
ALBANIA

INTRODUCTION

Albania is an upper-middle income country with a gross national income (GNI) of USD 4 000 per capita (2009) which has grown at an average rate of 5.7% per annum since 2005 (WDI, 2011). It has a population of just over 3 million, 0.6% of whom (20 000 people) currently live under the 1.25 dollar-a-day income poverty line (WDI, 2011).

Since the collapse of the communist regime in 1991, Albania has faced aggressive market reforms, government modernisation, greater individual freedoms, better living standards, and international integration. Albania's economy is one of the fastest growing in the Balkans. Since 2005, net ODA has averaged 3% of GNI (WDI, 2011). The top five donors contributed 66% of Albania's core ODA. ■

SUMMARY OF PROGRESS

Progress on the Paris Declaration indicators depends on improvements by both donors and partner governments. Targets have been met for 5 out of 13 indicators with applicable targets, and since 2007 progress has been made on a further three indicators, one indicator is unchanged and three indicators have seen setbacks. The remaining three indicators do not have a 2010 target or the information is not available. Of the targets that have not yet been achieved, slow progress has been made regarding alignment and harmonisation. Based on the current rate of progress, these indicators are unlikely to reach their 2010 target in the next few years. Albania has made progress in ownership, management for results, and mutual accountability. Progress in these areas provides the foundation for moving the remaining indicators forward and at a faster pace. In particular, the preparation process and implementation of the National Strategy for Development and Integration 2007-13 (designed with the Paris Declaration in mind) and associated initiatives have created specific mechanisms to facilitate increased aid effectiveness.

TABLE 1:
Baselines and targets
for 2010

| | INDICATORS | 2005 REFERENCE | 2007 | 2010 ACTUAL | 2010 TARGET |
|-----|--|----------------|---------------|---------------|---------------|
| 1 | Operational development strategies | C | C | B | B or A |
| 2a | Reliable public financial management (PFM) systems | 4.0 | Not available | Not available | 4.5 |
| 2b | Reliable procurement systems | Not available | Not available | C | No Target |
| 3 | Aid flows are aligned on national priorities | 32% | 73% | 58% | 50% |
| 4 | Strengthen capacity by co-ordinated support | 28% | 51% | 59% | 50% |
| 5a | Use of country PFM systems | 14% | 12% | 11% | 43% |
| 5b | Use of country procurement systems | 6% | 10% | 10% | No Target |
| 6 | Strengthen capacity by avoiding parallel PIUs | 54 | 24 | 18 | 19 |
| 7 | Aid is more predictable | 49% | 29% | 56% | 74% |
| 8 | Aid is untied | 65% | 78% | 64% | More than 65% |
| 9 | Use of common arrangements or procedures | 5% | 14% | 22% | 66% |
| 10a | Joint missions | 9% | 29% | 18% | 40% |
| 10b | Joint country analytic work | 22% | 34% | 26% | 66% |
| 11 | Results-oriented frameworks | D | D | C | B or A |
| 12 | Mutual accountability | N | N | Y | Y |

TABLE 2:
Learning from success
and challenges

| | ACHIEVEMENT OR CHALLENGE | LESSON OR PRIORITY ACTION |
|-----------------------|---|--|
| Ownership | <p>Achievement: Development and implementation of the National Strategy for Development and Integration 2007-13 (NSDI), including internal monitoring.</p> <p>Achievement: Participatory preparation and stakeholder contribution to the NSDI.</p> | <p>Lesson: Involvement of stakeholders in the development of NSDI helped to define stakeholder interests and concerns.</p> <p>Priority action: To ensure inclusive ownership and transparency, continue to involve stakeholder participation in the policy process.</p> |
| Alignment | <p>Achievement: Establishment of a national electronic procurement and PFM system has increased transparency and alignment.</p> <p>Challenge: Donors are reluctant to use Albanian public procurement and PFM systems.</p> | <p>Lesson: Strategic agreements between donors and the government and the formation of sector working groups (SWG) positively impact the alignment of aid flows.</p> <p>Priority action: Make better predictions on the volume and timing of aid disbursements, identify the way donors notify their disbursements, and improve the comprehensiveness of government records on incoming aid.</p> |
| Harmonisation | <p>Achievement: Development of the Fast-Track Initiative (FTI) on Division of Labour has assisted in reducing aid fragmentation and allocating responsibilities among donors.</p> <p>Achievement: Formation of sector working groups (SWGs) contributes to co-ordination of donors in missions and analytical work, particularly in the education sector.</p> | <p>Priority action: Government should perform a comprehensive assessment and periodic review of joint analytic work.</p> <p>Priority action: Establish a formal mechanism to integrate, regulate, and co-ordinate PBAs, joint missions and analytical work among donors in all sectors.</p> |
| Managing for results | <p>Achievement: National data and information has been made more accessible to donor and government stakeholders.</p> | <p>Priority action: Continue to develop the Integrated Planning System Information System (IPSIS) and External Assistance Management Information System (EAMIS) to strengthen strategic planning, policy analysis, monitoring, evaluation, and donor co-ordination.</p> |
| Mutual accountability | <p>Achievement: Development and implementation of a mutual accountability system, the Harmonisation Action Plan (HAP).</p> | <p>Lesson: With the HAP, donors have become more individually and collectively responsible to the government and improved their co-ordination at the sector level.</p> |

ABOUT THE SURVEY

This chapter assesses progress against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the national government which incorporates feedback from donors and other stakeholders. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

The 2011 survey responses cover 23 donors and 76% of Albania's core ODA. Albania participated in the previous 2006 and 2008 surveys. In 2010, several stakeholders, including both donor and government bodies, were involved in the preparation of the report. ■

OWNERSHIP

Aid is most effective when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

Albania received an overall score of B in the 2010 assessment. The National Strategy for Development and Integration (NSDI) effectively links with the long-term vision and sector strategies. NSDI targets are prioritised and its medium-term budget programme (MTBP) which implements the NSDI through integration of the budget process.

