all employees according to the assigned responsibilities. A positive risk management situation continues to be presented in some of the Line Ministries, independent institutions or municipalities that have been supported by the Local Finance Project, and for which risk management mechanisms have been created, including the establishment of the risk management group, the regulations for its operation or the identification, evaluation, and treatment of risks for some of the main processes.

#### **Measures and activities**

**The Ministry of Finance (DHFMC) has continued to enhance the legal and regulatory framework for FMC.** The review and update of sub-legal acts, along with improvements to the FMC manual remain on track. Amendments to the Financial Management and Control Manual were drafted and reviewed under Order No. 4, dated January 26, 2024. Additionally, the Instruction “On the Presentation of the Declaration and the Annual Report on the Quality of the Internal Control System in Public Units” was reviewed by the Instruction No.2, issued on the same date. The IC quality assessment methodology was also reviewed and adopted with Order No. 159, dated October 18, 2024, introducing improvements to the assessment process. Furthermore, the instruction for risk coordinator and FMC coordinator was amended by the Instruction No.16 dated December 31, 2024.

**Progress has been made to enhance Managerial Accountability in public institutions.** Efforts to raise awareness about managerial accountability and disseminate experiences to senior management of public institutions through training and technical assistance during the IC quality assessment are on track. In 2024, the quality assessment process was conducted in 20 general government units, with technical assistance provided to 5 of them, and finalized in 4 unites. These activities focused on raising awareness for strengthening managerial accountability through meetings and trainings sessions held as part of the assistance process.

**Efforts have also been made to strengthen Risk Management practices.** The review and amendment of risk coordinator and FMC coordinator instruction have been completed. Instruction No. 16, dated December 31, 2024, introduced updates on the responsibilities and tasks related to the FMC coordination process and the functioning of risk management groups in public units. The activity of raising awareness and providing technical assistance on risk management, particularly in developing tools for strategic and operational risk management, remains on track. Capacity building and awareness raising efforts have been a key focus for the MoF/DHFMC in collaboration with ASPA. During the reporting period, around 248 public servants received training in risk management, 24 employees were certified in risk management and 34 employees on the topic of planning and financial management. In 5 selected institutions for technical assistance (finalized in 4 of them), explanatory meetings and targeted training sessions were conducted to support the technical implementation of financial management and control instruments, with a particular focus on risk management (41 employees trained).

**The Ministry of Finance (DHFMCA) has continued to enhance the quality assessment and improvement of FMC in public institutions.** The effort to improve the implementation of FMC recommendations from the IC quality assessment procedure, through the FMC development plan, is partially on track. This is an ongoing activity reflected on the 2024 PIFC annual report which was approved on May 30, 2025. In 2024, the MoF/DHFMCA focused on implementing the recommendations through the IC quality assessment process in 20 public units.

### Specific Objective 5.2 Internal Audit

#### Performance Indicators

**In 2024, 143 public institutions are covered by annual internal audits,** in accordance with Article 10 of IA Law 114/2015, as amended. By the end of 2022, 136 public institutions had established Internal Audit (IA) units as a permanent function, reporting directly to the Board or Head of Institution. Additionally, seven other public institutions have outsourced IA service through a bilateral agreement between public entities.

**As of 2024, nine public institutions have established their own functional Audit Committees, up from six by the end of 2023.** Following recommendations from the Supreme Audit Institution and the Ministry of Finance/Directorate for Harmonization of Internal Audit (MoF/DHIA), the number of Audit Committees has expanded to include line ministries and one municipality. This number is expected to grow further with the approval of DCM, which sets criteria for public entities required to establish an Audit Committee. This initiative aims to strengthen good governance and provide additional safeguards for the independence of internal auditors.

**By the end of 2024, 76% of active internal auditors were fully certified,** while 24% of recently recruited internal auditors are currently in the certification process<sup>38</sup>.

**87% of internal audit units have established and implemented the Quality Assurance and Improvement Programs (QAIPs) in line with applicable standards, showing a growing trend.** According to IIA Standards, all IA units should be assessed by an external body (currently DHIA) to ensure compliance with the requirements of IA Standards and IA law. Since last quarter of 2017 through the end of 2024, the DHIA has carried out 137 “External Quality Assessments (EQA)” covering 125 public entities, at least once within a 5-year period. Furthermore, 12 EQAs resulted in a “Red –Negative Opinion”. Internal audit units established within the last five years are yet to undergo assessment, and they will be prioritized for future evaluations.

**118% of internal auditors have complied with the Continuing Professional Development (CPD) requirements<sup>39</sup>.** The Continues Professional Development Training Program for internal auditors in public sector, approved annually by the Minister of Finance, is organized, and implemented by the DHIA for all active internal auditors (both certified and non-certified). As a result, in 2024, all active internal auditors attended more than 40 hours professional training.

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<sup>38</sup> Article 11, Letter “ç”: Recruitment of internal auditors” of the IA Law no.114/2015, amended describes that ‘*A civil servant or employee who is employed in the internal audit unit and who does not hold a certificate as an "Internal Auditor" shall, during the first 3 years, work under the supervision of the head of the internal audit unit or a certified and experienced internal auditor*’.

<sup>39</sup> All public sector internal audit practitioners have completed over 40 hours of face-to-face training during the year. The implementation of the Annual Continuous Training Program for internal auditors included not only certified auditors but also newly recruited staff in internal audit units who have not yet obtained certification (linked to indicator 3).

### Measures and activities

**The oversight and the expansion of support services to public institutions and internal audit teams are on track.** Concerning the capacitating the Audit Committees through customized training activities, in 2024, the MoF/DHIA drafted the Decision of the Council of Ministers, which outlines the criteria for establishing audit committees in public entities. Additionally, the draft DCM includes several amendments and changes designed to strengthen the professional capacities of audit committees and enhance their effectiveness.

