

SOCIAL INCLUSION

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CAPACITY DEVELOPMENT

EU INTEGRATION

COMMUNICATIONS TECHNOLOGY

**NATIONAL
HUMAN DEVELOPMENT
REPORT**

capacity development and integration with the european union

POVERTY AND EXCLUSION

EXCLUSION



NATIONAL HUMAN DEVELOPMENT REPORT

Albania – 2010

Capacity Development and Integration with the European Union

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FOREWORD REMARKS



The National Human Development Report is a recognized flagship product of UNDP that has accompanied Albania's transition years since 1995, addressing a variety of human development issues in the country.

The theme of this Report, capacity development and EU integration, is very timely especially as the country intensifies efforts to meet obligations for the Stabilization and Association Agreement (SAA) implementation, European Partnership and the Copenhagen criteria.

There have been some remarkable achievements in our European integration journey worth noting. Albania's visa free regime will be finalized soon. Following the application for EU candidate status in 2009, the public administration responded in record time to the questionnaire presented by the EU Commission; again confirming that the country is making progress in its path towards the European Union.

This progress has also transformed the nature of Albania's challenges. After nearly twenty years of transition, Albania is now a middle income country. As official figures show, poverty has declined and human development indicators have also seen a positive trend. Progress is also noted in the areas of business promotion and government services. Albania's human development agenda today is more advanced and current and future challenges appear to be more refined.

As this report duly emphasises, integration in the EU, while a powerful incentive, also raises the bar for future challenges. Closer integration with the EU needs to produce tangible results in key reform areas. In this context, the comprehensive approach to capacity development, articulated and advocated in this Report is very relevant to Albania's future efforts and opportunities.

National Human Development Reports have always provided crisp development analysis. This report comes at the right time as Albania needs to amplify its efforts in meeting the requirements and obligations that come with the intensified EU integration process. I am confident that it will provide useful insights to the policy and decision makers and will be a resource material for academics and researchers.

Majlinda Bregu
Minister of European Integration



It is my pleasure to present this special National Human Development Report for Albania focusing on Capacity Development and EU integration. The report comes at an exciting time for Albania as the country makes progress in getting closer to the European Union following two decades of transition through economic and social hardship.

The NHDR is a document that highlights and explores issues relating to critical economic, social and human development concerns of the day. It is intended to raise the level of debate on important features of social and human development. Given the multiple systemic, organizational and human resource capacity needs required to meet EU accession standards, capacity development is a critical subject for analysis and public debate for Albania at this time, and could have a significant impact on the policy choices made today and in the coming years.

There has not been a systematic analysis of key capacity assets and gaps in the country to ensure a rigorous basis for collective voice and action. This report intends therefore to serve as an analytical tool in assessment and promotion of more effective capacity development. It provides a systemic perspective of some of the key capacity assets and gaps that Albania faces today and in the coming years that would be critical, not only for the process of EU accession, but also for development initiatives that are relevant to the longer term, and that are sustainable beyond accession.

The report takes a comprehensive look at the country's capacity development processes, at the set of successful policy choices and specific capacity investments, with a focus on the role of investments in knowledge, human resource development, public governance and public accountability for the country to be better prepared to face the increasing challenges of EU accession. NHDR Albania 2010 provides also an updated map of human development in the country. The report makes use of data from Living Standards Measurement Survey 2008 to calculate the new human development indicators—Human Development Index (HDI), Human Poverty Index (HPI), Gender-related Development Index (GDI) and Gender Empowerment Measure (GEM).

The NHDR preparation process made use of national and international expertise building on previous experiences with a strong accentuation on editorial independence. It was produced through a consultative approach with the participation of representatives from government, civil society and international organisations active in Albania under UNDP Albania's supervision, quality assurance and editorial independence.

In the coming months UNDP will ensure that the Report gets an adequate exposure and becomes the focus of policy debates, and we will support this through a series of workshops and public debates. The cross-cutting theme of capacity development will also serve as the content driver for the UN system's future advocacy, policy advisory and programme support in Albania.

Gülden Türköz-Cosslet
UN Resident Coordinator
UNDP Resident Representative

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ACRONYMS

BGP	Brain Gain Programme
CoM	Council of Ministers
CSC	Civil Service Commission
DoPA	Department of Public Administration
DSDC	Department for Strategy and Donor Coordination
EC	European Commission
EU	European Union
GDI	Gender-related Development Index
GEM	Gender Empowerment Measure
HDI	Human Development Index
HPI	Human Poverty Index
HRD	Human Resources Development
HRM	Human Resources Management
ICS	Institute for Contemporary Studies
ICT	Information and Communications Technology
INSTAT	Institute of Statistics
IPS	Integrated Planning System
IPSIS	IPS Information System
JIM	Joint Inclusion Memorandum
LSMS	Living Standards Measurement Survey
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MEI	Ministry of European Integration
METE	Ministry of Economy, Trade and Energy
MoLSAEO	Ministry of Labour, Social Affairs and Equal Opportunities
MTBP	Mid-Term Budgetary Programme
NAIS	National Agency for Information Society
NCRT	National Council of Radio and Television
NGO	Non-Government Organization
NHDR	National Human Development Report
NPISAA	National Plan for Implementation of the SAA
NSDI	National Strategy for Development and Integration
OECD	Organization for Economic Cooperation and Development
PAR	Public Administration Reform
SAA	Stabilization and Association Agreement
SIS	Social Inclusion Strategy
SIGMA	Support for Improvement in Governance and Management
TIPA	Training Institute for Public Administration

EXECUTIVE SUMMARY

OVERVIEW

Albania has made significant progress toward European Union (EU) integration, measured primarily in terms of meeting political criteria and establishing stable institutions that guarantee democracy, rule of law, human rights, protection of minorities, regional cooperation and good relations with enlargement countries and Member States. Albania is also noted to have made progress in meeting criteria and related standards to approximate its legislation and policies to EU *acquis communautaire* in line with the Stabilization and Association Agreement (SAA) and European Partnership priorities.

However, as has been the case with other EU accession countries, experience shows that it is one thing to pass laws, introduce new regulations or to set up new institutions—as critical as these are to national development and EU integration processes—but quite another to make them work through developing the needed institutional capacities, to staff and equip the civil service and to develop all of the other capacities necessary for a smoothly functioning system of public administration.

In Albania, the process of integration has not been without significant capacity challenges. A number of assessments, including those of the European Commission (EC) of the European Parliament, highlight the need for greater attention to be paid to a wide range of EU integration implementation and capacity development activities, most of which directly or indirectly point to a need for stronger efforts to reform and continuously improve the system of public administration. It is upon the administration that so many of the criteria and conditions for meeting EU integration and national development goals depend.

The various assessments also point to an observed tendency to view capacity development in somewhat narrow terms—that capacity has to do primarily with the staffing and the training of civil servants. This is essential of course, but it is also increasingly recognized that the human resources dimensions of capacity cannot be developed outside of institutional capacities or of those in the broader systems level of the public sector as a whole, or even outside of its interconnections with other sectors of Albanian society, such as the labour market.

Taking this broad sketch as a cue for action, the Albania office of the United Nations Development Programme (UNDP) commissioned this special National Human Development Report (NHDR) to address selected challenges associated with public administration capacity development. The need for a public administration and civil service with adequate capacity as an essential precondition for national and human development is well known and accepted. However, the argument is made that a more comprehensive understanding of and systems-wide approach to capacity development are required if indeed Albania is to meet not only the short-term policy priorities associated with EU integration, but also the longer-term economic and human development goals of the country. In terms of human development, capacities for meeting the EU agenda and national requirements for social inclusion are also seen as a key requirement for full membership.

CAPACITY DEVELOPMENT IN A SYSTEMS CONTEXT

In examining broader dimensions of capacity, there is the temptation to include too much and lose sight of what the key capacity development issues might be. A large number of such priorities are contained in the SAA and other instruments and agreements associated with EU integration. Albania's National Strategy for Development and Integration (NSDI) 2007–2013 and the supporting large set of sector and crosscutting strategies also list numerous priorities that cannot be met without development of a substantive set of capacities.

An initial point of departure in elaborating the capacity development argument is to arrive at some agreement on basic concepts and terminology—without engaging in overly theoretical or academic discussions. First, UNDP defines *capacity development* as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to achieve their own development objectives over time. The definition is neither especially new nor unique, as it derives from established management practices in such areas as strategic management, change management, organizational development and to a large extent traditional approaches to institutional strengthening.

Second, *state capacity* is an integral part of the broader realm of national capacities, including those of civil society and the private sector. It can be defined as the ability of state institutions to manage the business of the executive, judiciary and legislature towards national and human development ends and, in the case of Albania, also towards EU integration. The prime indicators of effective state capacity would be how national policies are made, how services are delivered, how markets are developed, how justice and security are provided, and how the rights of all people are protected. Where this is done well—i.e. where the largest number of people benefit over time from development, when an economy grows and a society is engaged in the democratic process and feels secure—then state capacity is effective and seen to be effective.