Albania has begun implementation of the National Strategy for Development and Integration 2007-2013 (NSDI 2007-2013). Formulation of the NSDI involved an extensive public consultation and participatory process, including working and advisory groups from government, donors, academia, and civil society. The score of B reflects progress in ownership practices and offers grounds for optimism. In particular, the development of the NSDI fosters decentralised decision making involving a wide range of participants and was reviewed on several occasions during the process for approval by parliament. The participatory development of the NSDI has improved the identification of stakeholders' concerns and interests. The NSDI includes its own internal monitoring system supported by annual progress reports and has guided donors in drafting their own strategies, implementation and alleviating practical challenges, including for example locating phone numbers of other stakeholders.

The process includes bi-monthly donor meetings known as development and integration partners meetings and sector working groups. In addition, seven donors have supported the process of the NSDI with a trust fund for the implementation of the Integrated Planning System, which is aimed at utilising multi-stakeholder groups for the monitoring of the implementation of the NSDI. In addition to government oversight, the NSDI is supported by and supportive of all sectors of society. The NSDI helps to lay the foundation for aid effectiveness in Albania.

INDICATOR 1

Do countries have operational development strategies?

Albania completed the optional module on inclusive ownership which notes that the development of the NSDI, sector and cross-cutting strategies includes mechanisms that facilitate inclusive ownership by the donor community, academia, and civil society. However, there is no permanent or systematic mechanism that allows further stakeholder participation and engagement in the policy process.

Albania completed the optional module on gender equality in 2011. Gender equality is addressed in the NSDI as well as in cross-cutting strategies such as the National Strategy on Gender Equality and Eradication of Domestic Violence 2007-2010 and the cross-cutting Strategy on Social Inclusion 2007-2013. In the former, the strategy goal is the inclusion of gender issues and domestic violence in public policy through concrete action plans, to lay the groundwork for advancing gender equality and minimising the phenomenon of domestic violence, taking into consideration both the local country context and international obligations. A revision of the strategy with contributions from all national and international actors took place in 2010 and a new strategy and action plan will be in place for 2011-15. ■

ALIGNMENT

Aid that is donor driven and fragmented is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

Albania has met several of the 2010 targets associated with alignment: aid on budget, co-ordinated technical co-operation, and parallel project implementation units. The development of sector working groups has contributed to increased alignment and co-ordination among government and donor partners. There have been setbacks in the use of PFM systems and untied aid. Use of country procurement systems and aid predictability has seen no or little change. In the case of the use and reliability of public financial management systems and procurement, Albania has not made any formal progress. However, actions to digitise the government financial system and make donors more aware of public financial management and procurement systems are likely have positive effects in the future.

INDICATOR 2 Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system to ensure that the budget is implemented as intended in a controlled and predictable way; and timely and accurate accounting and fiscal reporting, including timely and audited public accounts with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

In 2005 the reliability of Albania's public financial management system received a score of 4, below the target goal of 4.5. There is no available 2010 score to determine whether progress has been made. However, a public expenditure and financial accountability (PEFA) assessment for Albania is due in September 2011. During

the past five years, the Albanian government has been committed to improving public financial management and procurement systems. In particular, all ministries engage in a medium-term budget programme process, a Department of Public Investment and Management has been established and improved public management procedures were developed. Few challenges remain on the government side for further progress.

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

Albania was rated a C in 2010 regarding the reliability of its public procurement systems. However, no target is applicable. Improvements to procurement processes have been made following the adoption of a new public procurement law (PPL) in 2007. The current public procurement system has benefited greatly from the improvements of the legal and regulatory framework through the passage of the amendments to the public procurement law (PPL). The new law authorises electronic procurement and independent oversight. Albania is notably the first country to develop an obligatory electronic procurement system for 100% of all public sector procurements above the threshold of EUR 3 000.

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes.

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget.

In 2010, 86% of Albania's aid was reported on budget, meeting the 2010 target. The average donor performance was 59%, indicating that a few large donors with high shares of aid reported on budget boosted the overall picture. Italy and Sweden disbursed significantly less than the government's estimates. Significant progress has been achieved in aligning aid flows with national priorities since 2005 (32% alignment) compared to 2007 (73%) and 2010 (86%). Improvements suggest that strategic agreements between donors and the government and the formation of sector working groups can positively impact the alignment of aid flows. Barriers to progress include the fact the fiscal year is on a different cycle than other donors and therefore on a different reporting timeline. Alternatively figures might be representative of ODA, as opposed to the national budget which records all external assistance including loans, which are not limited to ODA. Remaining challenges include the development and implementation of the electronic donor database. Such a database will greatly improve the reporting and recording of aid by both the Government of Albania and donor partners.

INDICATOR 2b

How reliable are country procurement systems?

INDICATOR 3

Aligning aid flows on national priorities

TABLE 3:
Are government budget estimates comprehensive and realistic?

| | Government's budget estimates of aid flows in 2010 | Aid disbursed by donors for government sector in 2010 | 2005 | | 2007 | | 2010 * | | Total aid disbursed through other donors |
|---------------------|--|---|-----------------|------------|-----------------|----|----------------------------|--|--|
| | (USD m) a | (USD m) b | (for reference) | | (for reference) | | (%) c = a / b c = b/a | | (USD m) |
| Austria | 1 | 2 | -- | -- | -- | -- | 58% | | 1 |
| Canada | -- | -- | -- | -- | -- | -- | -- | | 0 |
| CEB | 28 | 28 | -- | -- | -- | -- | 100% | | 0 |
| Council Of Europe | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Czech Republic | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Denmark | -- | 1 | -- | -- | -- | -- | -- | | 0 |
| EBRD | 1 | 0 | -- | -- | -- | -- | 2% | | 0 |
| EIB | 31 | 38 | -- | -- | -- | -- | 81% | | 0 |
| EU Institutions | 41 | 57 | -- | -- | -- | -- | 72% | | 5 |
| France | 0 | 0 | -- | -- | -- | -- | 4% | | 0 |
| GAVI Alliance | -- | 0 | -- | -- | -- | -- | -- | | 0 |
| Germany | 13 | 36 | -- | -- | -- | -- | 36% | | 0 |
| Global Fund | -- | 1 | -- | -- | -- | -- | -- | | 0 |
| Greece | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Hungary | -- | -- | -- | -- | -- | -- | -- | | 0 |
| IFAD | -- | 3 | -- | -- | -- | -- | -- | | 0 |
| IMF | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Isl.Dev Bank | -- | 20 | -- | -- | -- | -- | -- | | 0 |
| Italy | 80 | 36 | -- | -- | -- | -- | 46% | | 0 |
| Japan | 6 | 6 | -- | -- | -- | -- | 97% | | 0 |
| Korea | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Kuwait | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Netherlands | 4 | 4 | -- | -- | -- | -- | 92% | | 0 |
| Norway | -- | 1 | -- | -- | -- | -- | -- | | 1 |
| OFID | -- | -- | -- | -- | -- | -- | -- | | 0 |
| OSCE | 0 | 3 | -- | -- | -- | -- | 4% | | 0 |
| Spain | -- | -- | -- | -- | -- | -- | -- | | 0 |
| Sweden | 6 | 4 | -- | -- | -- | -- | 65% | | 4 |
| Switzerland | 4 | 12 | -- | -- | -- | -- | 34% | | 0 |
| Turkey | -- | 1 | -- | -- | -- | -- | -- | | 0 |
| United Kingdom | -- | -- | -- | -- | -- | -- | -- | | 0 |
| United Nations | 15 | 21 | -- | -- | -- | -- | 71% | | 0 |
| United States | 17 | 19 | -- | -- | -- | -- | 89% | | 0 |
| World Bank | 38 | 39 | -- | -- | -- | -- | 96% | | 0 |
| Average donor ratio | | | -- | -- | -- | -- | 59% | | |
| Total | 286 | 333 | 32% | 73% | 86% | | | | 12 |