**The professionalization of core internal audit practices through the development of guidelines and capacity-building activities is on track.** The development of the new Internal Audit (IA) Manual is underway, aligning with the recently issued by the Institute of Internal Auditors (IIA). In October 2024, the MoF established a working group (WG) to develop the new IA Manual based on the updated GIAS, which was issued in January 2024. The WG is supported by SIGMA experts, and the manual is expected to be approved by March 2025. Additionally, work is ongoing to develop the Training of Trainers (ToT) Program for the new IA Manual and GIAS. In December 2024, experts from the EU4 Good Governance Project delivered the first draft of the ToT Program. The final draft is expected to be completed in February 2025, with full training sessions, including on-the-job training, to be conducted between February and April 2025. Meanwhile, activities aimed at strengthening compliance audit practices, such as developing and updating guidelines and delivering training to Internal Auditors on audit reporting, formulating audit opinion on internal control systems, presenting recommendations in the management letters, and training on risk-based audit approaches related to preventing, detecting or addressing irregularities, fraud and corruption., will be derived from the manual and GIAS. These activities are closely linked to the development and approval of the IA Manual.

### Specific Objective 5.3 Public Financial Inspection and Anti-Fraud Coordination Services

#### Performance Indicators

**The National Anti-Fraud strategy (NAFS) for the protection of the EU financial interests was not approved in 2024 as initially planned.** However, during 2024, the working group, with technical support from experts under the Good Governance project, assessed the current situation and identified existing risks related to institutional responsibilities. This aimed at preventing irregularities or fraud and protecting EU financial interests. In addition, the harmonization of domestic legislation with the European Union legislation was evaluated. The Strategy, along with an Action Plan, corresponding indicators and cost estimates for the respective activities, has been drafted. The strategy is included in the National Plan for European integration 2024-2026 and is and is expected to be approved by DCM in the first quarter of 2025.

### Measures and activities

**Enhancing collaboration with Internal Audit and ALSAI is on track.** In 2024, three meetings were held with the Director and representatives of the Directorate of Harmonization of Internal Audit to discuss cooperation and the implementation of the Memorandum of Understanding (MoU) between the Financial Inspection, ALSAI, and Internal audit.

**The coordination of drafting and monitoring of the National Anti-fraud Strategy 2025-2027 for the protection of the EU financial interests is on track.** The vision, and strategic objectives of the Strategy of NAFS were officially approved by the Strategic Planning Committee. In 2024, the working group, with technical support from experts under the Good Governance project, made significant progress in advancing key initiatives aimed at protecting EU financial interests and improving governance. The first major accomplishment was the comprehensive assessment of the current situation, which in-

cluded identifying existing risks, particularly in the field of institutional responsibilities, to prevent irregularities or fraud and strengthen protections for EU financial interests. The working group also conducted a detailed review of domestic legislation, comparing it with European Union laws to identify gaps and areas needing harmonization. In this regard, a strategic framework was successfully developed, including an action plan, clearly defined indicators, and cost estimates for the proposed activities. This strategy outlines the steps required to implement the identified measures and achieve the desired outcomes. Meanwhile, to ensure broad institutional support, the working group engaged with several key stakeholders, including the General Prosecutor's Office, the Special Prosecutor's Office Against Corruption (SPAK), the State Agency for Strategic Planning and Aid Coordination (SASPAC), the Ministry of Justice, and the Ministry of the Interior. These institutions play a crucial role in preventing, reporting, and eliminating irregularities related to EU financial interests. Ongoing meetings and official correspondence were held to align these stakeholders with the activities outlined in the action plan.

### Specific Objective 5.4 Management of EU funds

#### Performance Indicators

**Regarding the Management of EU funds, all IPA III entrustment packages for the IPA 2022 Annual Action Programmes and three Operational Programmes (OP) have been approved by the EC.** Entrustment was granted on March 1, 2024. For the three Operational Programmes, the entrustment packages were submitted in May 2024 and audited in June 2024. After the audit, the entrustment for the three OPs was granted following the final report on August 28, 2024. Meanwhile, **the Guideline for Adjustment and Recovery (GAR) of EU funds has not yet been adopted.** As reported in the 2023 PFM monitoring report, this indicator is expected to be completed in 2025, as part of the Training plan for that year, which is prepared with the Technical Assistance of the IPA project "Support to EU Financial Assistance Management in Albania."

#### Measures and activities

**Concerning the development and implementation of regulations and procedures for IPA III management and the enhancement of the capacities of IPA III structures, all activities are completed and on track.** The management and operational framework for IPA III in Albania have been significantly strengthened through decisive measures outlined in DCM 540/2023. This directive formally establishes the management structures responsible for overseeing the implementation of IPA III's financial assistance programs from 2021 to 2027. Regarding the Manuals of Procedures for these structures, both the horizontal manuals applicable to all the structures, and the specific ones for their individual responsibilities within the Management and Control System, have been finalized and formally approved by National Authorizing Officer (NAO) Decisions. With regards to human resource capacities, the NAO / NAOSO is currently developing a comprehensive training plan for all IPA bodies (annual and OPs), with support from the EU-funded "Support to EU Financial Assistance Management in Albania (EUSFAM)" project.

The existing Training Needs Assessment (TNA) for 2024 was initially reviewed by the TA team to create a preliminary list of topics for future trainings. Meetings were then organized between the NAOSO, project staff and the OP groups, to analyze their capacity-building needs and gather feedback. This helped create a detailed and consolidated list of topics, which was used in the online questionnaires launched in October 2024. TNA Methodology has been prepared and accepted by NAOSO. Preliminary findings from the TNA questionnaire have been received by NAOSO, which will support the preparation of draft Training plan. Furthermore, in line with accepted TNA Methodology, IPA bodies were invited to participate in online interviews to discuss the preliminary findings and provide further insights

into the current expertise levels of their staff, as well as their planned activities, recruitment, and capacity building priorities for 2025. The Training plan is scheduled to be finalized by the end of January 2025.