Third, there exist a number of practical yet important features of such an approach to capacity development, the most important of which is to recognize the existence of three levels of capacity development and their interdependencies: the enabling environment, the institutional level and the individual human level. At each level, capacity exhibits a multidimensional character. For example, at the individual level within the civil service, it is not enough to simply develop technical skills, but rather a broader set of interrelated hard and soft capabilities (e.g. attitudes, ethics, values, etc.) linked to the objectives of the specific institution and governed by the broader system of government. Other important features include the understanding that the process is not only technical but also oftentimes political, with assessment of risks and changes in impact among others. Chapter 2 presents a detailed discussion of both the nature of capacity development and the particular challenges in Albania.

The remainder of this summary highlights the main findings on capacity development challenges and related opportunities for improvement, and concludes with a number of key recommendations. The following discussion is not meant to be definitive or exhaustive, but rather is intended to add to the debate on capacity development. The topics themselves are highly interrelated and should not be addressed in isolation.

CHALLENGES IN REFORMING PUBLIC ADMINISTRATION

Albania suffers from no shortage of government strategies and plans. The assessment reports noted above maintain that the main ingredients for successful implementation of strategies are in place and overall progress toward EU integration and national development is on track—impressive in some areas, lagging in others. Political commitment is clearly evident and public support is strong as are the main macroeconomic and human development indicators. The main bureaucratic structures and machinery of government are set up, national and international funding are, for the most part, available and the public administration is generally functioning.

If one message comes out clearly from the existing strategies, however, it is the sheer magnitude of the underlying capacity development challenge. Most assessments reveal major obstacles to strategy implementation—that there exists a significant gap between the political vision and the executive will or capacity to implement that vision. The gap is seen to consist of an insufficient administrative and implementation capacity.

At the macro level, the first opportunity may be to adopt a national approach to capacity development predicated in the first instance on some form of ranking or sequencing by priority of the many sector and crosscutting strategies while at the same time reducing the number of strategies to render the overall process more manageable. A second opportunity might be to extract, analyse and correlate through a macro capacity assessment the broad needs, levels and dimensions for capacity development required for the implementation of the SAA, NSDI, Public Administration Reform (PAR) strategy and other strategies that incorporate capacity development for public administration.

A second challenge for government would be to ensure that the PAR strategy—a top national priority for both national development and EU integration—is implemented well. By its very nature, PAR is crosscutting, is political and involves close collaboration and coordination among central and local government authorities. The PAR strategy is seen to focus primarily on the civil service and less on the many other dimensions such as the structuring and machinery of government, performance, central–local relationships and accountability structures.

There is an apparent disconnect of public administration reform and capacity development activities from those needed for EU integration. There is therefore an opportunity to expand the definition of PAR, and, perhaps, in the next version of the strategy, to incorporate the broader dimensions. A related opportunity is to integrate, or at least better coordinate, the PAR strategy with the public administration-related aspects of the strategies and plans for EU integration.

A third PAR challenge—and perhaps the most important—is the need for strengthened central policy cohesion and institutional coordination. At present, responsibility for implementation of Albania’s crosscutting PAR strategy is assigned to the Ministry of the Interior, and specifically to the Department of Public Administration (DoPA). The opportunity here would be to strengthen the capacities of DoPA for implementation of PAR. This would provide greater assurances of successful implementation, and meeting the aforementioned conditions, of SAA and *acquis*. Several related opportunities for improvement, including learning from lessons from other countries in the region, are discussed in Section 3.1 in the main body of the report.

REFORMING THE CIVIL SERVICE

It is encouraging to know that government, EC and independent progress reports note that significant progress has been made in setting up a modern and professional civil service. At the national level over the past few years, government also launched a series of legislative and regulatory reforms targeted at improved service, and greater transparency and accountability. The approval of the PAR strategy demonstrates the renewed commitment to this reform area by the new government.

The main challenges faced by government in reforming the civil service lie primarily in its transition or transformation from legacy structures and practices of the past. One of the main transitional challenges is found in the temporary or interruptible nature of public service. This has been particularly evident after elections when a new government replaces large numbers of staff not only at the political (minister and deputy minister level) but also at the bureaucratic managerial, professional and technical levels. Appointments and replacements of civil servants continue to be made along political party lines in contravention of the civil service law. There is an opportunity to meet this challenge in part by assessing the situation in detail and to determine specific impacts (or constraints) on the capacity of the civil service to perform, and to produce quantifiable evidence of the deleterious impacts of political interference in the appointments process. Measurement and better understanding of the problem may serve to inform the political establishment and the public of the deleterious impacts on the civil service in terms of performance, image and credibility.

A second key reform challenge and important feature of any modern civil service is to enhance civil service performance: that is, producing measurable and verifiable results. Some notable progress has been made on these fronts through implementation of the covering laws. However, further work is needed in the areas of job performance, appraisal and evaluation, incentive schemes and career development. In late 2007, government adopted amendments to the law on performance evaluation. This was followed in January 2008 by a new incentive or reward system.

In respect of the civil service law and all of its provisions for creating and sustaining an impartial, professional, merit-based and modern public administration and civil service (a key European Partnership priority), the obvious opportunity is to ensure full enforcement of the law, implement the PAR strategy and set up and empower the right institutional and management arrangements as discussed in Section 3.2 of the present report.

Training is one of the most common means of strengthening civil service capacity. Although no hard data are available, a significant proportion of the national budget and especially of donor-funded programmes are allocated to training activities. Despite this, civil service training in Albania is generally reported as weak. The relatively high turnover rates in the civil service would tend to dampen the effects of training, perhaps rendering training investments as sunk costs if such training is not put to practical use. As there are no systematic assessments of training, not much can be said about its outcomes in terms of effectiveness. There is also, reportedly, considerable competition between the public and private sectors for skilled and experienced people in managerial, professional and technical areas, thus adding further pressure on the sustainability of civil service capacity.

The main opportunity for strengthening individual capacities lies in a more strategic approach based on Human Resources Development (HRD). Such an approach that might be adapted by Albania to suit its own conditions would look beyond simply education and training. It would focus on broader dimensions of individual capacity development through knowledge acquisition, institutional change and policy reforms directed towards sustainable human resources and human well-being. This implies looking at broader supply and demand considerations, career development, alternative sourcing of training solutions, interchanges with the private sector and so on. At the heart of this concept lies the development of human *resourcefulness*, with particular focus on the relationship between how people prepare for, and then conduct, their chosen livelihoods—in the present case, the civil service.

STRENGTHENING ACCOUNTABILITY

Accountability frameworks are not discussed directly in EU agreements, but are seen as one of the basic building blocks for good governance. Accountability is most often used in the context of financial accountability (proper controls, systems for monitoring and reporting, auditing), operational accountability (proper procedures, standards, procurement, etc.) and, to a much lesser extent, managerial accountability. The definition, design and setting up of these necessary accountability frameworks are left to government.

Several mechanisms and institutions have been set up or are being strengthened, or both, to ensure overall government oversight and accountability: examples include the Supreme Audit Authority, audit units within government institutions, a new public procurement agency, Institute of Statistics of Albania (INSTAT) and executive coordinating committees in government. However, the various independent assessments find that accountability systems for the most part remain weak. For example, in the area of monitoring and evaluation—a key component of accountability—capacity challenges to monitor progress in the social sectors are particularly daunting and continue to be generally ineffective due to weak systems and data. As implementation of key monitoring and reporting systems, such as the Integrated Planning System (IPS), is delayed the risks increase in terms of not achieving PAR objectives, or of not meeting the goals of national development and EU integration. An opportunity here may be to carry out a capacity assessment of the key central monitoring and reporting functions of government, in order to clarify the roles and responsibilities of the various institutions involved in their development.

From a broader perspective, perhaps the major opportunity at present for the government of Albania would be to define a coherent managerial accountability framework and implement the mechanisms that would ensure that it works as an essential part of a modern public administration. This does not imply any sort of institutional consolidation, but rather one more of strategy and framework definition. Fundamentally, managerial accountability should be linked to delivery of results and management of resources, at whatever level of administration. With capacity assessment of such a framework, gaps and weaknesses would be identified and capacity development actions could be prioritized and implemented.

EXPLOITING INFORMATION AND COMMUNICATIONS TECHNOLOGY

Any discussion on capacity development would not be complete without attention being paid to application of Information and Communications Technology (ICT) as a crosscutting dimension of capacity itself. The main argument to be made here is that ICT is both a critical part of, as well as a means for, capacity development. ICT is seen as an essential enabler for achievement of Albania's EU integration and national development objectives. As discussed in Section 3.4 of this report, the case for ICT can be made at the systems, institutional and individual levels.

The government of Albania, most often with funding and technical support from its development partners, has made some significant strides in the application of ICT to meet institutional and performance needs (e.g. financial systems, business registration, government networks, e-procurement). Government has also developed strategies for an information society, while computer literacy and ICT programmes are being introduced into the educational sector (see Section 3.5). Even if the ICT argument can be said to have been made, it has yet to be more broadly accepted across government. In the case of public administration reform, the major challenge—and opportunity—for government is to manage and continue to invest in ICT strategically, and to link such investments directly to the policy and programme priorities of the country.

TACKLING SOCIAL INCLUSION

Social inclusion is a stated objective of the European Union. However, this issue still lags behind economic and political dimensions for both member states and candidate and prospective candidate countries. Albania itself has focused more on the political and economic criteria of EU integration over the past few years than on social inclusion. Consequently, there is a risk that attention to social agenda—the tackling of poverty and social exclusion, and development of related capacities—may slip lower down the list of national priorities.

