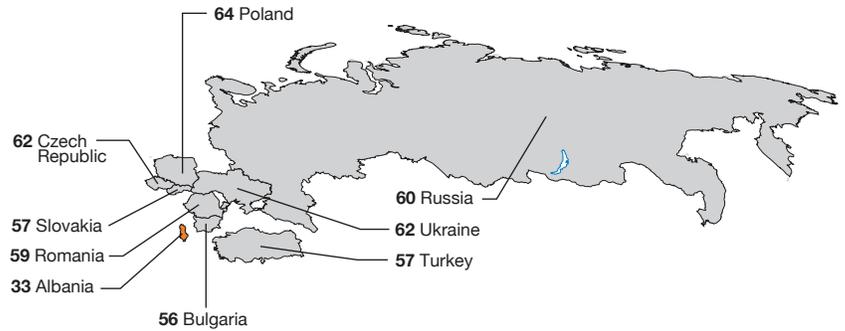
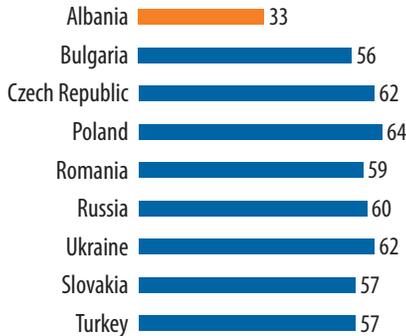




Overall score: 33 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Albania Compare to Its Neighbors?



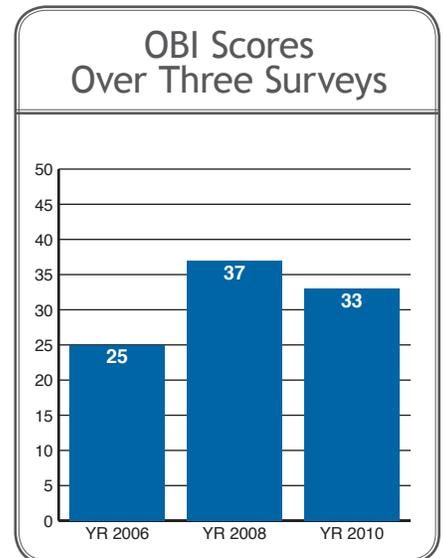
Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Albania's OBI 2010 score is 33 out of 100, which is less than the average score (42) for the 94 countries surveyed. Its score is significantly below the average score (60) of the other countries from Central and Eastern Europe that were assessed.

Albania's score indicates that the government provides the public with minimal information on the central government's budget and financial activities assessed by the Survey. This makes it extremely difficult for citizens to hold the government accountable for its management of the public's money.

Albania's OBI score decreased (from 37 to 33) between 2008 and 2010 but is still higher than its score of 25 in 2006.



Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Produced, Not Published
Executive's Budget Proposal	D	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	E	Published
Audit Report	D	Published

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Albania the budget proposal and supporting budget documents are far from comprehensive. Major gaps in information are found in the following areas:

- They lack information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's true fiscal position.
- They lack information on outputs and outcomes. This information is important for those who are interested in monitoring the impact of the budget.
- They lack data on expenditures and revenues for multi-year periods, i.e., information on the prior year's budget and information on anticipated future year expenditures. Prior-year data are important because they provide a benchmark against which budget proposals can be assessed, while long-term spending projections can yield insights into the feasibility and sustainability of future budget proposals.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Albania produces but does not publish a Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Albania publishes a fairly comprehensive Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Albania does not produce a Citizens Budget.

OPEN BUDGET SURVEY 2010

Albania

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the enacted budget figures and thus can facilitate adjustments. Albania publishes fairly comprehensive In-Year Reports, but they do not present some important information. For example, they do not include details for borrowing, such as the maturity profile and the rate of interest for debt.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Albania produces a Mid-Year Review, but it is not published.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Albania publishes a Year-End Report, but it has serious deficiencies. For example, it does not present the difference between the original macroeconomic forecast for the fiscal year and the actual outcome.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Albania publishes an Audit Report, but it is far from comprehensive. It does not, for example, include audits of extra-budgetary funds.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Albania's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Moderate

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Albania's legislature is inadequate because it does not:

1. have full powers to approve any changes made to the budget over the course of the fiscal year; and
2. hold many open budget discussions at which the public can testify.

According to the Open Budget Survey, budget oversight provided by Albania's SAI is inadequate because:

1. it does not have proper channels of communication with the public; and
2. it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Albania should:

- publish on the government's website budget documents that are already being produced — the Pre-Budget Statement and Mid-Year Review;
- improve the comprehensiveness of the Executive's Budget Proposal, Year-End Report, and Audit Report;
- produce and publish a Citizens Budget;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the legislature and SAI to provide oversight of the budget.