**Regarding the enhancement of financial adjustment and/or recovery procedures for EU Funds in line with national and IPA III legal requirements, the activities have not started yet.** As reported in the 2023 PFM monitoring report, all the activities were initially planned to begin in 2023. However, due to the accreditation process taking longer than expected, the Technical Assistance contract was signed later than initially foreseen. As a result, the activities are now planned to be covered under the IPA project Support to EU Financial Assistance Management in Albania NEAR/TIA/2023/EA-RP/0136 during 2025.

**Related to the development of Simplified Cost Options (SCO), the activity is on track.** The initiative is planned to be supported by the "Support to EU Financial Assistance Management in Albania" project. The project will assist the CFCU in developing procedures and guidelines, providing on-the-job support in daily operations, coaching on the management verifications, reviewing SCO, preparing tender documents and evaluation activities, managing contract implementation, transition from ex-ante to ex-post controls, conducting on the spot checks of works contracts, and developing an IT system module applicable to these functions.

#### Key challenges and next steps

There were no key challenges, except the activities related to the enhancement of financial adjustment and/or recovery procedures for EU Funds in line with national and IPA III legal requirements. However, these activities have been requested and are planned to be covered under the IPA project "Support to EU Financial Assistance Management in Albania".

### 3.6 Progress under Pillar 6 "External Oversight"

**During 2024 the Albanian Supreme Audit Institution (ALSAI) and the Parliamentary Committee for Economy and Finance continued to strengthen the external oversight mechanism.** ALSAI is actively working to complete the performance indicators according to the action plan and passport of indicators. Meanwhile, the Parliamentary Committee for Economy and Finance is making progress towards completing the PEFA indicator 31, which evaluates legislative scrutiny of audit reports. This initiative underscores the Committee's commitment to enhancing accountability and transparency in financial oversight. By the end of 2024, 50% of the PI targets under Pillar 6 had been achieved, while the remaining 50% had yet to be achieved.

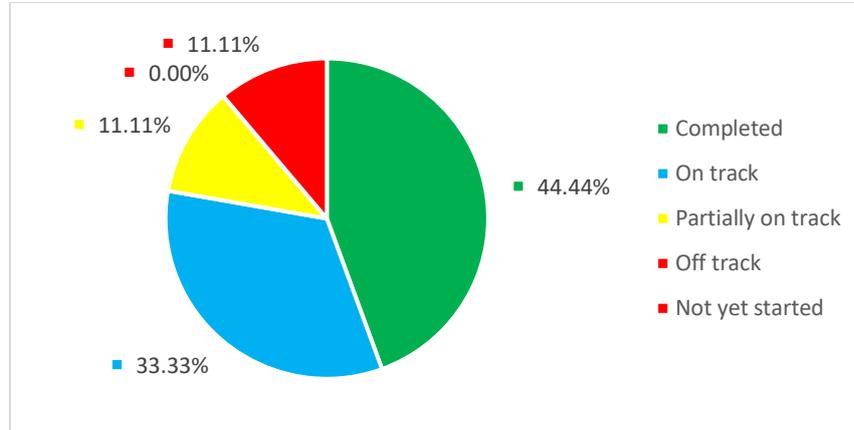
The table below presents the status of performance indicators' achievements for Pillar 6: External Oversight.

**Table 7: Performance Indicators and Targets of Pillar 6**

Indicator	Baseline value (year)	Target Value 2024	Fact Value 2024	
<b>Specific Objective (Component) 6.1: External Audit</b>				
1	Guideline for auditing of budget institutions prepared and implemented	-	Guideline approved	Guideline not finalized yet
2	Methodology for audit of PPPs and concession institutionalized.	-	Methodology finalized	Methodology finalized

Satisfactory progress was also made implementing and completing the activities planned for 2024. A majority (78%) of the activities were either on track or completed, while the remaining 22% were rated as partially on track or not yet started.

Graph 12: 2024 status of Pillar 6 activities



## Components (Specific Objective) progress made during 2024

### Specific Objective 6.1 External Audit

#### Performance Indicators

**The target for implementing the guideline on auditing budget institutions was not achieved.** In 2024, several meetings were held with SIGMA experts to draft the guideline. However, it was not approved within the year. This process will continue in 2025.

**The target for institutionalizing the audit methodology for PPPs and concession has been achieved.** The methodology was approved by Decision of Chairman No. 230, dated 10.12.2024, following the successful completion of ALSAI project supported by SECO. This methodology outlines the audit approach for PPPs, covering all phases of the process, from the feasibility studies to contract execution and monitoring. It also incorporates insights gained from three pilot audits conducted during this project.

#### Measures and activities

**ALSAI has continued its efforts to enhance its legal, regulatory, and agile methodological framework while expanding the use of audit tools.** The regular peer reviews of ALSAI's functioning and implementation of its strategic development plan remain on track. Following discussions held with strategic partners, the peer review process with SIGMA was held during the week of February 3, 2025. Meanwhile, the activity of defining amendments in Law No. 154 dated 21.11.2014 "On the Organization and functioning of the High State Control" to further strengthen ALSAI's constitutional mandate is partially on track. Additionally, the development and introduction of IT applications for using Computer Aided Audit Techniques (CAATs) in compliance, financial and performance audits have not yet started.

