BUDGETING DEVELOPMENTS IN ALBANIA

PUBLIC FINANCIAL MANAGEMENT STRATEGY – ALBANIA (2025–2030)

IS A STRATEGIC DOCUMENT DEVELOPED BY THE MINISTRY OF FINANCE, IN COLLABORATION WITH EXPERTS FROM THE EUROPEAN UNION.

IT AIMS TO GUIDE POLICIES AND REFORMS IN THE FIELD OF PUBLIC FINANCE, ENSURING A MORE TRANSPARENT, ACCOUNTABLE, AND FISCALLY SUSTAINABLE SYSTEM STRATEGIC OBJECTIVES

1. Improving Fiscal and Macroeconomic Policies
   - Strengthening capacities for macroeconomic programming and fiscal forecasting
   - Enhancing collaboration with the IMF and EU to improve the fiscal framework
2. Advancing Strategic and Budgetary Planning
   - Integrating medium-term planning with strategic government priorities
   - Increasing performance monitoring and reporting mechanisms
3. Enhancing Revenue Mobilization
   - Improving tax and customs administration
   - Developing modern systems for revenue management and collection
4. Strengthening Budget Execution and Financial Control
   - Implementing international accounting standards
   - Promoting fiscal discipline and efficient use of public funds
5. Aligning with EU Practices in Public Internal Financial Control (PIFC)
   - Updating legislation on financial management and internal auditing
   - Strengthening internal control systems across institutions
6. Integrating Green Economy Principles
   - Promoting public spending towards sustainable and environmentally friendly activities
   - Supporting climate-responsive budgeting and investment planning

PUBLIC FINANCE REFORMS

The Albanian Government is undertaking significant reforms in public finance management, with the aim of improving transparency, efficiency, and accountability in the use of citizens' funds. These reforms are part of broader efforts to meet the criteria for European Union membership and to build a modern and trustworthy public administration.

Key steps being taken include:

- A New Fiscal Council: Establishing an independent body to advise on fiscal policy and monitor compliance with financial rules.
- Fairer Tax Collection: Combating the informal economy to ensure that all individuals and businesses contribute fairly.
- Improved Online Tax Services: Enhancing the e-Albania platform to simplify tax declaration and payment processes.
- Faster Customs Procedures: Modernizing customs systems to facilitate trade and meet EU standards.
- Fairer Public Procurement: Introducing new rules to increase transparency and competition in public tenders, along with better complaint handling.

Diella is Albania's newly appointed AI Minister of State for Artificial Intelligence, the first of its kind in the world. Developed by the National Agency for Information Society, she began in January 2025 as a digital assistant on the e-Albania platform, helping citizens access services and issuing tens of thousands of documents. In September 2025, Prime Minister gave her the ministerial role to oversee public procurement, with the promise of making tenders fully transparent and corruption-free.

- Combating Fraud and Corruption: Strengthening control and integrity mechanisms in public financial management.
- Responsible Management of EU Funds: Increasing capacities to manage EU funds in line with its standards.
- Stronger Public Audits: Modernizing the State Supreme Audit to improve transparency and accountability.
- Improved Property Tax Collection: Revising the property tax system to ensure fairness and efficiency.
- Greater Public Involvement: Enhancing access to and understanding of budget documents to encourage citizen participation.

These measures aim not only to improve financial administration but also to strengthen the relationship between the state and its citizens. By following European best practices, Albania is taking important steps toward a more sustainable and integrated future within the European family.

MEDIUM TERM BUDGET PLANNING

Objective:
To ensure that the 3-year budget plan (MTBP) is high-quality, realistic, and policy-oriented, aligned with the government's strategic priorities.

Key Reforms:

- Approval of the Priority Policy Document (PPD) along with the Single List of Nationally Significant Projects as an integral part of budget planning.
- Introduction of spending reviews to identify savings and reallocations. This process enables the reallocation of resources towards higher priority sectors or programs, ensuring that public spending aligns better with national goals and development strategies. The preparation of the methodology is currently underway.)
- Improvement of performance information in budget documentation to increase transparency and accountability.

- through Albanian Financial Management Information System(AFMIS) we aim to improve planning, executing, and reporting the state budget; increase transparency; improve efficiency in public financial management through the modules:

✓ Medium-Term Budget Planning (MTBP) Helps in forecasting and planning beyond just the annual budget, aligning strategic priorities.

✓ Public Investment Management (PIM) helps tracking plan and manage public investment projects.

AFMIS includes integration interfaces with other government systems, such as HRMIS and "Government Treasury Information System"

- Development of gender-responsive and climate-responsive budgeting. Integration of climate-related investments into the public budget and capital investment management, to ensure that climate change projects receive sustainable and transparent financing.

PUBLIC INVESTMENT MANAGEMENT

Objective:
To ensure that public investments are justified, measurable, and aligned with the country's development goals.

In the Republic of Albania, the process of PIM (planning and monitoring) is in accordance with the Organic Budget Law (OBL) no.9936 dated 26.6.2008 "For the management of the budget system in the Republic of Albania, as amended" and Council of Ministers Decision no.887 dated 27.12.2022 "Procedures for managing public investments" available in link https://qbz.gov.al/alfresco/webdav/Aktet/vendim/keshilli-i-ministrave/2022/12/27/887/cons-2025-03-25/VKM_887_27_12_2022_perditesuar.pdf

Key Reforms:

- Strengthening of the Single List of Public Investment Projects, as the sole instrument for the management and selection of major projects.
- Setting of sectoral financial thresholds according to the Minister of Finance's guideline (2025):
    - >1.5 billion ALL (15 million €) for sectors: energy, environment, economic and social development.
    - >2.5 billion ALL (25 million €) for the transport sector.

Conditions for Inclusion in the Single List -Projects above the financial thresholds must have a complete feasibility study, according to the approved methodology.
Once approved by the Council of Ministers, projects enter the budget planning process in the MTBP or the annual budget – approval does not guarantee funding but opens the way for potential financing based on fiscal space.

- Continued financing of a significant volume of public investments focuses on funding strategic projects linked to the EU Growth Plan.

LOCAL GOVERNMENT FINANCES

- Objective:
  To increase autonomy, capacity, and transparency in the management of finances at the municipal level.
- Key Reforms:
- Improvement of the grant formula and the methodology for fund allocation from central government.
- Strengthening of MTBP formulation and budget monitoring at the municipal level, for better integration with national planning.
- Development of the Local Budget Management System (LBMS) for digitalization and monitoring of local budgets.
- Increase of shared tax revenues – improving own-source revenues of municipalities and strengthening fiscal management capacity.

ANNUAL BUDGET EXECUTION

Objective:
To ensure that the budget is executed according to budget plan.

Key Reforms:

- Improvement of performance information in budget monitoring to ensure efficiency, transparency and accountability.

(AFMIS: Budget Project Portfolio Monitoring (BPPM): Monitoring of portfolio of projects within the budget framework.

- Publication of Budget Execution Data.
- To present citizen's budget.

Citizen's Budget is a simplified version of the State Budget designed to make public finances more understandable and accessible to the general public. It presents key figures, priorities, and policies in a clear and concise format, allowing citizens to see how public money is collected and spent.

THANK YOU