* Ratio is $c = a / b$ except where government's budget estimates are greater than disbursements ($c = b / a$).

INDICATOR 7
Providing more predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not

captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

| | Disbursements recorded by government in 2010 (USD m) a | Aid scheduled by donors for disbursement in 2010 (USD m) b | 2005 | | 2007 | | 2010 * | | For reference: Aid disbursed by donors for government sector in 2010 (USD m) d | For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010 ** (%) | |
|---------------------|--|--|-----------------|-----------------|-----------------|-----------------|-----------|------------|--|---|-----------|
| | | | (for reference) | (for reference) | (for reference) | (for reference) | c = a / b | c = b / a | | e = d / b | e = b / d |
| Austria | -- | 2 | 0% | -- | -- | -- | -- | 2 | 100% | -- | |
| Canada | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| CEB | 28 | 34 | 73% | -- | -- | 83% | -- | 28 | 83% | -- | |
| Council of Europe | -- | -- | 0% | -- | -- | -- | -- | -- | -- | -- | |
| Czech Republic | -- | -- | 0% | -- | -- | -- | -- | -- | -- | -- | |
| Denmark | -- | 1 | -- | -- | -- | -- | -- | 1 | -- | 75% | |
| EBRD | 10 | 0 | 36% | -- | -- | 3% | -- | 0 | 4% | -- | |
| EIB | 31 | 40 | 100% | -- | -- | 77% | -- | 38 | 95% | -- | |
| EU Institutions | 25 | 50 | 37% | -- | -- | 50% | -- | 57 | -- | 88% | |
| France | -- | 0 | 0% | -- | -- | -- | -- | 0 | 83% | -- | |
| GAVI Alliance | -- | 0 | -- | -- | -- | -- | -- | 0 | -- | 98% | |
| Germany | 20 | 30 | 64% | -- | -- | 67% | -- | 36 | -- | 83% | |
| Global Fund | -- | 1 | -- | -- | -- | -- | -- | 1 | 77% | -- | |
| Greece | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Hungary | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| IFAD | -- | 2 | 94% | -- | -- | -- | -- | 3 | -- | 76% | |
| IMF | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Isl.Dev Bank | 17 | 20 | 79% | -- | -- | 86% | -- | 20 | 98% | -- | |
| Italy | 25 | 79 | 0% | -- | -- | 32% | -- | 36 | 46% | -- | |
| Japan | 6 | 6 | 6% | -- | -- | 100% | -- | 6 | 100% | -- | |
| Korea | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Kuwait | -- | -- | 96% | -- | -- | -- | -- | -- | -- | -- | |
| Netherlands | -- | 4 | 11% | -- | -- | -- | -- | 4 | 92% | -- | |
| Norway | -- | 2 | -- | -- | -- | -- | -- | 1 | 60% | -- | |
| OFID | -- | -- | 20% | -- | -- | -- | -- | -- | -- | -- | |
| OSCE | -- | 2 | 0% | -- | -- | -- | -- | 3 | -- | 77% | |
| Spain | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| Sweden | -- | 6 | 0% | -- | -- | -- | -- | 4 | 65% | -- | |
| Switzerland | -- | 15 | 0% | -- | -- | -- | -- | 12 | 84% | -- | |
| Turkey | -- | 1 | -- | -- | -- | -- | -- | 1 | 80% | -- | |
| United Kingdom | -- | -- | 0% | -- | -- | -- | -- | -- | -- | -- | |
| United Nations | -- | 24 | -- | -- | -- | -- | -- | 21 | 89% | -- | |
| United States | -- | 22 | -- | -- | -- | -- | -- | 19 | 88% | -- | |
| World Bank | 28 | 0 | 77% | -- | -- | 0% | -- | 39 | -- | 0% | |
| Average donor ratio | | | 33% | -- | 55% | | | | 76% | | |
| Total | 191 | 342 | 49% | 29% | 56% | | | 333 | 97% | | |

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

TABLE 4:
Are disbursements on schedule and recorded by government?

The 2011 Survey indicates that 56% of scheduled aid was recorded in public accounts, falling below the 2010 target of 74%. The baseline score in 2005 was 49%, which decreased to 29% in 2007, and finally resulting in a 2010 score of 56%. Among the main reasons for the discrepancies are that late aid disbursements are carried

over and issues delays for programme implementation. The differences come from slower than anticipated project implementation, meaning that some projects under-spend their budgets. In this case, the gap can be narrowed through realistic planning and stronger ownership and commitment by the Albanian government. Donors feel that challenges are due to change of staff in key institutions. The following are identified areas for improvement: increase realistic predications on volume and timing of expected disbursements; address the way in which donors give notification of their disbursements; and improve the comprehensiveness of governmental records. It is possible to reach these goals through further investments in capacity building and institutional development, improved public finance management, improved costing of action plans, and improved planning and prioritisation.

