Implementation Status & Results
Albania
Albania MD Capacity Building & Support to Implement the Integrated Planning System (P105143)

Operation Name: Albania MD Capacity Building & Support to Implement the Integrated Planning System (P105143)
Product Line: Recipient Executed Activities
Implementing Agency(ies): Ministry of Finance

Country: Albania
Region: EUROPE AND CENTRAL ASIA
Approval FY: 2008
Lending Instrument: Technical Assistance Loan

Key Dates
Board Approval Date 17-Jan-2008
Original Closing Date 30-Sep-2010
Planned Mid Term Review Date
Last Archived ISR Date 19-Feb-2011
Effectiveness Date 17-Jan-2008
Revised Closing Date 30-Sep-2011
Actual Mid Term Review Date 05-Nov-2009

Project Development Objectives

To ensure that the Government of Albania’s core policy and financial processes function in a coherent, efficient and integrated manner, through building sufficient and sustainable capacity in line ministries to participate fully in IPS.

Has the Project Development Objective been changed since Board Approval of the Project?
☐ Yes  ☐ No

Component(s)

<table>
<thead>
<tr>
<th>Component Name</th>
<th>Component Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAA Implementation and EU assistance programming and reporting capacities strengthened</td>
<td>0.47</td>
</tr>
<tr>
<td>Implementation of Medium-Term Budget Program (MTBP)</td>
<td>1.24</td>
</tr>
<tr>
<td>Public Investment Management</td>
<td>0.01</td>
</tr>
<tr>
<td>Macro-economic Forecasting and Debt Management</td>
<td>0.64</td>
</tr>
<tr>
<td>IPS coordination, oversight, awareness, communication</td>
<td>0.24</td>
</tr>
<tr>
<td>NSDI and supporting sectoral and cross-cutting strategies</td>
<td>0.23</td>
</tr>
<tr>
<td>Aid Coordination</td>
<td>0.36</td>
</tr>
<tr>
<td>Monitoring and reporting (Albania Financial Management Information System - AFMIS)</td>
<td>3.62</td>
</tr>
<tr>
<td>Project Management and cross cutting issues capacity building</td>
<td>0.58</td>
</tr>
</tbody>
</table>

Overall Ratings

<table>
<thead>
<tr>
<th>Overall Ratings</th>
<th>Previous Rating</th>
<th>Current Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress towards achievement of PDO</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Overall Implementation Progress (IP)</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>
## Implementation Status Overview

### Implementation Progress:

All project activities with the exception of the development of the Albania Financial Management Information System (AFMIS), have been completed within the closing date of September 30, 2011. The functional/technical design for the AFMIS was completed, but the system was not implemented, as the contract negotiations failed in April 2011. Recently completed activities include the rehabilitation of the MoF Main Systems Center and Business Continuity Center, the Government network expansion and other ICT infrastructure improvements, the evaluation of the NSDI and project results, and learning activities for project beneficiaries. Grant disbursement at the end of September 2011 stood at Euro 3,730,288.50 or 67.5 percent of Grant funds. The large undisbursed balance (32.5 percent of Grant funds) is primarily due to the cancellation of AFMIS implementation following abortive contract negotiations in April 2011.

Key results include the following:

- A fully synchronized calendar with coordinated procedures linking the NSDI updating, sectoral strategies, the MTBP, and annual budget preparation is in place;
- All ministries submit annual integrated plans, which define policy goals and program objectives, and are reflected in the MTBP;
- The convergence of the MTBP with the annual budget has improved: the average deviation of ministries' budget appropriations from the MTBP ceilings was eliminated in 2011 (down from 18 percent in 2008);
- New macro-economic model and debt management strategy have been developed and are in use;
- All expenditure and revenue transactions are registered in the automated Treasury since April 2010.

The ongoing repeat Public Expenditure and Financial Accountability (PEFA) also points to significant improvements achieved with support from the project, particularly in the areas of budget predictability, transparency, and comprehensiveness as well as policy-based budgeting and debt management. The activation of the automated Treasury system (AMoFTS) in 2010 has also significantly improved the transparency and effectiveness of budget execution.