**Considerable progress has been made in professionalizing reporting and communication in compliance with ALSAI's communication strategy, applicable principles and standards.** The activity to improve the quality of the audit reports, tailoring them to reader demands and expanding the use of communication tools to continuously promote ALSAI's role, has been completed. As reported in the

2023 PFM monitoring report, in 2024, ALSAI conducted a Needs Assessment as a preliminary step toward approving the Quality Management Policy. This assessment analyzed existing policies and procedures and identified opportunities for further improvement. Subsequently, ALSAI approved its Policy on Quality Management which encapsulates all relevant policies and procedures related to audit quality. It also includes the need for additional guidance to meet quality management standards and has been published on the ALSAI website. In addition, the guidance on report writing was approved by decision of the Chairman of ALSAI and training sessions for external auditors have been conducted. The regulation on audit procedures was also revised to include report writing guidelines and the designation of recommendations. The Norwegian experts that support ALSAI with improving performance auditing have contributed to writing the performance audit reports. In terms of expanding communication tools, ALSAI launched its accounts on Facebook and Instagram in 2024. The expansion of monitoring, reporting and communication regarding the follow-up on audit recommendations by auditees remain on track. Additionally, a Parliamentary sub-committee on public audit was established in 2024. This sub-committee holds hearing sessions focused on the communication and follow-up of audit recommendations by auditees.

### Specific Objective 6.2 Parliamentary Oversight

#### Measures and activities

**The Parliamentary Committee for Economy and Finances (CEF) has worked toward professionalizing its support structures successfully completing and tracking all activities planned for 2024.** Regarding the institutional review of the CEF and its support structure, based on EU/OECD good practices, CEF collaborated with international partners and experts, who shared the experiences from several countries. The assessment aimed at strengthening the Committee's and its support staff's capacities in key areas, such as reviewing the state budget and its implementation, analyzing reports from the ALSAI, enhancing oversight of public debt, and improving public finance management overall. Concerning the establishment of international peer-to-peer collaboration and exchanges with parliaments and their Public Accounts Committees in the EU and the region, a study visit was organized by the representatives of the CEF and the ALSAI to the UK National Audit Office (NAO). Participants were introduced to NAO's reporting practices, coordination, and inter-institutional communication between legislative and audit institutions. Additionally, the CEF has cooperated with the Assembly of the Republic of North Macedonia to learn about their Parliamentary Budget Office model, analyzing the feasibility of establishing a similar structure within the Albanian Parliament. Collaboration with the European Commission and SIGMA has also focused on enhancing the Assembly's capacity to review the annual budget and strengthening its relationship with the ALSAI to improve public finance management. The activity of preparing and approving a development plan for the Committee for Economy and Finance and its support structure is on track. CEF has started discussions with international partners to determine the key issues to be included in the development plan, with this activity continuing into 2025. One of the main achievements for 2024 was the establishment of the Parliamentary sub-committee for Public Sector Audit, as per Assembly Decision No. 70/2024<sup>40</sup>. In collaboration with the administrative staff of CEF and supported by the National Democratic Institute (NDI) and its international experts, CEF worked on establish the sub-committee. This cooperation included organizing training sessions to strengthen relations with ALSAI regarding public sector audit reports, drafting regulations, developing a work plan, and planning sub-committee hearing sessions. The team also identified performance audit

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<sup>40</sup> Assembly Decision No. 70, dated 25.07.2024, "On the Establishment of the Sub-committee for Public Sector Audit".

reports for review. Additionally, NDI provided support to enhance the recognition of the Public Finance Oversight Committee of the Assembly of Kosovo and the National Audit Office.

**Key challenges and next steps**

There were no key challenges encountered during 2024.

## 4 Risks and steps to address them

Several risks and challenges that impact on the implementation of the action plan have materialized or have been identified. One of the key risks that has materialized or has been identified during the implementation of the action plan in 2024 is the inadequate number of skilled human resources, low capacity of existing human resources and staff turnover. Other risks include lack of coordination and engagement of stakeholders, IT development or procurement, timely availability of TA / support and delays in the development and approval of legislative changes.

To effectively manage the reforms, and based on the experience during the period 2014-2023, risks that negatively impact the implementation of the action plan are actively managed.

**Pillar 1 Macroeconomic Programming and Fiscal Risk Monitoring.** For Macroeconomic Programming and Fiscal Risk Monitoring, the recruitment of highly qualified staff could not yet be completed. Existing staff trainings and strengthening capacities are an ongoing process, while recruitment for new staff should be made public at official website for civil servants, which is operated by Public Administration Department (DAP).

**Pillar 2 Integrated Strategic and Budget Planning, Monitoring and Transparent Reporting.** With regards to Medium Term Budget Planning, the risks related to inadequate availability of Human Resources and IT development materialized during 2024. To address these issues, the risks have been communicated to decision-making levels. Addressing them requires the commitment of policy-making levels to resolve them. For 2025, the mitigation for 2025 will be continuous communication during periodic meetings to monitor strategy activities. With regards to Public Investment Management, the risks related to IT development or procurement challenges materialized during 2024. Measures taken and planned to address this issue are the improvement of the PIM module in AFMIS through loan negotiation with the World Bank. Similarly, the full use of the new Local Budget Management System in preparation of MTBP 2025-2027 by municipalities was hampered by human resource capacity constraints. Measures taken to mitigate this risk included the provision of regional trainings with all the budget directors and some of the Head of Programs. It is planned to carry out training for all phases of budget processes in 2025.

**Pillar 3 Revenue Mobilization and Management.** The General Directorate of Tax reports that a critical issue was staff turnover. Qualified staff have left to private companies or to EU countries with higher salaries. Efforts are being made to identify and recruit talents from excellent students, mainly in IT, economic and statistical informatics. For the development of Property Tax Management, a low level of engagement of municipalities in the usage of Fiscal Cadaster IT System and lack of engagement from other important stakeholders were experienced. Also, based on the DCM Nr. 818/2024, the draft-law is foreseen to be submitted for consideration to the Council of Ministers during the third quarter of 2025. Once the draft-law is approved and entered into force, it will be continued with the drafting and approval of the respective sub-legal acts. During 2024, some measures were undertaken after the risks materialized. The General Directorate of Property Tax has continuously carried out trainings of LGU' staff and started a process of communication and cooperation with key stakeholders like: State Cadaster Agency, National Agency of Information Society (NAIS), General Directorate of Civil Register or National Business Center regarding the data population of FCIS. For 2025, the mitigation measures will be: (i) Design effective incentives to mobilize the LGUs participation; (ii) Provide trainings; (iii) Continuation of meeting and discussions with stakeholders; (iv) Communicate the reform and its importance and clarifying what is needed by each stakeholder. Regarding the component of Customs management no

risks have materialized, however GDC will continue the coordination in the Institution and partners for Correct Budget planning and focus to realize the procurement procedures on time.