INDICATOR 4
Co-ordinating support to
strengthen capacity

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

TABLE 5:
How much technical
co-operation is
co-ordinated with
country programmes?

| | Co-ordinated technical co-operation (USD m) | Total technical co-operation (USD m) | 2005 (for reference) | 2007 (for reference) | 2010 (%) c = a / b |
|-------------------|---|--|-------------------------|-------------------------|--------------------------|
| | a | b | | | |
| Austria | 0 | 2 | 38% | 47% | 8% |
| Canada | -- | -- | 1% | -- | -- |
| CEB | 0 | 0 | -- | -- | 0% |
| Council of Europe | -- | -- | 36% | -- | -- |
| Czech Republic | -- | -- | 0% | -- | -- |
| Denmark | 1 | 1 | -- | -- | 59% |
| EBRD | 0 | 0 | 0% | 100% | 1% |
| EIB | 0 | 1 | -- | -- | 0% |
| EU Institutions | 3 | 19 | 20% | 14% | 14% |
| France | 0 | 0 | -- | -- | 0% |
| GAVI Alliance | 0 | 0 | -- | -- | -- |
| Germany | 4 | 8 | 2% | 100% | 50% |
| Global Fund | 0 | 0 | -- | -- | -- |
| Greece | -- | -- | 31% | 90% | -- |
| Hungary | -- | -- | -- | -- | -- |
| IFAD | 0 | 0 | -- | 59% | 0% |
| IMF | -- | -- | -- | -- | -- |
| Isl.Dev Bank | 0 | 0 | -- | 100% | -- |
| Italy | 2 | 5 | 18% | 37% | 31% |
| Japan | 3 | 3 | -- | 46% | 100% |
| Korea | -- | -- | -- | -- | -- |
| Kuwait | -- | -- | -- | -- | -- |
| Netherlands | 0 | 4 | 70% | 37% | 0% |
| Norway | 0 | 1 | 0% | -- | 0% |
| OFID | -- | -- | -- | -- | -- |
| OSCE | 2 | 3 | 100% | 72% | 65% |
| Spain | -- | -- | 0% | 91% | -- |
| Sweden | 4 | 4 | 64% | 59% | 97% |
| Switzerland | 8 | 11 | 51% | 58% | 70% |
| Turkey | 0 | 0 | -- | -- | 96% |
| United Kingdom | -- | -- | 89% | 39% | -- |
| United Nations | 13 | 16 | 26% | 34% | 84% |
| United States | 20 | 28 | 0% | 60% | 73% |
| World Bank | 8 | 8 | 67% | 98% | 97% |
| Total | 67 | 114 | 28% | 51% | 58% |

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

The share of co-ordinated technical co-operation has increased significantly from 28% in 2005 to 58% in 2010, meeting the target. According to the survey results USD 67 million out of USD 114 million of technical co-operation was co-ordinated. Steps being taken by donors and Albania to co-ordinate technical co-operation include the National Strategy for Development and Integration (NSDI) and an Integrated Planning System (IPS). Both the NSDI and IPS were developed in conjunction with donors and the government to offer frameworks that support co-ordinated mechanisms for technical co-operation.

Donors, such as Austria, Italy, Sweden, Switzerland, and the UN have made steps in aligning their country strategies, national investment, and action plans with the NSDI. A notable indication of progress is the External Assistance Orientation Document produced in 2009 under the framework of IPS. This provides linkages to the Government of Albania with external assistance requirements to its strategic priorities. An external assistance progress report is being produced annually. Several European donors are also committed to improved co-ordination among themselves, and joint efforts have also been undertaken to implement joint programmes. Such steps have contributed to progress in co-ordinated technical co-operation. Barriers to progress, according to donors, are due to high turnover of staff in key institutions.

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of 5 or above on indicator 2a scale the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

In 2010, only 11% of aid used Albania's PFM systems, significantly below the 43% target. Over the past five years there has been a setback in the use of country PFM systems, decreasing from 14% in 2005. Only two donors, Germany and Japan, used Albania's PFM systems for over half of their funds in 2010. All other donors made little to no use of Albania's PFM systems. There seems to have been a consistent downward trend in the past five years. In terms of barriers, donors are not familiar with Albania's PFM systems and there is a lack of trust in their use. Some donors are required to adhere to rules and regulations which prevent the use of PFM systems in Albania. Efforts to address this challenge include donor willingness in principle, and some in practice, to use PFM systems. Digitising the Albanian treasury is also a notable step forward.

INDICATOR 5

Using country systems

INDICATOR 5a

Use of country public financial management systems

TABLE 6:
How much aid for the government sector uses country systems?