### Locations

No Location data has been entered

### Results

#### Project Development Objective Indicators
<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Current</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry program policy goals and objectives clearly indicate major NSDI commitments from 2008</td>
<td></td>
<td>Text</td>
<td>No meaningful links between NSDI, ministry objectives, and the budget process in place.</td>
<td></td>
<td>All Ministries produce IMPs, which define policy goals and objectives, which are clearly linked to NSDI priorities and reflected in the MTBP</td>
</tr>
<tr>
<td>Date</td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td>Program formulations in the MTBP tend to reflect functions rather than objectives and some programs have no budgetary information; only one reference to the NSDI in a line ministry's MTBP.</td>
<td>Indicator partially achieved.</td>
<td>Indicator partially achieved, as many sector strategies lack clear links to NSDI and are not costed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTBP ceilings respected in ministry budgets (6% deviation or below) from 2008</td>
<td></td>
<td>Percentage</td>
<td>21.40</td>
<td>0.00</td>
<td>6.00</td>
</tr>
<tr>
<td>Date</td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td>Average deviation of budget appropriations to ministries from MTBP ceilings (2007)</td>
<td>The ministries' appropriations in the 2011 budget show no deviation from the MTBP ceilings (taking into account the correction of an error in the MoJ ceiling, which was initially erroneously increased by 70%, bringing the average deviation to 5.4%).</td>
<td>Indicator is fully achieved. In 2008 the deviation was 17.6% on average; in 2009 it dropped to 9.3%; and in 2010 it was 7.4%.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Name</td>
<td>Core</td>
<td>Unit of Measure</td>
<td>Baseline</td>
<td>Current</td>
<td>End Target</td>
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</tr>
<tr>
<td>A fully fledged training program is in place for staff members of GBD on issues related to budget planning, analysis, costing, and performance monitoring</td>
<td>Yes/No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Value</td>
<td>Date</td>
<td>Current</td>
<td>End Target</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17-Oct-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td>No training program in place</td>
<td>A comprehensive training program for the General Budget Department and line ministries has been delivered (30 staff trained); a MTBP manual as well as sector-specific MTBP guidelines for each line ministry have been developed. This technical assistance and training was very highly evaluated by the GBD in the beneficiaries' survey of November 2010.</td>
<td>The target is fully achieved.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| MTBP document redesigned better reflecting policies and sectoral strategy orientations | Yes/No | Yes             | No       | Yes     | Yes        |
| Sub Type Breakdown                                                             | Date | Current         | End Target |
|                                                                               | 17-Jan-2008 | 30-Sep-2011 | 30-Sep-2011 |
| Comments                                                                      | MTBP does not clearly indicate ministries’ policy goals and relevant resource ceilings. | The new format used in MTBP 2011-2013 clearly presents national and sectoral strategies as well as each ministry's strategic goals, policy objectives, and programs with clear information on resource allocation. | The target is fully achieved. |