**Pillar 4 “Accounting and Budget Execution Management”.** Regarding this Pillar there were some risks identified during 2024. Regarding the activity of collecting and including the information on the PPPs and Concession contracts in GFS and EDP statistics, risk was related to Incomplete or inconsistent data may impact the quality of analysis. The proposed/agreed sections from INSTAT were to strengthen coordination with ATRAKO and other relevant institutions to ensure timely data acquisition. In regard to component of *Debt Management* the risks materialized in 2024 were related to the measure of gradually start to develop the necessary assessment for the new alternative financing instruments (Green, Social or Sustainability or other Instruments), where due to delay and availability of technical assistance and the involvement of appropriate human capacities two activities were not started as planned in 2024. To mitigate these risks the Ministry of Finance has started to prepare in collaboration with World Bank and other line ministries an intergovernmental draft order for involvement of required human capacities from different institutions; The Ministry of Finance has maintained close contact with the World Bank experts for ensuring the necessary technical Assistance. *Delays in preparing the new public accounting law, introducing of the accounting reforms and the Asset Management methodology* during 2024 were affected from these main risks: Human Resources (staff, responsibilities, collaboration), Internal organization (management, roles and responsibilities missions); Legal harmonization, regulation (adaptation with IPSAS), The communication with interested parties; Foreign partners (the consultants companies and foreign partners/donors. The measures undertaken to mitigate those risks were to review of priorities and operational work plans to adapt with the resources available; Review of the regulatory framework of the field (standards); Continuous communication to raise the awareness of the decision makers and the managers of the public units on the importance of the activities in the framework of the implementation of IPSAS; and Capacity building in the field of IPSAS implementation. Related to AGFIS there were delays in legal/ Regulatory changes and procurement challenges. The NAIS institution is continuing with the procurement procedure. The Cash forecasting activities has been facing some delays due to Inadequate availability of Human Resources, Delayed legal/ Regulatory changes and IT development. To mitigate these risks impact the GD of Treasury temporary do the replacement of vacant position and it will continue to: 1- permanently appoint and train the new staff; 2-Macro-Excel shared folder tool with the higher budget BIs pilot for daily updating of cash flows forecasting; 3- IMF technical assistance for the regulation on organizations and functions of technical committee of cash flows forecasting and management by bottom-up approach.

**Pillar 5 “Public Internal Financial Control”.** No risks were identified under Component 5.1 and Component 5.3. In the area of internal audit (Component 5.2), delays in regulatory changes have occurred, requiring increased communication with the cooperating bodies responsible for coordinating activities. This has involved closely following-up approval procedures and preparing subordinate legal acts to be ready for implementation once the primary legal acts are approved. Also, challenges were noted in the management of EU funds under Component 5.4, specifically related to non-sustainable HR capacity development, inadequate HR availability and timely availability of TA / support. To address these issues, measures were undertaken during 2024 such as requesting technical assistance for further training and reorganizing the HR structure and announcing vacant positions on the DoPA website. In addition, the activities under Component 5.4.3 are included within the training plan for year 2025 of the Technical Assistance IPA Project "Support to EU Financial Assistance Management in Albania NEAR/TIA/2023/EA-RP/0136. Additionally, during 2025, a consolidated training plan will be implemented, covering various topics and learning methods through 2024-2025, alongside the development of a robust retention policy to ensure long-term HR stability and effectiveness.

**Pillar 6 “External Oversight”.** No risks were identified under Component 6.2, meanwhile, the risk of inadequate availability of Human Resources had materialized related to the External Audit. ALSAI requested additional staff, however the request was not approved in the 2025 budget.

**Table 8. Main risks materialized.**

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
	<b>Pillar 1 Macroeconomic Programming and Risk Monitoring</b>						
1.1 Prudent and realistic macroeconomic programming				M			
1.2 Establishing a comprehensive Debt Sustainability Analysis							
1.3 Fiscal Risk Management							
1.4 Fiscal Council							
<b>Pillar 2: Integrated Strategic and Budget Planning, Monitoring, and Transparent Reporting</b>							
2.1 Integrated Strategic Planning							
2.2 Medium Term Budget Planning				M	L		
2.3 Public Investment Management					L		
2.4 Local Finance			H				
2.5 Budget Execution Monitoring and Reporting							
<b>Pillar 3: Revenue mobilization and management</b>							
3.1 Tax Management			M				
3.2 Property Tax Management	M			H			
3.3 Customs Management							
<b>Pillar 4: Accounting and Budget Execution Management</b>							
4.1 National Government Accounts							
4.2 Accounting	M		M	M	H		L
4.3 Public Procurement							
4.4 Debt Management				M	M	M	
4.5 Cash Management	L			M	M		
4.6 Asset Management	M		M	M			L
<b>Pillar 5: Public Internal Financial Control</b>							
5.1 Financial Management and Control							
5.2 Internal Audit	L						
5.3 Public Financial Inspection and Anti-Fraud Coordination Services							

5.4 Management of EU funds			M	M		L	
<b>Pillar 6: External Oversight</b>							
6.1 External Audit				M			
6.2 Parliamentary Oversight							

## 5 Cost of the PFM Strategy

Below is a summary of resources used for implementing the reform during 2024, by presenting the financial data on expenditure during the implementation of each Pillar categorized in the Government budget and Donor Funding in EURO.