| | Aid disbursed by donors for government sector (USD m) | Public financial management | | | | | | Procurement | | | |
|-------------------|---|-----------------------------|-----------------------------|------------------|----------------------|----------------------|----------------|-----------------------|----------------------|----------------------|------------|
| | | Budget execution (USD m) | Financial reporting (USD m) | Auditing (USD m) | 2005 (for reference) | 2007 (for reference) | 2010 (%) | Proc. systems (USD m) | 2005 (for reference) | 2007 (for reference) | 2010 (%) |
| | | b | c | d | | | avg(b,c,d) / a | e | | | e / a |
| Austria | 2 | 0 | 0 | 0 | 0% | 0% | 0% | 0 | 0% | 0% | 0% |
| Canada | -- | -- | -- | -- | 0% | -- | -- | -- | 0% | -- | -- |
| CEB | 28 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| Council of Europe | -- | -- | -- | -- | 0% | -- | -- | -- | 0% | -- | -- |
| Czech Republic | -- | -- | -- | -- | 0% | -- | -- | -- | 100% | -- | -- |
| Denmark | 1 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| EBRD | 0 | 0 | 0 | 0 | 0% | 0% | 0% | 0 | 0% | 0% | 0% |
| EIB | 38 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| EU Institutions | 57 | 0 | 0 | 0 | 7% | 0% | 0% | 0 | 7% | 0% | 0% |
| France | 0 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| GAVI Alliance | 0 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| Germany | 36 | 30 | 30 | 30 | 23% | 59% | 83% | 30 | 10% | 0% | 83% |
| Global Fund | 1 | 1 | 0 | 0 | -- | 0% | 33% | 0 | -- | 100% | 0% |
| Greece | -- | -- | -- | -- | 25% | 25% | -- | -- | 25% | 38% | -- |
| Hungary | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IFAD | 3 | 3 | 0 | 0 | -- | 0% | 33% | 0 | -- | 0% | 0% |
| IMF | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Isl.Dev Bank | 20 | 0 | 0 | 0 | -- | 100% | 0% | 0 | -- | 0% | 0% |
| Italy | 36 | 0 | 0 | 0 | 0% | 0% | 0% | 0 | 0% | 0% | 0% |
| Japan | 6 | 3 | 3 | 3 | -- | 0% | 52% | 3 | -- | 0% | 52% |
| Korea | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Kuwait | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Netherlands | 4 | 0 | 0 | 0 | 0% | 0% | 0% | 0 | 0% | 68% | 0% |
| Norway | 1 | 0 | 0 | 0 | 0% | -- | 0% | 0 | 0% | -- | 0% |
| OFID | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| OSCE | 3 | 0 | 0 | 0 | 0% | 0% | 0% | 0 | 0% | 0% | 0% |
| Spain | -- | -- | -- | -- | 0% | 0% | -- | -- | 0% | 0% | -- |
| Sweden | 4 | 4 | 0 | 0 | 0% | 0% | 33% | 0 | 0% | 6% | 6% |
| Switzerland | 12 | 0 | 0 | 0 | 67% | 0% | 0% | 0 | 100% | 0% | 0% |
| Turkey | 1 | 0 | 0 | 0 | -- | -- | 0% | 0 | -- | -- | 0% |
| United Kingdom | -- | -- | -- | -- | 0% | 0% | -- | -- | 0% | 0% | -- |
| United Nations | 21 | 1 | 1 | 0 | 4% | 2% | 3% | 0 | 19% | 0% | 2% |
| United States | 19 | 0 | 0 | 0 | -- | 0% | 0% | 0 | -- | 0% | 0% |
| World Bank | 39 | 3 | 3 | 0 | 37% | 21% | 5% | 0 | 0% | 37% | 0% |
| Total | 333 | 45 | 36 | 33 | 14% | 12% | 11% | 34 | 6% | 10% | 10% |

INDICATOR 5b
Use of country procurement systems

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of 'A', a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

In 2010, 10% of aid used Albania's procurement systems, although no target is applicable. There has been no change in the use of country procurement systems since 2007. Some donors, such as the EU Institutions, are prevented from using Albania's procurement systems by their own internal regulations. Other donors, such as Sweden and the World Bank, have plans to implement usage of such systems. While there does not appear to be any change yet, implementation of a new public procurement law has demonstrated considerable improvements as discussed the section about reliable procurement systems. It may take time for this law to make a visible difference. Establishment of an electronic procurement system has been critical for increasing transparency of Albania's procurement system.

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be “parallel” when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

INDICATOR 6
Avoiding parallel
implementation
structures

| | Parallel PIUs | | |
|-------------------|-------------------------|-------------------------|-----------------|
| | 2005 (for reference) | 2007 (for reference) | 2010 (units) |
| Austria | 1 | 5 | 2 |
| Canada | 0 | -- | -- |
| CEB | -- | -- | 0 |
| Council of Europe | 0 | -- | -- |
| Czech Republic | 0 | -- | -- |
| Denmark | 0 | -- | 0 |
| EBRD | 0 | 0 | 0 |
| EIB | -- | -- | 2 |
| EU Institutions | 11 | 1 | 1 |
| France | -- | -- | 0 |
| GAVI Alliance | -- | -- | 0 |
| Germany | 17 | 5 | 9 |
| Global Fund | -- | 0 | 0 |
| Greece | 0 | 0 | -- |
| Hungary | 0 | -- | -- |
| IFAD | -- | 0 | 0 |
| IMF | 0 | -- | -- |
| Isl.Dev Bank | -- | 0 | 1 |
| Italy | 5 | 5 | 0 |
| Japan | -- | 0 | 0 |
| Korea | -- | -- | -- |
| Kuwait | -- | -- | -- |
| Netherlands | 2 | 3 | 0 |
| Norway | 1 | -- | 0 |
| OFID | -- | -- | -- |
| OSCE | 3 | 3 | 3 |
| Spain | 0 | 0 | -- |
| Sweden | 0 | 0 | 0 |
| Switzerland | 0 | 0 | 0 |
| Turkey | -- | -- | 0 |
| United Kingdom | 1 | 0 | -- |
| United Nations | 6 | 2 | 0 |
| United States | 0 | 0 | 0 |
| World Bank | 10 | 0 | 0 |
| Total | 57 | 24 | 18 |

TABLE 7:
How many PIUs are
parallel to country
structures?

The number of parallel PIUs in 2010 was registered at 18, meeting the 2010 target. This is a large and consistent reduction from 2005, in which there were 57 PIUs. These were originally established to compensate for the lack of expertise and implementation capacities in government institutions and were viewed as efficient for project implementation. Both donors and the Government of Albania have made significant efforts to reduce the number of parallel structures. The government has improved the existing legal framework. Donors, such as the World Bank and Italy have phased out their PIUs or integrated them into ministerial bodies and governmental structures. The main challenge associated with the reduction of the number of PIUs is familiarising government structures with donor procedures such as procurement and financial management. Therefore it is likely that PIUs in Albania will not continue to undermine the development of accountability or national capacity building efforts. Country stakeholders suggest that the Government of Albania continue to use staff from existing or previous PIUs to transfer knowledge and skills to government-based structures.