Challenges related to social inclusion are intimately linked to Albania's longer-term economic and social development goals, which are part of most of the sectoral and crosscutting strategies reflected in NSDI (e.g. health, education, labour market, social security, pensions, child care, social services, etc.). Social inclusion itself is one of Albania's formal crosscutting strategies, approved by the Council of Ministers in February 2008.

Albania has enjoyed a high sustained rate of economic growth over the past several years, averaging about 5–6 per cent per year. While, growth has led to poverty reduction, disparities persist among regions of the country, with the mountainous areas in particular lagging behind. Growth has also not been particularly effective in creating sufficient jobs: Albania continues to be one of the poorest countries in Europe, despite the fact that it has moved into the group of countries with a high Human Development Index (HDI). The global financial crisis was initially thought by many experts not likely to have a major impact on Albania, in part as a result of its only partial integration into the global financial system. However, the country's heavy reliance on remittances from working emigrants, makes it particularly vulnerable to any reduction in this income source, and such vulnerability is expected to be felt most by its socially excluded groups. According to the Central Bank, official remittances from abroad fell by around 16 per cent in 2008 compared to the previous year¹. The 2010 crisis in Greece with consequences in terms of higher taxes and prices will almost inevitably have its toll on remittances coming from that country, home to the largest group of Albanian emigrants. IMF estimates for Albania a moderate GDP growth in 2009 of 3 per cent, with projected growth between 2 and 2.5 per cent in 2010².

In tackling social exclusion, it is important to understand it as a wider concept, going beyond basic income and consumption poverty, addressing issues of discrimination, stigma, lack of access to basic services and lack of full participation in social life. There is little research on the dynamics of social exclusion in Albania, though some studies, discussed in Section 4 below, point to rural–urban disparities, poverty, age (particularly relating to children) and disability as key drivers of exclusion in Albania. The government's Social Inclusion Strategy (SIS) goes a long way in defining key challenges and proposed solutions. However, the strategy remains disaggregated through a series of sub-strategies that are not well integrated and accountabilities not well defined. There is a clear opportunity to adapt a more strategic capacity development approach as outlined in Section 2. This could be realized through a revised version of SIS that clearly integrates the different existing components and sub-strategies in terms of their substantive outcomes and measures of performance, timelines, interdependencies, sequencing of activities and associated accountabilities. There is a need, also, to take stock of the capacity building gaps and develop clear action plans and timelines to overcome these.

MAIN CONCLUSIONS AND RECOMMENDATIONS

The findings on the current capacity development situation in Albania uncover substantial risks to national development and the EU integration process. Estimates of risk drawn from different reports and assessments vary somewhat, but the general consensus is the same: if some major changes are not made to the government's approaches to and investment in capacity development, it is unlikely that the public administration and civil service will be able to implement fully the many provisions contained in the SAA, or the NSDI.

The **absorptive capacity** of the public administration and the civil service remains constrained. Even if more funds were made available, it is unlikely that the national development and integration processes could be speeded up. Without a stable, competent and sufficiently staffed civil service supported by appropriate system-wide and institutional capacities, only so many reform projects can be managed, only so much can be delivered and only so many results can be produced.

¹ Bank of Albania Annual Report 2008, p. 55

² <http://www.guardian.co.uk/business/feedarticle/8981537>, Reuters, March 9 2010, IMF tells Albania to cut deficit, sees 2010 growth. Last accessed on March 10, 2010.

At present, neither the overall existing capacity nor the needs for capacity development of the public administration are known.

Confusion in **accountability** within the public administration could result in inefficiencies, lost effectiveness, inability to link funding investments to results or simply inability to clearly define who is accountable for what, or any mixture of these. Weak frameworks and supporting systems for accountability undermine government-wide monitoring and reporting obligations on strategy implementation.

There is a risk of inferring from the analyses presented in this report that a new or different approach to capacity development will solve the various public administration or social inclusion concerns. In fact, a more comprehensive approach to capacity development in and of itself is no 'magic bullet'. Nevertheless, it can go a long way in addressing many of the capacity challenges that have been identified. Consideration of the following recommendations may help push this debate along.

A number of opportunities for improving capacity development processes are identified throughout this report. The following main recommendations drawn from Section 5, if adopted, could lead to the development of a public administration that has a better chance of fully achieving the national development goals and of meeting the standards and expectations of an EU candidate or member state.

With respect to public administration reform:

1. Formally adopt the concept of capacity development as a system-wide, multidimensional process of change whereby individuals and organizations obtain, strengthen and maintain capabilities to set and achieve their own development objectives. As a policy of government, it would encourage all operational entities within the administration, as well as elsewhere, to assess and develop capacities across these broader dimensions, including those that extend into the national fabric of the country.
2. Determine the strategic priorities for capacity development based on a ranked set of sector and crosscutting strategies on a recalibrated NPISAA, also clearly ranking the priorities, and on an overall capacity assessment of the public administration system.
3. Integrate PAR with EU integration, or closely coordinate PAR strategy with public administration capacity development activities of National Plan for Implementation of the SAA (NPISAA) and other EU integration processes, programmes and funding facilities. Reporting on the progress of the combined activities should be pursued through full development of IPS and its supporting and External Assistance Management information systems.
4. Ministry and agency implementation or work plans should be developed and based on a more detailed capacity assessment of the system within which it functions (e.g. laws, interactions with other parts of the public sector and other sectors of the country, etc.), including its institutions and people. The plans would identify clearly which capacities need to be developed when and at what cost, how they would interrelate with other implementation plans, and how they would be directly supportive of national EU integration and development goals.
5. Over the near to medium term, broaden the definition and scope of public administration reform to include all dimensions of its capacity—and not just the civil service. The next PAR strategy should be based on a broader definition, absorbing where needed public administration aspects of other sector and crosscutting strategies, while also seeking opportunities to reduce the overall number of strategies.
6. Strengthen the capacities of the Department of Public Administration for implementation of the PAR strategy (including civil service management components).

With respect to management of the civil service:

7. Enforce application of the Civil Service Law. While this is necessarily a matter of political and executive will in the country, detailed analysis and publication of information on the impacts of poor or improper implementation can influence policy in the right direction.
8. Manage the civil service more strategically by applying modern human resources management principles and practices that look at more than just the technical functions, but also constantly factor in dynamics of the national labour market, alternative sourcing of training and management development, and more rigorous systems and measures of performance and incentives.
9. Define and put in place a comprehensive managerial accountability framework for the public administration as a whole. Such a framework would integrate performance for results with clearly delegated authorities, supporting resources and systems of monitoring, evaluation and oversight. Such a framework could be enacted in law and necessary measures taken to ensure its application.
10. It is also recommended that the role of the media be examined in terms what they might do to help report on and enhance accountability of government, and what sorts of capacities they might need in order to do this.
11. Accelerate investment in information and telecommunications technologies as one of the main dimensions of public administration and civil service capacity and one of the key solutions to better performance, cost-effectiveness of government and greater accountability and transparency.

With respect to social inclusion

12. The next version of SIS should be based on a systems-wide and strategic approach (discussed in Section 2), with special emphasis on integrating the different existing sub-components and sub-strategies in terms of their substantive outcomes and measure of performance, timelines, interdependencies and sequencing of activities and associated accountabilities.
13. In the short term, the feasibility of consolidating social inclusion-related M&E functions across government should be investigated, along with development or strengthening, or both, of systems for data capture, statistical analysis and reporting, and linking M&E with existing reporting mechanisms under international and regional human rights treaties.
14. A clearer social planning framework needs to be developed based on improved horizontal and vertical co-ordination and sustainable funding structures. Within this, capacity development needs to be prioritized in an action plan with clear timelines and outcomes.
15. The existing SIS and any future amendments thereto should incorporate a costing and risk assessment, with contingencies in the case of a deepening financial crisis or economic downturn.



1.1 Current Situation

Albania's progress towards European Union (EU) integration is noted primarily in it meeting political criteria in terms of stable institutions guaranteeing democracy, rule of law, human rights, protection of minorities, regional cooperation and good relations with enlargement countries and Member States, as well as respect for international obligations³. The country has also made progress in meeting criteria and related standards to approximate its legislation and policies to European Union (EU) *acquis communautaire* in line with the Stabilization and Association Agreement (SAA) and European Partnership priorities. Other economic standards being met include those associated with a functioning market economy and the capacity to cope with competitive pressures and market forces from the EU. In many of these areas, benchmarks for progress consist mostly in the passing of necessary laws and regulations, and restructuring much of the supporting machinery of government.

The process of integration has not been without significant challenges. Many assessments, including those of the European Commission (EC) of the European Parliament, repeatedly highlight continued weaknesses of one form or another in the *capacities* of the public administration to implement the many new laws and to function in a transparent and accountable manner. Specifically, independent analyses and internal government reports reiterate the need for strengthening *inter alia* the performance of the civil service, policy coherence and institutional coordination, accountability, provision of and access to services, and other areas of government reform.