**Table 9. Resources used for implementing the PFM Strategy<sup>41</sup>**

PFM Pillars	Actual Expenditure 2024			Planned 2024	% of change
	MTBP	Donor Funding	Total 2024		
<i>Amounts in Euro</i>					
<b>Pillar 1 Macroeconomic Programming and Risk Monitoring</b>	107,675	43,133	150,808	154,768	-3%
1.1 Prudent and realistic macro-economic programming	-	-	-	-	-
1.2 Establishing a comprehensive Debt Sustainability Analysis	-	-	-	-	-
1.3 Fiscal Risk Management	107,675	-	107,675	107,675	0%
1.4 Fiscal Council	-	43,133	43,133	47,093	-8%
<b>Pillar 2: Integrated Strategic and Budget Planning, Monitoring, and Transparent Reporting</b>	-	308,000	308,000	330,000	-7%
2.1 Integrated Strategic Planning	-	-	-	-	-
2.2 Medium Term Budget Planning	-	18,000	18,000	20,000	-10%
2.3 Public Investment Management	-	-	-	-	-
2.4 Local Finance	-	290,000	290,000	310,000	-6%
2.5 Budget Execution Monitoring and Reporting	-	-	-	-	-
<b>Pillar 3: Revenue mobilization and management</b>	119,242	1,651,700	1,770,942	3,542,098	-50%
3.1 Tax Management	-	-	-	-	-
3.2 Property Tax Management	-	39,000	39,000	14,500	169%
3.3 Customs Management	119,242	1,612,700	1,731,942	3,527,598	-51%
<b>Pillar 4: Accounting and Budget Execution Management</b>	162,000	-	162,000	149,690	8%
4.1 National Government Accounts	-	-	-	-	-
4.2 Accounting	-	-	-	-	-
4.3 Public Procurement	162,000	-	162,000	149,690	8%
4.4 Debt Management	-	-	-	-	-
4.5 Cash Management	-	-	-	-	-
4.6 Asset Management	-	-	-	-	-
<b>Pillar 5: Public Internal Financial Control</b>	-	76,000	76,000	166,000	-54%
5.1 Financial Management and Control	-	-	-	-	-
5.2 Internal Audit	-	18,000	18,000	101,000	-82%
5.3 Public Financial Inspection and Anti-Fraud Coordination Services	-	28,000	28,000	35,000	-20%
5.4 Management of EU funds	-	30,000	30,000	30,000	0%
<b>Pillar 6: External Oversight</b>	-	-	-	-	-
6.1 External Audit	-	-	-	-	-
6.2 Parliamentary Oversight	-	-	-	-	-
<b>TOTAL</b>	<b>388,917</b>	<b>2,078,833</b>	<b>2,467,751</b>	<b>4,342,555</b>	<b>-43%</b>

<sup>41</sup> There is a change in the planned cost for 2024 for activity 1.4.1.1 "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". The indicative cost planned for this activity is \$50,000. The total estimated cost at the end for activity 1.4.1.1 will be \$72,000, based on updated information from the World Bank.

## 6 Conclusions and Recommendations

The implementation of the PFM strategy – led by the Ministry of Finance – shows satisfactory progress with almost all targets set for 2024 achieved and most activities planned for 2024 being on track or already completed.

### **Pillar 1: Macroeconomic Programming and Fiscal Risk Monitoring**

For the upcoming period, the consolidation and further improvement of monitoring and reporting on arrears methodology shall be a priority. In accordance with the Roadmap for Good Governance a fiscal council shall be established. A costed plan for the Fiscal Council shall be developed.

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

In conjunction with the strategic objectives and the EU recommendations and, following the approval of the new legal base for PIM, a strong focus shall remain on the further development of PIM practices in the Ministry of Finance, SASPAC and in particular in budgetary institutions. This is necessary to create a strong NSPP and to secure the gatekeeper role of the Ministry of Finance. Improvement of the PPP legislation and its further integration in the PIM systems is necessary. A strong focus shall remain on introducing the spending reviews.

### **Pillar 3: Revenue Mobilization and Management**

With the overall aim to improve the tax revenue of municipalities, it is considered important to closely monitor the process of property tax reforms.

### **Pillar 4: Accounting and Budget Execution Management**

Key priorities for upcoming future include enhancing the efficiency of the complaint review system to accelerate decision-making, improving the legal framework for concessions and public-private partnerships, and reinforcing debt management and investor relations. Additionally, it is recommended to develop a comprehensive framework for guarantees and on-lending, explore alternative financing instruments like green or social instruments, and improve cash management through better forecasting and performance monitoring. The work should continue to enact the new public accounting law introducing the accounting reforms and to complete the reforms of asset registration for accounting purposes.

### **Pillar 5: Public Internal Financial Control**

With amended legislation financial management and control and internal audit firmly in place, it is recommended to focus on further developing and refining methodologies, tools, and instructions and to support public institutions for the adequate implementation of and compliance with this amended legislation. To enhance internal audit effectiveness in public institutions, continued oversight and expanded support services are crucial, along with tailored assistance to internal audit teams. Professionalizing audit practices through clear guidelines and capacity-building activities will improve audit quality and promote greater accountability. The implementation of the National Anti-fraud Strategy for the protection of the EU financial interests shall be followed up. In the domain of management of EU funds, strengthening of institutional capacity in all institutions and ensuring full compliance with the applicable legislation for IPA III shall be a top priority in order to secure uninterrupted financial assistance from the EU.

**Pillar 6: External Oversight**

To ensure more effective oversight and transparency, it is important to further improve the legal, regulatory, and agile methodological frameworks while expanding the use of modern audit tools. Additionally, professionalizing reporting and communication in line with communication strategy standards, along with strengthening the support structures of the Parliamentary Committee for Economy and Finance, will enhance institutional performance and informed decision-making.