INDICATOR 8 Untying aid

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

TABLE 8:
How much bilateral
aid is untied?

| | Total bilateral aid as reported to the DAC in 2009 | Untied aid | 2005 (for reference) | 2007 (for reference) | Share of untied aid |
|----------------|--|------------|----------------------|----------------------|---------------------|
| Australia | 0.0 | 0.0 | -- | -- | 100% |
| Austria | 5.6 | 0.8 | 26% | 44% | 14% |
| Belgium | 0.0 | 0.0 | 100% | -- | 100% |
| Canada | 0.0 | 0.0 | -- | 100% | -- |
| Denmark | 5.7 | 5.7 | -- | -- | 100% |
| Finland | 0.0 | 0.0 | 100% | 100% | -- |
| France | 0.0 | 0.0 | 100% | 0% | 100% |
| Germany | 1.1 | 1.1 | 1% | 100% | 100% |
| Greece | 10.5 | 10.3 | 90% | 11% | 98% |
| Ireland | 1.0 | 1.0 | 100% | 100% | 100% |
| Italy | 12.1 | 7.0 | 7% | 24% | 58% |
| Japan | 7.8 | 7.8 | 100% | -- | 100% |
| Luxembourg | 0.3 | 0.3 | 100% | 100% | 100% |
| Netherlands | 1.1 | 1.0 | 39% | 100% | 89% |
| Norway | 1.9 | 1.9 | 100% | 100% | 100% |
| Spain | 0.9 | 0.6 | 78% | 59% | 59% |
| Sweden | 5.9 | 5.9 | 100% | 100% | 100% |
| Switzerland | 4.9 | 4.9 | 99% | 100% | 100% |
| United Kingdom | 1.3 | 1.3 | -- | 100% | 100% |
| United States | 27.5 | 6.5 | -- | 25% | 24% |
| Total | 87 | 56 | 65% | 78% | 64% |

Source: OECD Creditor Reporting System.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

The level of untied bilateral aid in 2009 was 64%. Based on the data from previous years, 65% in 2005 and 78% in 2007, this represents a considerable setback in reaching the target goal of more than 65% of untied aid. Out of USD 77 million of bilateral aid reported, USD 46 million was untied. While Albania surpassed their goal in 2007, it is unclear why the level of untied bilateral aid has decreased from 80% to 63% in the past years. The vast majority of the tied bilateral aid was supplied by Italy, Austria and the United States.

A significant amount of this aid was tied, thereby decreasing Albania's capacity to manage resources and provide internal goods and services. While there have been setbacks, efforts by donors to increase levels of untied aid include financing the Integrated Planning System (IPS) through a multi-donor trust fund and initiating open tender procedures to Albanian companies and limiting procurement to donor countries. Unfortunately, several of the largest donors to Albania do not report the tying status of their aid to the OECD and so are excluded from this analysis and the table above.

CONDITIONALITY

In terms of wider conditionality, Albania's National Strategy for Development and Integration (NSDI) notes that assistance provided by donors is linked to conditions fulfilled by the Government of Albania. For example, with the assistance provided by the EU, the Integrated Planning System (IPS) usually includes conditions that link to the update and approval of legislative acts which are aligned with EU *acquis*. ■

HARMONISATION

Poor co-ordination of aid increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

According to 2010 data, Albania reported a 22% usage of common arrangements or procedures. This is far from the 66% target. However, since 2005 (5%), there has been progress to increase the use of common arrangements or procedures. Budget support is not utilised as a programme-based approach, and out of a total of USD 372 million, USD 82 million of ODA supports different types of PBAs. The European Investment Bank (EIB) and GAVI Alliance are the only donors where 100% of aid disbursed supports the use of common arrangements or procedures. The United Nations, Switzerland, Norway, United States, World Bank and Sweden are the main donors that allocated aid to PBAs in 2010.

Other donors, such as Austria, Italy, the Netherlands, Spain and the EU Institutions, that provide assistance through PBAs, such as through the IPS Multi-Donor Trust Fund (in which seven donors participate) or the One UN programme. But since these programmes are reported respectively by the World Bank or UN, the individual donor questionnaires show zero support to PBAs. Donors are encouraged to dedicate resources during programming to support the transition to PBAs. Several donors are working with the Albanian

INDICATOR 9 Using common arrangements

government to align aid with PBAs. In particular, the government aims to strengthen the role of sector working groups (SWGs) to increase the use of PBAs, notably in the education, environment, agriculture, and transport sectors. While encouragement and various plans have some effect on the use of common arrangements of procedures, there are no formal mechanisms in place to regulate and integrate stakeholder interests from the government and donor parties. At the current rate of progress, it is unlikely that the target goal will be reached in the next few years.

TABLE 9:
How much aid is
programme based?

| | Programme-based approaches | | | Total aid disbursed (USD m) d | 2005 (for reference) | 2007 (for reference) | 2010 (%) e = c / d |
|-------------------|----------------------------|-----------------------|------------------|--|-------------------------|-------------------------|--------------------------|
| | Budget support (USD m) | Other PBAs (USD m) | Total (USD m) | | | | |
| | a | b | c = a + b | | | | |
| Austria | 0 | 0 | 0 | 2 | 0% | 22% | 0% |
| Canada | -- | -- | -- | -- | 0% | -- | -- |
| CEB | 0 | 0 | 0 | 28 | -- | -- | 0% |
| Council of Europe | -- | -- | -- | -- | 0% | -- | -- |
| Czech Republic | -- | -- | -- | -- | 0% | -- | -- |
| Denmark | 0 | 0 | 0 | 6 | -- | -- | 0% |
| EBRD | 0 | 0 | 0 | 0 | 0% | 0% | 0% |
| EIB | 0 | 38 | 38 | 38 | 0% | -- | 100% |
| EU Institutions | 0 | 0 | 0 | 57 | 7% | 0% | 0% |
| France | 0 | 0 | 0 | 0 | 0% | -- | 0% |
| GAVI Alliance | 0 | 0 | 0 | 0 | -- | 100% | 100% |
| Germany | 0 | 0 | 0 | 36 | 0% | 17% | 0% |
| Global Fund | 0 | 0 | 0 | 1 | -- | 100% | 0% |
| Greece | -- | -- | -- | -- | 0% | 0% | -- |
| Hungary | -- | -- | -- | -- | -- | -- | -- |
| IFAD | 0 | 0 | 0 | 3 | 0% | 0% | 0% |
| IMF | -- | -- | -- | -- | -- | -- | -- |
| Isl.Dev Bank | 0 | 0 | 0 | 20 | 0% | 0% | 0% |
| Italy | 0 | 0 | 0 | 40 | 0% | 0% | 0% |
| Japan | 0 | 0 | 0 | 6 | 0% | 0% | 0% |
| Korea | -- | -- | -- | -- | 0% | -- | -- |
| Kuwait | -- | -- | -- | -- | 0% | -- | -- |
| Netherlands | 0 | 0 | 0 | 11 | 0% | 19% | 0% |
| Norway | 0 | 1 | 1 | 3 | -- | -- | 33% |
| OFID | -- | -- | -- | -- | -- | -- | -- |
| OSCE | 0 | 0 | 0 | 3 | 0% | 0% | 0% |
| Spain | -- | -- | -- | -- | 0% | 97% | -- |
| Sweden | 0 | 0 | 0 | 6 | 10% | 0% | 4% |
| Switzerland | 0 | 7 | 7 | 14 | 31% | 56% | 55% |
| Turkey | 0 | 0 | 0 | 5 | -- | -- | 0% |
| United Kingdom | -- | -- | -- | -- | 0% | 0% | -- |
| United Nations | 0 | 20 | 20 | 24 | 26% | 15% | 84% |
| United States | 0 | 10 | 10 | 32 | 0% | 25% | 31% |
| World Bank | 0 | 5 | 5 | 39 | 12% | 25% | 14% |
| Total | 0 | 82 | 82 | 372 | 5% | 14% | 22% |