It may be one thing to pass laws or to introduce new regulations—as critical as these are to national development and EU integration processes—but quite another to make them work through developing the needed institutional capacities, to staff and equip the civil service, and to develop all of the other capacities necessary for a smoothly functioning system of public administration.

1.2 Scope of this Report

This special National Human Development Report (NHDR) takes these cues as its focus. From a number of reports that were reviewed, there is an observed tendency to view capacity development in overly narrow terms—that capacity has to do primarily with the staffing and training of civil servants. This is essential of course, but it is also increasingly recognized that civil service human resources dimensions of capacity cannot be developed outside of institutional capacities, or capacities at the broader systems level of the public sector as a whole, or even its interconnections with other sectors of Albanian society, such as the labour market. The argument is made that a more comprehensive understanding of and approach to capacity development is needed if indeed Albania is to meet not only the short-term policy priorities associated with EU integration, but also the longer-term economic and human development goals of the country. In terms of human development, meeting the EU agenda and national requirements for social inclusion are also seen as a key requirement for full membership.

If one were to look at these broader dimensions of capacity, there is the temptation to include too much and lose sight of what the key capacity development priorities might be. A large number of capacity-development-related priorities are contained in the SAA and other instruments and agreements associated with EU integration. Albania's National Strategy for Development and Integration (NSDI) 2007–2013 and the supporting large set of sector and crosscutting strategies also list numerous priorities that cannot be met without development of a substantive set of capacities.

³ As documented in previous NHDRs and a range of government, European Commission and other independent reports, listed in Annex 1.

The most recent Progress Report of the EC⁴ and related documents⁵ highlight the need for greater attention to be paid to a wide range of EU integration implementation activities, most of which directly or indirectly point to the need for stronger efforts to reform and continuously improve the system of public administration. It is upon the administration that so many of the criteria and conditions for meeting EU integration and national development goals depend. The system-wide and multidimensional capacities needed for reform and the development of a modern public administration, then, are the main focus of this report.

But public administration itself is very complex, comprising numerous government functions, activities and institutional structures. Analysis of various progress reports reveals that the main priorities for capacity development attention cover reform processes themselves (including the capacity to continuously monitor and evaluate progress), plus the management of the civil service and accountability frameworks. The more innovative and expanded application of information and communications technology (ICT) is often mentioned as a means to improve the effectiveness, efficiency and accountability of public administration and service delivery, and hence this issue is seen as a critical dimension of capacity.

Issues associated with social inclusion are also addressed since the EU agenda requirements cannot be fully met without attention being paid to developing related dimensions of public administration capacity, especially with respect to access to basic services, human rights, social and economic justice, and social security.

1.3 Methodology

It is not the intention of this NHDR to duplicate the findings in the many reports and analyses of Albania's progress toward EU integration. It is not a progress or monitoring report on public administration reform or social inclusion, but it does draw from several independent reports on such progress. In the domain of public administration, the problems are well known and for the most part, capacity development and other forms of remedial action are being undertaken. What is felt to be missing, however, is a broader understanding of capacity development. It is in this area where this report aims to add value. New and different approaches to capacity development will hopefully lead to more tangible and sustainable results.

A number of methods were used to prepare this NHDR. Consultations were carried out with key stakeholders including central authorities of the government of Albania—including Department for Strategy and Coordination (DSDC), Department of Public Administration (DoPA), Ministry of European Integration (MEI), Ministry of Economy, Trade and Energy (METE)—EU Delegation to Albania, UN agencies and other donors (see Annex 2). Institute for Contemporary Studies (ISB) was engaged to carry out complementary stakeholder surveys and analysis of the general status of capacity development of Albania's public administration.

Individual national and international experts were engaged to tackle specific capacity development issues. A select number of documents were reviewed (see Annex 2). A national and international Peer Review Group was set up to comment on preliminary findings and to offer concrete suggestions. The process, managed by UNDP, was lengthy, with most of the groundwork being carried out in late 2008 and into 2009.

An NHDR such as this is not without some caveats. Some data sources were not available or simply out of date, while formal capacity assessments and other types of EU integration readiness assessments have not been undertaken on a routine basis by government. Hence, some important quantifiable baselines are missing, making measurement of progress difficult. Such constraints arise from government systems of monitoring and reporting that for the most part are still being developed and refined.

⁴ European Commission, Albania 2009 Progress Report of the European Commission to the European Parliament and Council, Commission Staff Working Document, SEC (2009) 1337, Brussels, 15 October 2009.

⁵ For example, a particularly informative source is *Monitoring Report: Albania in the Stabilisation and Association Process*, 1 October 2008–15 September 2009, Fondacioni i Shoqërisë së Hapur për Shqipërinë (Open Society Institute), hereinafter referred to as OSI Monitoring Report.

1.4 Report Structure

Chapter 2 describes the general capacity development context in Albania, with a focus on those elements driving the EU integration process and with special emphasis on public administration. Reference is also made to the EU social inclusion agenda, thus bringing in additional arguments for human development. Chapter 3 focuses on selected capacity development issues associated with the aforementioned aspects of public administration. Chapter 4 tackles specific issues concerning social inclusion. The final Chapter presents general conclusions and some recommendations for improving capacity development within government and taking a more strategic approach to social inclusion.



2.1 Capacity Development in a Systems Context

What is capacity development?

UNDP has emphasized for some time the importance of human development to national progress, and views capacity development as its overarching contribution to national development⁶. UNDP defines capacity development as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to achieve their own development objectives over time. The definition is neither especially new nor unique, as it derives from established management practices in such areas as strategic management, change management, organizational development and to a large extent traditional approaches to institutional strengthening. UNDP's definition is in wide use and can be understood in operational terms as the ability of a system to perform, or to create or provide added value.

State capacity is an integral part of the broader realm of national capacities, including those of civil society and the private sector. It can be defined as the ability of state institutions to manage the business of the executive, judiciary and legislature towards national and human development ends and, in the case of Albania, towards EU integration. The prime indicators of effective state capacity would be how national policies are made, how services are delivered, how markets are developed, how justice and security are provided, and how the rights of all people are protected. Where this is done well, where the largest number of people benefit over time from development, when an economy grows and a society is engaged in the democratic process and feels secure, then the state capacity is effective⁷.

What makes this approach to capacity development different?

The UNDP approach that may be adapted to the Albanian context accentuates and integrates several important features, which in their combination depart somewhat from traditional approaches. These are:

- The *inter-linkages* or interdependencies between three levels of capacity development: the systems or enabling environment, the institutional level and the individual human level. Typically, programmes to address shortcomings in capacity at one level (e.g. management and financial accounting skills among mid-level professionals) must recognize factors in both the organization (ministry, firm) and their enabling environment (legislation, regulatory frameworks), but issues will likely be different at each level.
- The *multidimensional* nature of capacities at each level. For example, at the individual level within the civil service, it is not enough to simply develop technical skills, but rather a broader set of interrelated hard and soft capabilities (e.g. attitudes, ethics, values, etc.) linked to the objectives of the specific institution and governed by the broader system of government.
- Capacity development is based on sound and rigorous methods for assessing capacities in the first place. That means understanding and documenting what currently exists, identifying the full dimensions of capacity needs and their interdependencies, identifying gaps, developing the right strategies, determining and costing options, and ensuring that capacity development strategies and plans are linked to and supportive of overall programme or reform strategies and plans.

⁶ UNDP Strategic Plan 2008–11

⁷ Most of the discussions about reinforcing state capacity are centred on the structure and workings of formal organizations. Yet it is clear that institutional issues—the formal and informal rules of social and political interaction—could shape the boundaries of the context, the effectiveness of many capacity development interventions, and could create and maintain patterns of incentives. From the theoretical perspective, the Nobel Prize winner Douglas North formulated the standard definition of institution as . . . *the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction. Organizations as defined by North are . . . groups of individuals bound by some common purpose to achieve objectives.*

- Capacities to be developed must, to the maximum extent possible, build on the current base, that nothing should be torn down or removed if it works or can add value to new capacity solutions, or both.
- Capacity development cannot be seen as a one-off or set of isolated initiatives, either within a single institution (such as a ministry or agency), or even within a single system (such as the public sector), but depending on particular cases, should be seen within the broader national, regional and even global contexts (e.g. environment, trade, finance).
- As with any initiative, capacity development must be driven and owned internally, and not by external parties. It is also a process of complex change, often requiring considerable time, especially in cases of reform initiatives. Identifying drivers of change and managing change, risks and expectations are important considerations in design and implementation⁸.
- Capacity development is at the centre of human development. It is the individual that is at the core of social and economic development.

It is important to note that capacity development is not a “technical fix” but is rather more concerned with managing change. In that many capacity development initiatives are long term in nature, it is important that they generate some visible benefits over the short term in order to ensure and sustain political commitment and on-going resources.

Can such an approach be adapted to Albania’s EU integration processes?

Not only can such an approach be adapted but in many respects it is already happening in Albania to varying degrees, though under different policy and programme umbrellas. As noted, NSDI and its supporting IPS comprise, at least in very broad terms, a systems-wide multi-level, multi-sectoral and multi-dimensional approach to developing and instituting all that is required for national development and EU integration. The National Plan for the Implementation of the SAA may be seen to do much the same.