## Abbreviations and Acronyms

AEO	Authorised Economic Operators
AFMIS	Albanian Financial Management Information System
AFCOS	Anti-fraud Coordination Service
AGFIS	Albania Government Financial Information System
ALSAI	Albanian Supreme Audit Institution
CEF	The Parliamentary Committee for Economy and Finances
DBM	Directorate of Budget Management
DHFMCA	Directorate of Harmonization of Financial Management, Control and Accounting
DHIA	Directorate of Harmonization of Internal Audit
DIP	Development and Integration Partners
DLF	Directorate of Local Finances
DPFI	Directorate of Public Financial Inspection
DFR	Directorate of Fiscal Risks
DMS	Debt Management Strategy
EA	Electronic Archive
ESA	European System of Accounts
EU	European Union
FMC	Financial Management Control
FRS	Fiscal Risk Statement
GDC	General Directorate of Customs
GDMFP	General Directorate of Macroeconomic and Fiscal Programming
GDP	Gross Domestic Product
GDSB	General Directorate of State Debt
GDT	General Directorate of Taxation
GIAS	Global Internal Audit Standards
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
GoA	Government of Albania
GPP	Green Public Procurement
GRB	Gender Responsive Budgeting
IA	Internal Audit
IC	Internal Control
IMF	International Monetary Fund
INSTAT	Institute of Statistics
IPA	Instrument for Pre-Accession Assistance
IPS	Integrated Planning System
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MoECI	Ministry of Economy, Culture and Innovation
MOF	Ministry of Finance
MTBP	Medium Term Budget Programme
MTRS	Medium Term Revenue Strategy
NAIS	National Agency of Information Society
NDI	National Democratic Institute
NAFS	National Anti-Fraud strategy

NSDEI	National Strategy for Development and European Integration
OBL	Organic Budget Law
OECD	Organization for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
PAR	Public Administration Reform
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PIFC	Public Internal Financial Control
PIM	Public Investment Management
PPA	Public Procurement Agency
PPL	Public Procurement Law
PPP	Public-Private Partnerships
PPC	Public Procurement Commission
SC	Steering Committee
SIGMA	Support for Improvement in Governance and Management
SOE	State-Owned Enterprises
SPC	Strategic Planning Committee
STA	Swedish Tax Agency
TA	Technical Assistance
TC	Technical Committee
UNDP	United Nations Development Programme
VAT	Value Added Tax

## Annex 1: Status of 2024 PFM Action Plan measures

ACTION PLAN OF PUBLIC FINANCE MANAGEMENT 2023-2026							
Pillar 1: Macroeconomic programming and Risk Monitoring							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 1.1: Prudent and realistic macro-economic programming							
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS		
					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	completed
		Address vacancies for specialized staff and develop and implement specialized training of GDMFP staff.	Q4 2023	Q4 2026			partially on track
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	GDMFP (lead)	IMF	completed
		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			completed
Specific Objective (Component) 1.2: Establishing a comprehensive Debt Sustainability Analysis							
NO.	MEASURE	ACTIVITY	START	END	STAKEHOLDERS		
					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	on track
		Develop and implement capacity development activities.	Q4 2024	Q4 2026	MoF (GDMFP)	IMF, EU	on track
1.2.2	Introduce the DSA framework as a macroeconomic programming tool.	Periodic preparation of an informative bulletin on the main macroeconomic developments in the country for investors	Q3 2024	Q4 2026	GDMFP		completed
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	on track
		Develop, pilot and publish each year the Annual Fiscal Risk Statement.	Q1 2023	Q4 2025	DFR	IMF	completed
		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	on track
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	partially on track

Pillar 2: Integrated strategic and budget planning, monitoring, and transparent reporting							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
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	on track
		Enhance laws, by-laws and guidelines for integrated planning where needed.	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors	on track
		Upgrade the IPSIS including its interfaces with other relevant computer systems	Q1 2024	Q4 2025	SASPAC (lead) MoF	Line Ministries, Foreign Aid Donors	on track
		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	on track
		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	partially on track
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		partially on track
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	on track
		Rollout the updated managerial accountability framework through pilots, awareness raising and training activities.	Q1 2024	Q4 2026	DAPB (lead)	SIGMA, EU	not yet started
		Improve procedures for internal budget hearings between MoF and Budget Institutions; update the regulatory framework.	Q4 2024	Q2 2025	DAPB (lead)	SIGMA, EU	completed
		Improve the procedure for public participation in the MTBP formulation process; Update the regulatory framework.	Q2 2024	Q4 2024	DAPB (lead)	SIGMA, EU	completed
		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	on track
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	on track
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	partially on track
2.2.4	Further develop and introduce gender-responsive budgeting and climate-responsive budgeting	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	completed
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	completed

Pillar 2: Integrated strategic and budget planning, monitoring, and transparent reporting							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
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	on track
		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	on track
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	completed
		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	on track
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	on track
		Develop and gradually implement an additional performance-based grant system based on measurable and verifiable indicators.	Q3 2024	Q3 2026	DLF (lead)	SECO, Helvetas	on track
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	on track
		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	on track
		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	on track
		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	on track
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	completed
		Develop and test the new LBMS.	Q2 2024	Q1 2025	DLF (lead)	SECO	completed
		Develop and implement capacity building activities for the use of the new LBMS.	Q1 2024	Q4 2024	DLF (lead)	SECO	completed
		Full operation of the new LBMS by all LSGU.	Q2 2024	Q4 2024	DLF (lead)	SECO	completed
		Further plan AFMIS specification and development based on experience with the web-based MTBP software.	Q4 2024	>2026	DLF (lead)	SECO	partially on track
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	not yet started
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	on track
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	completed
		Adapt AFMIS to reflect changes related to the newly approved PIM procedures.	Q1 2024	Q4 2024	DPIM (lead), Budget Institutions	World Bank	partially on track
		Plan and deliver training activities for monitoring and reporting on Public Investment Projects.	Q2 2024	Q4 2026	DPIM (lead), Budget Institutions	World Bank	on track
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	on track