INDICATOR 10a
Joint missions

A common complaint of partner countries is that donors make too many demands on their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared. The 2010 target is that 40% of donor missions to the field are conducted jointly.

| | Co-ordinated donor missions* (missions) | Total donor missions (missions) | 2005* (for reference) | 2007* (for reference) | 2010* (%) c = a / b |
|-------------------|--|------------------------------------|--------------------------|--------------------------|---------------------------|
| | a | b | | | |
| Austria | 2 | 3 | 25% | 0% | 67% |
| Canada | -- | -- | 0% | -- | -- |
| CEB | 1 | 3 | -- | -- | 33% |
| Council Of Europe | -- | -- | -- | -- | -- |
| Czech Republic | -- | -- | 0% | -- | -- |
| Denmark | 4 | 4 | -- | -- | 100% |
| EBRD | 0 | 0 | 25% | 16% | -- |
| EIB | 5 | 12 | -- | -- | 42% |
| EU Institutions | 18 | 114 | 0% | 0% | 16% |
| France | 0 | 16 | -- | -- | 0% |
| GAVI Alliance | 0 | 0 | -- | -- | -- |
| Germany | 15 | 27 | 0% | 20% | 56% |
| Global Fund | 0 | 1 | -- | 0% | 0% |
| Greece | -- | -- | 0% | 0% | -- |
| Hungary | -- | -- | -- | -- | -- |
| IFAD | 0 | 3 | -- | 0% | 0% |
| IMF | -- | -- | -- | -- | -- |
| Isl.Dev Bank | 0 | 4 | -- | 33% | 0% |
| Italy | 1 | 8 | 0% | 3% | 13% |
| Japan | 0 | 0 | -- | 0% | -- |
| Korea | -- | -- | -- | -- | -- |
| Kuwait | -- | -- | -- | -- | -- |
| Netherlands | 0 | 0 | 0% | 0% | -- |
| Norway | 1 | 12 | 15% | -- | 8% |
| OFID | -- | -- | -- | -- | -- |
| OSCE | 0 | 0 | 57% | -- | -- |
| Spain | -- | -- | -- | 0% | -- |
| Sweden | 4 | 11 | 23% | 13% | 36% |
| Switzerland | 1 | 9 | -- | 30% | 11% |
| Turkey | 0 | 0 | -- | -- | -- |
| United Kingdom | -- | -- | 8% | 0% | -- |
| United Nations | 36 | 143 | 13% | 51% | 25% |
| United States | 0 | 11 | 0% | 0% | 0% |
| World Bank | 24 | 33 | 23% | 91% | 73% |
| Total | 73 | 414 | 9% | 29% | 18% |

TABLE 10:
How many donor
missions are
co-ordinated?

* The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 35% is applied.

According to the 2011 Survey, out of a total of 414 missions conducted, 73 of these missions (18%) were jointly conducted, significantly fewer than the 2010 target requires. This represents progress from 2005, but a setback from 2007. Most donors co-ordinate fewer than 50% of their missions, whereas Austria, Denmark, the World Bank and Germany implement the majority of their missions jointly. The proportion of co-ordinated missions has decreased since 2007 (from 29%), which suggests that improvements may not be sustained. Hitting the target of 40% is unlikely in the next few years; however there is a strong donor effort to co-ordinate missions with other donors, primarily in the education sector and IPS Multi-Donor Trust Fund. Progress has stemmed from the programme-based approach/sector wide approach training and 'Delivering as One Initiative' among UN agencies to increase future co-ordination among donor missions.

INDICATOR 10b
Joint country analytic work

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

TABLE 11:
How much country analytic work is co-ordinated?

| | Co-ordinated donor analytic work* (units) a | Total donor analytic work (units) b | 2005* (for reference) | 2007* (for reference) | 2010* (%) c = a / b |
|-------------------|---|---|--------------------------|--------------------------|---------------------------|
| Austria | 0 | 1 | -- | 0% | 0% |
| Canada | -- | -- | 100% | -- | -- |
| CEB | 0 | 0 | -- | -- | -- |
| Council Of Europe | -- | -- | -- | -- | -- |
| Czech Republic | -- | -- | 0% | -- | -- |
| Denmark | 1 | 5 | -- | -- | 20% |
| EBRD | 1 | 6 | 0% | -- | 17% |
| EIB | 0 | 0 | -- | -- | -- |
| EU Institutions | 0 | 0 | -- | -- | -- |
| France | 1 | 2 | -- | -- | 50% |
| GAVI Alliance | 0 | 0 | -- | -- | -- |
| Germany | 0 | 0 | 0% | -- | -- |
| Global Fund | 0 | 8 | -- | -- | 0% |
| Greece | -- | -- | 33% | 0% | -- |
| Hungary | -- | -- | -- | -- | -- |
| IFAD | 0 | 0 | -- | 0% | -- |
| IMF | -- | -- | -- | -- | -- |
| Isl.Dev Bank | 0 | 1 | -- | -- | 0% |
| Italy | 4 | 6 | 67% | 0% | 67% |
| Japan | 0 | 2 | -- | -- | 0% |
| Korea | -- | -- | -- | -- | -- |
| Kuwait | -- | -- | -- | -- | -- |
| Netherlands | 0 | 0 | 0% | 0% | -- |
| Norway | 0 | 0 | -- | -- | -- |
| OFID | -- | -- | -- | -- | -- |
| OSCE | 0 | 0 | 100% | -- | -- |
| Spain | -- | -- | -- | 0% | -- |
| Sweden | 10 | 10 | 0% | 33% | 100% |
| Switzerland | 1 | 1 | -- | -- | 100% |
| Turkey | 0 | 0 | -- | -- | -- |
| United Kingdom | -- | -- | -- | 75% | -- |
| United Nations | 16 | 46 | 38% | 71% | 35% |
| United States | 0 | 6 | 0% | 0% | 0% |
| World Bank | 0 | 5 | 11% | 33% | 0% |
| Total | 26 | 99 | 22% | 34% | 26% |