However, as noted later in this report, many of the capacity interdependencies often become diffuse and an overemphasis has been given to establishing legal and regulatory environments and less attention to building the needed institutional and individual capacities for implementation. In other words, such strategies and plans are strong in terms of defining *what* must be done, but fall short on *how* it is to happen in a coherent manner. Considerations on monitoring or *whether* what was meant to happen did happen are also somewhat limited. Individual sector strategies often do not take into sufficient account the different dimensions of capacity that are needed for successful strategy implementation. The capacity development approach discussed here focuses on the *how* aspects of strategy implementation.

Box 2.1 Capacity Assessments

A capacity assessment provides a comprehensive perspective on the capacities critical to achieving a country’s development objectives. It is an analysis of desired capacities against existing capacities and offers a systematic way of gathering data & information on capacity assets and needs. Conducted during the initial stages of development planning, a capacity assessment serves to provide an input for formulating a capacity development response that addresses those capacities that could be strengthened and that optimizes existing capacities that are already strong and well founded. It can also set the baseline for continuous monitoring and evaluation of progress against relevant indicators and help create a solid foundation for long-term planning, implementation and sustainable results.

Source: UNDP, Capacity Assessment Practice Note, 2008. See also www.undp.org/capacity/resources.shtml

Another impediment to successful system-wide capacity development, particularly in public administration, is the blurred interface that exists between the political and bureaucratic structures of a state. This may be explained in large part by the persistence of legacies from the past. Emerging democracies such as Albania face considerable challenges in overcoming excessive centralization legacies. As liberalization of the market economy accelerates, delays in setting up the needed public institutions and administrative structures lead to a climate of ad hoc adjustments in both the public and private

⁸ It is important to note at this juncture that institutional capacity development is complex as it encompasses multiple levels of actors and investments in policies and legislation, power relations and social norms (the enabling environment) and organizational and human resources development. To be effective, this form of capacity development usually takes place over an extended period of time. Success often hinges on dynamics that include political will and leadership for real change, yet such dynamics remain among the least understood aspects of capacity development.

sectors. This can often lead to a situation of short-term management with the corresponding distraction from addressing longer-term deeper, structural issues in areas of relevance to EU accession and national development.

Opportunities for new or more innovative approaches to capacity development are explored in this report. In some cases, specific suggestions are made. Yet it is not the intent that such suggestions should be taken up right away, but rather that consideration be given to them over the medium term. An initial **opportunity** and standard first step in capacity development is to carry out a *capacity assessment* (see Box 2.1). Such an assessment can be carried out at a macro-level (e.g. assessing the capacities of the public administration as a whole), at an institutional or organizational level (e.g. capacities of a ministry to achieve its objectives or results), or at a programme or project level, or both (e.g. the capacities required at all levels to develop and implement a specific programme of government).

The reason for carrying out capacity assessment is intuitively logical, but there are other reasons. A capacity assessment does the following:

- provides a logical starting point for formulation or design of a programme and a capacity development response
- confirms priorities for action and aligns these priorities to broader national development or, in this case, EU integration priorities
- helps, in cases where a number of external development partners are involved, to identify their comparative advantages and align and time their assistance to specific capacity development priorities
- builds political and bureaucratic support, particularly where proposed capacity development initiatives cut across organizational lines
- presents consequently a platform for identification of and dialogue among stakeholders to be involved in both the assessment and subsequent capacity development actions
- provides insight into operational hurdles and other risks so that mitigation strategies can be developed.

One of the key risks associated with any major change, such as that prescribed by SAA or NSDI, is to underestimate the managerial and administrative capacities needed for implementation. A capacity assessment would identify and quantify all of the different capacities needed for implementation, plus an estimate of the costs and timing to both develop the needed capacities and ensure their on-going sustainability.

The rationale for conducting a particular capacity assessment may affect its design, duration or cost, or both. For example, if the main objective is to identify and secure cooperation of stakeholders whose particular roles, responsibilities and accountabilities may not be clear, then a full capacity assessment may not be required and a one- or two-day workshop may be sufficient to clarify these issues. However, if the purpose is to uncover risks or to determine why a certain programme is simply not working, then an assessment may take several months to identify specific capacity gaps and weaknesses that block implementation and to understand their root causes.

As will be seen in the following sections, the nature of the capacity development challenge varies with the dimension of public administration or social inclusion capacity. In each case, different approaches may be needed and these are explored.

2.2 Is Capacity Development a National Priority?

Albania has taken several important steps towards Euro–Atlantic integration. Political elites, which have shown exceptional unity when it comes to this integration, see in NATO and EU membership a guarantee for stable democracy, economic growth and foreign investment. While Albania became a full member of NATO in April 2009, on the EU front, strong economic, social and political initiatives have been stimulating continuous progress. Following official negotiations after the Thessaloniki Summit in June 2003, Albania signed an SAA with the EU in June 2006. The ratification process was

finalized in January 2009 and the SAA entered into force in April 2009 in a key step in Albania's journey to EU membership. Formal application for candidate status was submitted that same month by the government of Albania. In December 2009, the European Commission presented Albania with a questionnaire necessary for preparation of an assessment of the country's readiness to fulfil EU membership obligations⁹ (see Box 2.2 for a brief analysis of the process of responding to the questionnaire).

The SAA instrument is considered by many Albanians to be *the most important contract ever signed by Albania with Europe*¹⁰. It clearly reconfirms that Albania's future lies most advantageously in the European Union. A National Plan for the Implementation of the SAA (NPISAA), adopted in 2006 and updated in 2007, outlines a vast array of needed reform activities to gain EU membership. Implementation of the SAA is seen by the EU and its Member States as a significant indicator of Albania's readiness to achieve the ultimate goal of membership.

These instruments have evolved into the organizing principle for most Albanian policy making and may be seen to define in a general way the framework for implementation of related capacity development activities. The EU gatekeeping role has become the main motor of reform, while SAA serves as a catalyst for concrete changes. With respect to change, it is significant to note that Albania is a country in which Euro-scepticism is almost non-existent. Closer European and Atlantic ties have become the platform of all main political actors. While in the first phase of transition political debate was dominated by anti-communist rhetoric, now it is focused on issues of EU integration. EU reports and evaluations, which mark progress in the contractual relations with Albania, are at the centre of national debate.

Senior EU officials have noted that momentum for European enlargement should be based on principles of consolidation, conditionality and communication. To the extent that they are understood, these principles are also welcomed by Albanians. According to the Balkan Monitor survey conducted in 2009 by Gallup Europe in partnership with the European Fund for the Balkans, an overwhelming majority of respondents (89%) support accession to the EU (if a referendum were to be held immediately) and only four per cent would oppose. An earlier survey found that 84 per cent of Albanians considered EU membership to be very important, with 14.5 per cent considering integration important but not a policy priority for the country. Only 1.1 per cent considered EU integration not at all important.

⁹ European Union Delegation to Albania Press Release: European Commission presents Albania with a Questionnaire to assess the country's application to join the EU, Tirana, 16 December 2009

¹⁰ Prime Minister Sali Berisha, cited by *European: periodical review of the Ministry of European Integration*, No. 9, March–August 2006, p. 3

Box 2.2: EU Questionnaire

Albania's answers to the EU questionnaire were submitted by Prime Minister Berisha to the EU Commissioner for Enlargement and European Neighbourhood Policy on 15 April 2010. The EU questionnaire contained 2,280 questions laid down in 384 pages, and attached particular importance to political criteria. Good governance, rule of law, judiciary reform, public administration, fight against corruption and organized crime and media freedom are all key issues that will form the core of the Commission assessment. The process of answering the EU questionnaire is considered a useful exercise for assessing the readiness of Albanian institutions to meet European standards and obligations. A positive outcome of this process will enable EU institutions to move Albania from potential candidate country to candidate country and to consider other steps for its EU membership. Once Albania successfully passes this test, the next challenge will be the negotiation process of the EU *acquis* chapters.

The same day SAA entered into force, a three-tier intra-governmental coordination for EU integration process was established comprising 1) the Inter-Ministerial Committee for European Integration (ICEI), 2) Inter-Institutional Coordination Committee for European Integration (ICCEI) and 3) Inter-Ministerial Working Groups for the chapters of the *acquis*. ICEI is the highest governmental structure chaired by the prime minister and includes ministers of the following ministries: European Integration; Foreign Affairs; Public Order; Finance; Economy, Trade and Energy; Justice; Public Works, Transport and Telecommunications; Agriculture, Food and Consumer Protection; Environment, Forestry and Water Administration.

ICCEI is chaired by the Minister of Integration and is composed of a deputy minister or secretary general from each line ministry, as well as officials of relevant central institutions. In order to achieve its goals and objectives, ICCEI has further established 35 Inter-Ministerial Working Groups, according to the chapters of the *acquis*. These working groups are headed by a representative from the respective line ministries and are composed of civil servants from those ministries and other central government institutions. Furthermore, each line ministry is required to establish a European Integration Unit at the level of Directorate in order to ensure proper involvement of the public administration in the EU integration process, as well as working groups with the purpose of answering the questionnaire based on methodology provided by MEI. Mol established a European Secretariat (ES) chaired by the secretary general and composed of civil servants working in the existing units of the Ministry who were responsible for coordinating and supporting ICCEI and ICEI over the questionnaire.