Pillar 3: Revenue mobilization and management							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
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	completed
		Official approval of MTRS	Q2 2024	Q4 2024			completed
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	GDTF (lead)	IMF	on track
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	completed
		Use of Fiscalization system for maximizing VAT revenues.	Q1 2023	Q4 2026	GDTax (lead)	IMF	on track
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	MF (lead)	IMF	completed
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	on track
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	on track
		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	completed
		Develop and implement capacity development programs for GDTax staffers (by tax academy, universities and other partners)	Q1 2023	Q4 2026	GDTax (lead)	IMF	on track
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)	on track
		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)	on track

Pillar 3: Revenue mobilization and management							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
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	on track
		Continue to invest in IT systems for Integrated Tariff Management System (ITMS).	Q1 2023	Q4 2024		EU Delegation	on track
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)		on track
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	on track
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	on track
		Review and amend legislation and regulations for the National Single Window.	Q1 2024	Q4 2026	GDC, GDC Coordinator		on track
		Develop and deploy the IT solution for the NSW.	Q1 2024	Q4 2026	GDC, GDC Coordinator		not yet started
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		on track
		Further develop the NCTS IT environment.	Q1 2024	Q4 2026	GDC, GDC Coordinator		on track

Pillar 4: Accounting and Budget Execution Management							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 4.1 National Government Accounts							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS	
4.1.1	Further improve the GFS and EDP statistics with EU standards (ESA 2010)	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	on track
Specific Objective (Component) 4.2 Accounting							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	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		Completed
		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		on track
		Secure interoperability with the fiscalization system to improve internal controls to prevent arrears.	Q3 2024	Q4 2026	GDTreasury (lead), DHFMCA		on track
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	on track
		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	on track
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	not yet started
		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	not yet started
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	not yet started
		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	not yet started
		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	not yet started

Pillar 4: Accounting and Budget Execution Management							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 4.3 Public Procurement							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTIT	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	completed
4.3.2	Design and Implement green public procurement	Develop and deliver training on green procurement/energy efficiency to procurement professionals.	Q1 2023	Q4 2024	PPA (lead), MIE	World Bank	completed
		Review and amend the regulatory framework (if needed).	Q1 2023	Q4 2026	PPA (lead), MIE	World Bank	completed
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	completed
		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	completed
		Update the E-complaint system.	Q1 2024	Q4 2026	PPC (lead)	University of Tirana, SIGMA, other International Partners	on track
		Implement the ISO 370001 on Anti-bribery management systems.	Q1 2024	Q4 2024	PPC (lead)	University of Tirana, SIGMA, other International Partners	completed
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							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTIT	PARTNERS	
4.4.1	Strengthening of debt management reporting and Investor Relations	Review current practices and improve information for investors published at MoF's website	Q2 2024	Q3 2024	GDSG GDMFP	World Bank	completed
		Provide information to investor base on main macroeconomic developments in the country	Q3 2024	Q4 2026			on track
		Prepare and publish the annual DMS Monitoring Report.	Q1 2023	Q1 2026			on track
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	GDSG (lead), GDB, Line Ministries	World Bank, GIZ, AFD	not yet started
		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	GDSG (lead), DGMP, GDB, Line Ministries	World Bank, GIZ, AFD	not yet started

Pillar 4: Accounting and Budget Execution Management							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 4.5 Cash Management							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	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	partially on track
		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	not yet started
		Introduce a notification mechanism two weeks before large payments take place.	Q1 2024	Q4 2024	GDTreasury (lead), CMU	BI, GDTax, Customs IMF	completed
		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	partially on track
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	on track
		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	on track
4.5.3	Enhance cash management instruments	Improve cash buffer policy.	Q1 2024	Q4 2025	GDTreasury (lead)	BoA, IMF	on track
		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	on track
Specific Objective (Component) 4.6 Asset Management							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	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)		partially on track
		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)		on track

Pillar 5: Public Internal Financial Control							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 5.1 Financial Management and Control							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS	
5.1.1	Enhance legal and regulatory framework for FMC	Review and update sub-legal acts and further improve the FMC manual.	Q4 2023	Q4 2025	DH/FMCA (lead)	EU, SIGMA, SECO	on track
5.1.2	Enhance Managerial Accountability in public institutions	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	on track
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	completed
		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	on track
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	partially on track

Pillar 5: Public Internal Financial Control							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 5.2 Internal Audit							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS	
5.2.1	Continue oversight and expand support services to public institutions and internal audit teams	Capacitate Audit Committees through customized training activities.	Q1 2024	Q4 2026	DHIA (lead)	EU, SIGMA	on track
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	on track
		Develop/update Training of Trainers Program on new internal Audit Manual and GIAS.	Q1 2023	Q4 2026	DHIA (lead)	EU, SIGMA	on track
		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	on track
		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	on track
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)		on track
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	on track
Specific Objective (Component) 5.4 Management of EU funds							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	RESPONSIBLE ENTITY	PARTNERS	
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	completed
		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	on track
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	not yet started
		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	not yet started
		Develop Training modules for staff involved in executing the procedures.	Q1 2023	Q4 2025	CFCU (lead), NAO support office	EUD	not yet started
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		on track

Pillar 6: External Oversight							Status (Choose from drop down list: 1-completed 2-on track 3-partially on track 4-off track 5-not yet started)
Specific Objective (Component) 6.1 External Audit							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	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	on track
		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	partially on track
		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	not yet started
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)		completed
		Expand monitoring, reporting and communication on follow-up on audit recommendations by auditees.	Q1 2023	Q4 2026	ALSAI (lead)		on track
Specific Objective (Component) 6.2 Parliamentary Oversight							
					STAKEHOLDERS		
NO.	MEASURE	ACTIVITY	START	END	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	completed
		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	completed
		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	on track
		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	completed