* The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 25% is applied.

According to the 2011 Survey, out of 99 total donor analytical studies, 26 (26%) were co-ordinated among donor partners. Italy and Switzerland were the only donors that co-ordinated more than two-thirds of their analytical work. All other donors co-ordinated less than half of their studies. The proportion of joint country analytical work has decreased since 2007 (from 34%), which suggests that there has been a setback in co-ordinated work and that improvements may be temporary. Nevertheless, much progress has been made in the

educational sector and public procurement system. This should be replicated among other sectors through sector working groups (SWGs). SWGs are donor co-ordinated mechanisms that encourage donor technical specialists to collaborate on studies and analytical work with other donors.

AID FRAGMENTATION

Fragmented aid – aid that comes in many small slices from a large number of donors – creates high transaction costs and makes it difficult for partner countries effectively to manage their own development. Aid fragmentation also increases the risk of duplication and inefficient aid allocation among donors. A pilot analysis on fragmentation of country programmable aid carried out at the country level by the OECD in collaboration with GIZ (the German development agency) reveals that aid fragmentation increased from 2005-09 alongside a decrease in country programmable aid (OECD 2011).

The top six donors supplied 69% of Albania's aid in 2010 whereas between them the 12 smallest donors provided only 7%. Several European donors are committed to improved co-ordination among themselves, through participation in the Fast Track Initiative on Division of Labour (FTI-DoL) which was signed between the government and six European donors in May 2010 (Austria, European Union, Italy, Sweden, Switzerland, and Germany) with Italy taking the role of facilitating donor. Closer involvement of line ministries in FTI-DoL should allow for improved sharing of both needs assessment (on the government side) and comparative-advantage assessment (on the donor side), hence more tailored alignment. This initiative, led by the Department of Strategy and Donor Coordination (DSDC), has allocated defined roles of lead donors to specific sectors based on donor interests and a DSDC sectoral analysis of donor commitments. An MoU was signed in May 2010 among major donors and is open to any other major European donor to join this array of Development Integration Partners (DIPs) to improve the complementarity of donor efforts and division of labour at the country level. The main challenge in this new FTI-DoL is extending these initiatives to the donor community outside of the EU. Successful actions to reduce the fragmentation of aid include the setting up and strategic use of the sector working groups (SWGs) and active participation from donors. In addition to the FTI-DoL and SWGs, evidence of further positive results includes the annual review meetings, which co-ordinate strategy processes and annual progress under the DSDC. ■

MANAGING FOR RESULTS

Both donors and partner countries should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.

In 2010, Albania received an overall score of C for their results-oriented framework (improved from D in 2007). The overall score of C reflects the strong progress made by Albania and the efforts to reconfigure their monitoring & evaluation system in the early stages of its implementation. Therefore Albania has met its target

INDICATOR 11
Do countries have results-oriented frameworks?

goal of moving up one grade (from D to C) in 2010, but still has not met the global target of A or B, which is set by OECD. Based on the 2007 assessment, Albania has made great strides in the following areas: developing a system of collecting national data to provide quality information for accurate monitoring and making stakeholder and government data and information better available.

In particular, Albania has developed an NSDI results-based monitoring and reporting system, which presently focused on implementation, but is being refocused to offer a solid results-oriented framework. The aim of this mechanism is to have a single monitoring system to capture information needed by those who have a duty to monitor performance, which includes several government entities. The Department of Strategy and Donor Coordination (DSDC)'s development and implementation of the Integrated Planning System Information System (IPSIS) and External Assistance Management Information System (EAMIS) are essential for strategic planning, policy analysis, monitoring, evaluation, and donor co-ordination. The integration of these initiatives offers positive prospects for the continued development of Albania's results-based monitoring framework in the future.

The NSDI has developed an extensive list of indicators for sectors and sub-sectors to measure results and progress in its implementation. However, the majority of data collected aren't disaggregated by sex. Only data collected for education, health care and employment are disaggregated by sex as a recent NSDI 2008 progress report shows. The revision of MDG targets and indicators in 2009 allows for data disaggregated by sex. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12 Mutual accountability

Strong and balanced mechanisms that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue.

The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

Albania has successfully developed a mutual accountability system, which is the Harmonisation Action Plan (HAP). This is an improvement over the 2007 assessment, where no such system was previously in place. The HAP was developed and endorsed by the government and donor communities in 2009. A progress report for meeting the targets included in the HAP was prepared and presented at the Government-Donor Roundtable in June 2010. The HAP used the Paris Declaration targets for aid effectiveness, which is a positive step in formalising effective use of aid within the country. The two primary mechanisms that facilitate the HAP are the foreign assistance database at the sector level and the sector working groups (SWGs).

By organising donor aid into sectors to be monitored by responsible SWGs, it is clear that Albania has localised plans for aid effectiveness. Successful implementation of the HAP is evident by government use of the Integrated Planning System (IPS) to strengthen ownership on donor co-ordination, as well as improved policy ownership at the sector level by using sector wide approaches (SWAp) and the EU Fast Track Initiative on Division of Labour. As a result, donors have become more individually and collectively accountable to the government and can improve their co-ordination at the sector level. ■

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