The process of answering the questionnaire showed that strong political will is a precondition for comprehensive and dedicated engagement of the public administration. Furthermore, a clear division of competences and responsibilities also increased the motivation of the civil servants. A high level of awareness at different government levels about the EU integration processes was also of paramount importance. Introducing new IT and data management systems helped not only have a comprehensive record but also kept a clear track of the required processes.

These results clearly show that Albanian governments have been successful in winning the public debate for EU integration, at least at the political level. However, developments that people expect once EU accession occurs also shed light on some of the country's most acute problems as people think it could bring them easier travel, more security and a stronger rule of law¹¹. Furthermore, misconceptions persist over many details of the integration process. Information is often lacking on specifics and on direct implications of EU integration for citizens and communities.

The actual impact on sectors of the economy and on the region is little known among the public. The debate over European integration is sometimes politicized and propagandized, leaving little room for focused debate on specific implementation issues or the capacities needed to satisfy conditions for EU membership or national development. In addition, there is a perception in some segments of Albanian society that European integration means primarily free movement of citizens (i.e. just a matter of visas).

Despite such concerns, government has taken substantial actions to implement the many provisions of SAA and related agreements and plans. The following actions are illustrative:

- In March 2008, the government adopted NSDI subsequent to a process of extensive consultation and public participation. NSDI is Albania's fundamental strategic document on sustainable national social and economic development and it combines agenda for EU integration and NATO membership with implementation of the Millennium Development Goals (MDGs).
- Development of a large number of strategies that identify sectoral and crosscutting policy priorities and strategic objectives, focusing on commitments for EU integration and monitoring indicators for implementation of the policies and estimation of their respective costs.

¹¹ Gallup Balkan Monitor report, p. 10

- Development and implementation of IPS, constituting a bold attempt to create a planning and monitoring framework to ensure that core policy and financial processes function in an integrated and holistic manner. These core processes incorporate not only NSDI, but also the Mid-Term Budgetary Programme (MTBP), Government Programme and External Assistance.
- The setting up of new institutional structures to oversee EU integration and national development activities. These include primarily MEI and DSDC, within the Council of Ministers, and strengthening of the Ministry of Finance with establishment of the Central Finance and Contracting Unit (CFCU).
- Strengthening the management and coordination of external assistance provided by Albania's development partners. This includes primarily the setting up of DSDC and development of its operational capacities and streamlining the internal relationships between central government ministries and between government and the donor community. A significant feature of this effort is Delivering as One UN in Albania (see Box 2.3), guided by national priorities, harmonization and increased aid effectiveness in the context of the Paris Declaration.

Box 2.3 Delivering as One UN in Albania

Following a request of government, Albania was selected in January 2007 as one of the eight Delivering as One UN pilots around the world. The request falls within the Albanian government's reform efforts to align external assistance with national plans and budgets. Under the initiative, the Albania pilot has worked towards a common UN system approach while capitalizing on the strengths and comparative advantages of the different members of the UN family.

As the only pilot country in Europe, the response of the UN system aligns and supports European integration and national development goals of Albania, while complementing assistance provided by other multilateral and bilateral development partners. The people of Albania are at the centre of the development assistance and the One UN Programme aims to make a positive difference in their lives, with influence in decision making and enhanced quality and accessibility of services.

For the prime policy priorities of Albania as reflected in NSDI, the government recently reported that *remarkable progress was made towards integration with and membership of Albania into the European Union and NATO*¹². The same report notes general progress in democratization and rule of law, including public administration. In the third policy area—economic and social development—the emphasis is on *the establishment of necessary administrative and regulatory infrastructure and incentives to business development and investments that shall provide sustainable developments with regard to living standards of citizens and will pave the way for accession to the EU*¹³. However, serious challenges with respect to on-going corruption and problems with some

aspects of service delivery and access to services in a number of sectors are reported—these being understood as having an indirect capacity development nature. Indeed, the NSDI Progress Report for 2008, on several occasions refers to on-going capacity building efforts and challenges. For instance, issues of administrative capacities in the line ministries following the entry into force of SAA are singled out together with efforts to strengthen the capacity of the public administration through training activities, particularly to enable it to meet the challenges of European integration. It identifies also professional capacity building of local officials and staff through training intended to improve the quality of public services and law enforcement as the next challenges in the decentralisation process¹⁴.

¹² Government of Albania, *National Strategy for Development and Integration 2007–2013: Progress Report 2008*, DSDC, November 2009, p. 8. The NSDI report addresses the three main areas of NSDI: (1) integration into EU and NATO, (2) democratization and rule of law, and (3) economic and social development. The report also notes progress in achievement of the Millennium Development Goals.

¹³ *ibid.*, p. 27

¹⁴ *ibid.*, pp. 9, 22, 24

Although not directly related to the provisions of SAA and EU integration in terms of the hard *acquis communautaire*, over the short term, social inclusion is an important condition for EU membership. Social inclusion is defined as . . . *a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision making which affects their lives and access to their fundamental rights*¹⁵. Once it becomes a candidate country, Albania will have an obligation to complete with the European Commission a Joint Inclusion Memorandum (JIM), which will indicate the challenges in meeting the EU's objectives on social inclusion.

Box 2.4: Capacity development at the regional level and cohesion with the EU

The pace of Albania's preparations with regard to regional development and, more widely, participation in EU policy of economic and social cohesion has quickened. Policy makers have become increasingly aware that, in a pre-candidate and pre-member-state mode, the EU's main focus will be on putting in place investments and development activities that address as priority the level of Albania's overall development over any internal regional or local disparities. This is especially so in a situation where the level of EU funding under IPA remains modest.

Regional development in an EU context is part of the wider economic and social cohesion policy. Its scope and focus vary somewhat between member (and indeed candidate) states insofar as activities considered to fall under regional development in one country may be considered part of national or sectoral development in another. Nevertheless, it is fully clear that as Albania moves towards accession, sub-national actors and development processes will play an important and essential role in complementarity to central efforts.

In particular, regional and local bodies (regions, municipalities, communes) will carry a heavy burden in terms of identifying and implementing projects in receipt of EU funding and probably have an essential role in underpinning the programming of regional and local development strategies and programmes, even in providing valuable input into certain sectoral and national programmes. In this context steps have been taken to improve the developmental capacity of regions and municipalities and, in the coming years, more assistance in this regard is indicated. At the sub-national level the main administrative structures currently comprise 12 regions, 65 municipalities and 308 communes. In terms of coordinating a strategic response to place-based development, regions are at present the main vehicle, while municipalities—especially larger and more urbanised municipalities—are, on current performance, the more active agents in terms of project development and investment. Evidently there remains a problem with regard to ensuring development activities in smaller municipalities and communes, all the more problematic since many are relatively disadvantaged.

The current base-line of competence and capacity—understood as knowledge, understanding, skills and expertise—, though considerable, appears currently to be characterised by a certain lack of purpose, structure and direction: there are too many variables in the situation that occlude a clearer perspective on why and how development capacity at the regional and local level should be developed.

Even though it is clear that, in the initial years at least, EU funding (IPA 3) will largely be directed at major infrastructure, there remains a long-term need to develop sub-national strategic and project capacity as Albania moves towards fuller participation in European economic and social cohesion. This is important not only for any future regional development programmes but also for many sectoral and national programmes that will rely, in many cases, on a decentralised development effort to implement sectoral policies.

While there is no particular requirement to develop any kind of administrative regional or sub-national structures for economic and social cohesion and European Regional Development Fund support, it is clear from other new member states, that sub-national actors are important agents for complementary development efforts, for targeted territorial interventions and for addressing key issues such as social exclusion, local and rural development, small-scale enterprise, and promoting in local communities better quality of life and sustainable development. Strategic investment planning, project development, monitoring and evaluation of interventions are all core tasks in this area requiring a sustained effort in capacity building and experimentation with a view to bringing the benefits of EU cohesion policies to communities and citizens. In this sense efforts at regional and local levels to develop capacity must continue. They are an investment in preparing the future development of the entire country and promoting a gradual narrowing of the development gap relative to the EU and providing equal European citizenship to all Albanians.

The scope of social inclusion depends to a certain extent on the specific situation in each EU member or potential member state. In Albania, the primary focus has been on human rights, equitable access to services, and in building relationships between the public sector and civil society with special emphasis on strengthening capacity of the latter. Chapter 4 explores social inclusion and social protection at greater length.

¹⁵ EC, Joint Report on Social Inclusion. Commission of the European Communities, October, 2004

Box 2.5 Anti-discrimination Law

In February 2010, Parliament approved a comprehensive law on anti-discrimination that protects against discrimination in relation to an array of issues, including gender, race, colour, ethnicity, language, sexual orientation, political, religious or philosophical beliefs, economic, education or social status, pregnancy, parentage, parental responsibility, age, family or marital condition, civil status, residence, health status, genetic predispositions, disability, affiliation with a particular group or for any other reason. The law establishes a Commissioner for Protection from Discrimination who, following complaints from individuals, will have the responsibility of imposing fines against persons in the public and private sector.