<p>| Manuals (guide books) developed for MTBP process, budget preparation, public investment planning and costing, and performance measurement in each sector | Yes/No | Yes             | No       | Yes     | Yes        |
| Sub Type Breakdown                                                             | Date | Current         | End Target |
|                                                                               | 17-Jan-2008 | 30-Sep-2011 | 30-Sep-2011 |
| Comments                                                                      | No clear procedure or guidelines for MTBP preparation in place. | MTBP manual and sectoral guidelines have been developed and have been applied in the preparation of the MTBP 2011-2013 and 2011 budget. | The target is fully achieved. |</p>
<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Current</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs assessment carried out for Ministries and other institutions to determine training requirements for NSDI implementation and SAA requirements</td>
<td>Yes/No</td>
<td></td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
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<td></td>
<td></td>
<td>Value</td>
<td></td>
<td>Date</td>
<td>17-Jan-2008</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments</td>
<td>TIPA training program is not aligned with ministries' functional needs for capacity development (with the possible exception of the Tax and Customs Administrations) or the NSDI/ SAA</td>
<td></td>
<td>An analysis of training needs has been conducted with a focus on the IPS (NSDI monitoring, MTBP and annual budget preparation, Treasury system, Public Investment Planning) and topics related to EU integration; a corresponding training plan composed of very practical, short courses (including on IPA project preparation and management) has been developed; a TNA manual to guide join TNAs by the Training Institute for Public Administration and line ministries and focusing on strategic objectives has been developed; and a strategy for the future development of TIPA has been prepared. In the beneficiaries' survey, TIPA gave a very high evaluation of these outputs' quality and relevance to its work.</td>
</tr>
<tr>
<td>Training Strategy Approved</td>
<td>Yes/No</td>
<td>Value</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date</td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments</td>
<td>Training Strategy has been adopted and is in use.</td>
<td></td>
<td>Indicator is fully achieved. Training Strategy is approved and under implementation.</td>
</tr>
<tr>
<td>Methodology for including external assistance at each stage of MTPB/ budget process is available</td>
<td>Yes/No</td>
<td>Value</td>
<td>Date</td>
<td>Comments</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>17-Jan-2008</td>
<td>External assistance is not reflected in the MTBP and budget documentation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Harmonized Plan for implementing the Paris Declaration has been developed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is fully achieved. External assistance is reflected in the MTBP and budget through a relevant module in the MTBP system (as part of the AFMIS).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DSDC staff have been trained in external assistance and NSDI monitoring</th>
<th>Yes/No</th>
<th>Value</th>
<th>Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>17-Jan-2008</td>
<td>DSDC staff lacks capacity in monitoring and evaluation of government strategies and external assistance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Training activities are still ongoing with a focus on improved monitoring of NSDI progress and external assistance evaluation. However, reports on NSDI progress and external assistance remains are published only a year after the reporting period.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is fully achieved, DSDC staff are able to regularly monitor and report on the progress of the NSDI and evaluate external assistance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The role of the DSDC in managing and coordinating external assistance is regulated and institutionalized</th>
<th>Yes/No</th>
<th>Value</th>
<th>Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>17-Jan-2008</td>
<td>No regulations or procedures in place for external assistance management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>The role of the DSDC in coordinating external aid planning is based on Government regulation (drafted with support from the project) and the DSDC coordinates sector working groups that bring donors and government counterparts together according to a regular schedule. Donors' feedback confirms that DSDC capacity in aid management has been strengthened.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is fully achieved</td>
</tr>
<tr>
<td>Improved modeling tools necessary to upgrade macroeconomic forecasting capabilities of the MoF, and personnel trained in their use</td>
<td>Yes/No</td>
<td>Value</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Comments</td>
<td>The macro-economic department's forecasting capacity is weak.</td>
<td>The Macroeconomic Department has adopted a new statistical model for macro-economic and fiscal projections, developed with support from the project, which has been used in the preparation of the 2011-2013 MTBP and 2011 budget. The department's staff have been trained in applying the new model and using the specialized software tool (E-views). In the beneficiaries' survey the Department noted that the new statistical model has been very useful to their work and that the analytical capacities of the staff have increased thanks to the training.</td>
<td>Indicator is fully achieved.</td>
<td></td>
</tr>
<tr>
<td>Updated debt management strategy, adopted; Manual for overall operation risk management produced and adopted and Manual for Loan Agreements produced and adopted</td>
<td>Yes/No</td>
<td>Value</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Comments</td>
<td>No debt management strategy in place.</td>
<td>The Debt Management Department has adopted a debt management strategy developed with support from the project and a supporting manual. The Department's staff have received relevant training. In the beneficiaries' survey the Debt Department has given a very positive evaluation of the support received under the project.</td>
<td>Indicator is fully achieved.</td>
<td></td>
</tr>
<tr>
<td>Indicator</td>
<td>Percentage</td>
<td>Value</td>
<td>Date</td>
<td>Comments</td>
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<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fully functioning Treasury system records and reports on all revenue and expenditure transactions</td>
<td></td>
<td>5.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>All revenue and expenditure transactions for 2010 are recorded in the system. Interim fiscal reports (not consolidated), generated directly from the system, have been published on the MoF website since September 2010. There are still some delays in the automated reconciliation of revenue transactions data with commercial banks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
</tr>
<tr>
<td>New HRMIS system fully deployed in all central ministries</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>100.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HRMIS not deployed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
</tr>
<tr>
<td>Integrated AFMIS functional and technical requirements developed (including MTBP and PIM, as well as IPSIS and EAMIS needs)</td>
<td></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>The AFMIS was not developed due to the failure of the contract negotiations with Oracle (developer of the Treasury system on which the AFMIS would be built) in April 2011 as a result of the prospective supplier's refusal to accept the standard conditions of contract on maintenance, licenses, and warranties.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17-Jan-2008</td>
<td>30-Sep-2011</td>
<td>30-Sep-2011</td>
</tr>
<tr>
<td>Category</td>
<td>Yes/No</td>
<td>Value</td>
<td>Date</td>
<td>Comments</td>
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</tr>
<tr>
<td>Integrated Planning System calendar in place and implemented annually</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>IPS calendar is in place and observed since 2009 with increasing synchronization and coordination between the strategic planning and budgetary processes. Indicator is fully achieved.</td>
</tr>
<tr>
<td>The national Millennium Development Goals are revised by sector working</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
<tr>
<td>The strategy planning process (NSDI, sectoral strategies) are</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
<tr>
<td>Information and communication materials for the IPS process (NSDI,</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
<tr>
<td>MTBP) are regularly prepared and updated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSDI policy priorities note reflected in the annual revision of the</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
<tr>
<td>MTBP</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Standards for policy and regulatory impact assessment adopted as part</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
<tr>
<td>of legislative review processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Impact Assessment manual has been developed</td>
<td>☐</td>
<td>Yes</td>
<td>30-Sep-2011</td>
<td>Indicator is partially achieved.</td>
</tr>
</tbody>
</table>

Data on Financial Performance (as of 22-Sep-2011)
Key Decisions Regarding Implementation

Based on the request of the Minister of Finance, a follow-up project to further strengthen the functioning of the IPS is currently under preparation. Its priorities are informed by the recent evaluation of the first IPS project as well as by the PEFA assessment. The new project is expected to focus on introducing a performance orientation in the policy planning and budgetary processes, and by improving institutional capacity to monitor results at the strategy and program levels. The modernization of public financial management IT systems, particularly the development of the AFMIS, is also expected to be part of the new project.

Restructuring History

Level two Approved on 10-Nov-2010

Related Projects

There are no related projects.