In the area of human rights, the Constitution and legislation of Albania guarantee fundamental human rights and freedoms. In practice there is no systematic attempt by the state to curb fundamental human rights and freedoms or the other aforementioned dimensions of social inclusion. However, there is little concerted effort to ensure them either. This may be seen in part to reflect a lack of political and societal will for meaningful change, but perhaps more significantly a lack of sufficient capacity to

ensure change. A national human rights institution, People's Advocate, geared to protection of human rights has been set up and is widely respected, nationally and internationally¹⁶.

There is a need to promote a culture of respect for human rights in the judiciary, civil service and Parliament, as well as in society generally, and to strengthen good governance, as identified in earlier reports¹⁷, so that the institutional support exists to put human rights commitments into practice. The recent approval of a law on anti-discrimination (Box 2.5) will hopefully address these challenges in a more concerted and institutional approach.

There is still a strong mentality identifying the State with the party in power that can be partly explained by the strong Communism legacy of the past. However, representative and public institutions have also been open to accommodating networks of specific interests, though this has a tendency to detract from implementing objective rules and standards that promote social inclusion and combat discrimination and to focus instead on promoting interests of those more closely associated with the party in power. Governance of public institutions can also affect rights to access basic services—particularly health, education and social security—crucial for the promotion of social inclusion. These are areas that merit separate research, but enter into the scope of this report due to their dependence on adequate public administration and civil service capacities.

2.3 Capacity Development and EU Integration

Significant progress has been made . . .

The instruments associated with EU integration, the many laws and regulations plus the various strategies and plans that have been approved all constitute significant capacity assets necessary for the state sector's enabling environment for EU integration and national development. Albania has drafted a number of new laws that take full account of European legislation. Reforms have accelerated in various sectors and in March 2006 the Government Regulatory Reform Action Plan was introduced. Every new law is now required to involve consultations with civil society as an integral part of the drafting process.

Albanian economic institutions, e.g. METE, the Ministry of Finance and the Bank of Albania, are also seen as significant institutional capacity assets as they have been at the centre of a positive development process in the public sector over the last few years. The Central Bank in particular enjoys a high level of independence that has allowed it to set higher salary levels, thus better enabling attraction and retention of quality human resources. One important consequence of this is increased public confidence in these crucial public institutions.

MoEI has undergone restructuring and institutional strengthening and despite initial high levels of staff turnover and slow filling of senior positions, all of its posts are now filled. One of its main tasks is to ensure alignment of Albanian legislation to *acquis communautaire*¹⁸ and to monitor SAA implementation. MoEI also provides expert and administrative support to inter-ministerial and inter-institutional coordinating committees and assists in organising the Albanian partaking in the

¹⁶ In December 2008, the International Coordination Committee of National Human Rights Institutions renewed the People's Advocates A-level status.

¹⁷ See Freedom House Report 2007, European Union Progress Report for Albania 2007.

¹⁸ One of the three statutory criteria for EU accession, the other two being political and economic

joint EU-Albania bodies. Moreover, the Ministry of European Integration provides methodological support and guidance to integration units in the line ministries aiming to standardise their activities and reporting and improve inter-institutional coordination.

DSDC was established at the end of 2005 and is responsible for crafting and following up NSDI and for work at the core of IPS. In addition, DSDC is fully staffed and operational and is the key central agency responsible for managing the external assistance strategy of government, development and monitoring of NSDI and ensuring that donor programmes are aligned with national plans and priorities¹⁹.

Albania has made substantial progress in improving Human Resources Management (HRM) within the public administration. This is especially noteworthy in the process of establishing an effective and stable civil service, which is critical for improving the efficiency of government in service delivery and in formulating and implementing economic and social policies, especially those required for EU integration. Addressing issues of employment, pay policy and career paths have also helped to increase accountability of public officials. In particular, progress has been made in implementing the Civil Service Law, putting in place competitive recruitment and selection procedures, and increasing civil service salaries geared to attracting and retaining a better human resources base. In addition, the Albanian government is comparatively young and this has accelerated the influx of new managerial attitudes into the system.

... but major challenges remain

Ratification of SAA raises the stakes and challenges for the country to show results. It also represents a huge test for public administration—in coordination with private sector and civil society—to demonstrate it has the capacities to manage a host of complex new responsibilities, deliver results and prepare the country for EU integration. Regional and global competition in many sectors of the Albanian economy require agile, flexible and innovative government policy responses and a competent public administration but also the enabling of the private sector and civil society. Standards for European integration are stringent, placing novel pressures on the capacity of public, private and civil society institutions to comply. Continuing gaps in incomes, disparities between urban and rural areas, inequalities in access to basic services on the part of minorities, persistence of a large informal sector, internal and external migration and corruption represent some of the more serious challenges, some of which can only be tackled over the medium to longer term.

A first major capacity challenge facing government is the rate and level of emigration, particularly of those with a high level of educational attainment, and the impact it ('brain drain') has on the public administration as well as on the national human resources base. Over the past 18 years, the emigration phenomenon has been one of the core economic and social changes in Albania. It is estimated that 24.1 per cent of Albanians left their country during the period 1990–2005²⁰. No other Central or East European country has been as affected by emigration in such a short period of time.

Box 2.6 Brain Gain Programme

Despite the commitment of government and some achievements made to date, BGP also has challenges to overcome. On the positive side, the return of skilled Albanians has brought back capital, international work experience and new ideas. However, under the current civil service law, there is limited official acknowledgement or recognition of experience or education gained abroad. The diploma recognition process can take a long time, thus dampening the potential for recruitment and retention of skilled returned Albanians.

Source: UNDP

Emigration is a complex issue, with both positive and negative impacts. One of the negative impacts is a reduction in the size of the national skilled human resources base that could otherwise be used to meet the human resources capacity requirements of public administration. Based on recent studies, it is estimated that about half of lecturers, researchers and intellectuals, predominantly young and specialized in Europe have emigrated from Albania since 1990.

¹⁹ In addition to reforms at the central government level, local government units (LGUs), although starting from very low capacity levels, have been active in benefiting from opportunities offered by decentralization reforms. Larger LGUs, such as Tirana and Shkodra municipalities, are better equipped to cope with these new opportunities and challenges. Decentralization, local governance and regional development are very important considerations for both EU integration and national development, and were the main theme of the 2002 Albania NHDR.

²⁰ UNDP Human Development Report 2009: Overcoming barriers: Human mobility and development, p. 144

Close to two thirds of individuals who have acquired a PhD in Western Europe or North America have either emigrated from Albania or not returned after graduation²¹.

To counteract this trend, government has initiated a number of policies and programmes to attract graduates and skilled Albanians from the diaspora to return to the country and work in public administration, among which the Brain Gain Programme (BGP) is foremost.

Currently, BGP offers incentive packages, for a limited duration, to such individuals. In order to qualify for BGP incentive packages they must compete for positions offered through DoPA, following Civil Service Law and Regulations. However, as noted in Box 2.6, this programme is not without challenges.

A second major challenge in respect of capacity development and EU integration is ensuring that the body of new rules grows into new practices on the ground. Albania's goal of EU accession necessitates setting, and implementing, rigorous standards for public sector agencies in line with the Copenhagen and Madrid criteria²². In addition, the Accra Agenda for Action laid out new directions for the way development assistance is to be given and spent, calling for strong institutions, systems and local expertise²³. Such requirements necessitate building on fundamental institutional reforms already in progress in Albania with detailed strategies and action plans for improving capacity at many levels, as well as clear selection of priorities for immediate attention.

At the institutional level, by-laws, implementation manuals, coordinating mechanisms, information systems and other second-level tools are just as important as the laws and strategies from which they originate. These include frameworks for governance and accountability, institutional management of human resources and public expenditure, policy analysis and coordination, monitoring and evaluation, and engagement of civil society. These in part are being met through NSDI, the implementation plan for SAA, and IPS—all of which are designed in part to identify, coordinate and manage the complex and often subtle inter-linkages among so diverse a set of issues. However, as highlighted in previous independent reports and assessments, serious capacity gaps remain to be filled, primarily to do with the stability, independence, quality and accountability of the civil service.

Government adopted amendments to the Civil Service Law in late 2007 pertaining to performance evaluation. In early 2008, a new incentive system entered into force. However, as discussed in Section 3.2, continued political influence and less than optimal independence of the civil service has continued. Even though the Civil Service Law regulating public administration is in place, it has not been applied systematically²⁴. As discussed in more detail in the next chapter, serious capacity constraints within civil service are seen as a major risk—perhaps the major risk—to overall public administration reform and consequently the potential of government to meet all of the conditions and provisions of EU integration.

2.4 Human Development and Social Inclusion

The interplay between capacity development, social inclusion and **human development** (see Box 2.7), as applied to EU integration, may at first appear to be self-evident. While there is a considerable body of literature on human development, there is little on the meaning of the human development approach as applied to potential or existing EU member states. Work has been done on this topic, but primarily in terms of applying the traditional concept²⁵. The main link of human development to EU integration is the EU agenda for social inclusion. Especially important to the understanding of human development in the EU context are the notions of freedom and economic well-being, with guarantees for the former and opportunities for the latter²⁶.

21 *From Brain Drain to Brain Gain: Mobilising Albania's Skilled Diaspora: A policy paper for the Government of Albania*, Prepared by the Centre for Social and Economic Studies, in collaboration with the Development Research Centre on Migration, Globalisation and Poverty, University of Sussex, UK (Tirana, April 2006)

22 Articles 49 and 6[1] of the Treaty on European Union lay out three sets of accession criteria (political, economic and community *acquis*) as agreed in the Copenhagen European Council in 1993, and refined by the Madrid European Council in December 1995.

23 Accra Agenda for Action, September 2008; see <http://www.acrahi.net>

24 European Commission, *Albania 2008 Progress Report of the European Commission to the European Parliament and Council*, Commission Staff Working Document, SEC (2008) 2692 final, Brussels, 5 Nov 2008, p. 8

25 One recent example is the National Human Development Report, UNDP Bulgaria, 2006.

26 *ibid*, p. 64

Box 2.7 Human Development

... is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. People are the real wealth of nations. Development is thus about expanding the choices people have to lead lives that they value. ... Fundamental to enlarging these choices is building human capabilities—the range of things that people can do or be in life. The most basic capabilities for human development are to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community. Without these, many choices are simply not available, and many opportunities in life remain inaccessible.

Source: <http://hdr.undp.org/en/humandev/>

Human development needs also to be understood in terms of Human Resources Development (HRD) for the civil service in particular—as the most important component of the public administration—and also in terms of Albania's national human capital and its labour demand–supply dynamics with the public sector. This interpretation may seem narrow but it is essential for a better understanding of capacity development vis-à-vis EU integration.

Human development, with its focus on the expansion and use of human capabilities—in the present case focusing on those within the civil service—provides a conceptual basis for capacity development. Drawing from the definition presented in the preceding section, capacity development is also seen as fundamental to the *how* of both the human development approach and social inclusion as it affects the broader Albanian society.



3.1 Key Dimensions of the Challenge

Albania suffers from no shortage of government strategies and plans. The main ingredients for successful implementation of these strategies are in place and overall progress toward EU integration and national development is on track—impressive in some areas, lagging in others. Political commitment is clearly evident, public support is strong as are the main macroeconomic and human development indicators. The main bureaucratic structures and machinery of government are set up, national and international funding for the most part is available, and the public administration is generally functioning.

However, major obstacles to strategy implementation remain—there exists a significant gap between the political vision and the executive ability to implement that vision. The gap is seen to consist of insufficient administrative capacity, though other factors are undoubtedly in play. Indeed, one of the main capacity challenges for Albania is to institute . . . *a well-qualified and professional public administration . . . that remains the . . . focus of the Government policies, in order to ensure the implementation of the initiatives and reforms crucial to the integration of the country*²⁷.

Among all of the government plans and strategies, there does not appear to exist a single and agreed set of nationally ranked priorities, whether of a policy, implementation or capacity development nature. Institutional input in the NPISAA should be improved in order to reflect in it the sectorial strategies, institutional goals, etc, in order to establish the NPISAA as the main planning document. This near 500-page document lists a total of 658 legislative initiatives plus another 770 major activities to be tackled over the 2007–2010 four-year period²⁸. Broad priorities are set out in terms of parcelling out these initiatives by institution over the short term (2007–2008) and medium term (2009–2010). Some of the implementing activities are relatively small (such as developing a policy paper) while many others imply the design and implementation of a major programme of change (e.g. transferring all water supply systems to local government units). Many of the activities encompass capacity development at the enabling environment, institutional and individual levels: e.g. new laws, setting up new institutions, developing information systems and databases, and delivering training.

NPISAA is a comprehensive document usually covering a 4 year period. The programme incorporates legal initiatives and activities related to the implementation of SAA, the alignment of Albanian legislation to *acquis communautaire* and general modernisation of public institutions and their functioning. The NPISAA includes also projections on the numbers of staff required in public institutions, training of the new and existing staff, budgets for the planned reforms, and foreign assistance received or anticipated. Therefore, the type, size and scope of activities differ according to the topic, respective *acquis* and leading/involved institutions.

If one message emerges clearly from the existing strategies, it is the sheer magnitude of the underlying capacity development challenge. The first challenge is setting broad *national* capacity development priorities and also those for the *public administration*, the focus of this report. Such priorities may be implicit in NSDI, in individual sector strategies or in NPISAA, but they are neither clear nor organized into any logical structure either in terms of functional or time-based sequencing.

The more complex and crosscutting strategies take more time to develop. The first **opportunity** here may be to adopt a national approach to capacity development predicated in the first instance on some form of ranking or sequencing by priority at the macro level of all 37 sector and crosscutting strategies (while at the same reducing the number of strategies to render the overall process more manageable).

²⁷ Government of Albania, *National Strategy for Development and Integration 2007–2013: Progress Report 2006–2007*, DSDC, December, 2008, p. 17

²⁸ Republic of Albania, Council of Ministers, *The National Plan for the Implementation of the Stabilisation and Association Agreement 2007–2012* (NPISAA), Tirana, September, 2007, p. 12

A second challenge at the macro level would be to understand the broad dimensions and needs for national capacity, as well as for public administration, as reflected in the main strategy documents. With respect to EU integration, NPISAA lists hundreds of activities, many of them directly related to building administrative capacity. But each is associated only with the main criteria, condition and/or individual ministry or agency. Even though NPISAA focuses *inter alia* on *establishing and detailing of the administrative capacities that are necessary for the accomplishment of the SAA commitments, as per respective areas*²⁹, the document in fact lists a rather dispersed and somewhat disconnected set of related activities, many of which deal directly or indirectly with training, systems and other forms of institutional strengthening.

A second **opportunity** would be to extract and analyse through a macro capacity assessment the broad needs, levels and dimensions for capacity development required for the implementation of the SAA³⁰, NSDI, Public Administration Reform (PAR) strategy and other strategies that incorporate capacity development of public administration. Once these are known, government would have a better handle on the complexity and magnitude of the capacity development task. Depending on the availability of resources and absorptive capacity of the public administration itself, clear priorities and costs would be better understood. This may respond to present concerns that excessive time pressures are being placed on the track to EU integration, and more realistic timeframes may be needed.

Similarly, NSDI and sector and crosscutting strategies do not address the range of administrative capacity needs and priorities in any consistent fashion. For example, there are only a few direct references in the NSDI to the need for capacity development (e.g. capacity building in Foreign Affairs, or strengthening general capacities of human resources, certain functions and some institutions). The main exception to this is NSDI's specific attention to the needs and priorities for capacity development in public administration³¹: it has been noted that the administrative capacities of an EU applicant country are scanned in detail during the process of application review.

This points to the third **opportunity** for capacity development planning at the macro level, and that is to carry out routine or periodic systematic capacity assessments of Albania's (public) administration. This is noted in NSDI as an integral part of accession negotiations in each individual chapter of the *acquis communautaire*. Such broad level capacity assessments have not been done, even though some general assessments are presented in individual sector strategies. For example, the PAR strategy does contain a very short description of the current situation, but falls short of what is normally seen as a capacity assessment³². DSDC is well positioned to coordinate these broader-level capacity assessments. A clear set of priorities and resource allocations could then be made and coordinated by sector and area.

A third challenge for government is to ensure that the PAR strategy—a top national priority for both national development and EU integration—is both designed and implemented well. By its very nature, PAR is crosscutting and political and involves close collaboration and coordination of central and local government authorities (vertical co-ordination), of line ministries (horizontal co-ordination) and of independent agencies such as the Civil Service Commission (CSC). PAR strategy as it now stands, focuses primarily on the civil service³³: implementation of relevant laws, basic functions (recruitment, promotion, etc.), administrative policies and procedures, organizational structures and levels, central–local relationships, monitoring and reporting.

Public administration reform includes much more than civil service aspects, as important as they are. For example, a PAR strategy would address the need for reforms at both the central and local levels, restructuring of the key government ministry and its many institutions, central executive coordination of policy and policy implementation, accountability mechanisms, performance management systems and other functions that go beyond but are related to the management of the civil service.

Also, as implied above, there is a seeming disconnect of public administration reform and capacity development activities from those needed for EU integration. MEI is pursuing its set of defined capacity development activities through NPISAA, while other line ministries and agencies are pursuing similar and possibly overlapping capacity development activities

29 NPISAA, p. 10

30 In fact, the government is currently planning the carrying out of a capacity assessment for EU integration, to be funded under the provisions of a World Bank Trust Fund in support of IPS. This study is being carried out and will be completed during 2010.

31 NSDI, pp. 38–40. The other areas of administration covered by NSDI include decentralization, civil registry and identity cards.

32 Government of Albania, *Strategy of Public Administration Intersectoral Reform 2008–2013*, draft, Tirana, January 2008, pp. 4–11

33 Work on developing the PAR strategy was the last of the 37 strategies to be started (commencing in the summer of 2007). As other dimensions of public administration reform were already at the time addressed in some other sector and crosscutting strategies (e.g. anti-corruption, decentralization), it was decided that the PAR strategy *per se* would focus primarily on the civil service.

through the PAR strategy and other sectoral and crosscutting strategies. The degree to which all of these are working together harmoniously toward the same national priorities is not known. Experiences of other countries in the region demonstrate the need to integrate government public administration reform with EU integration processes³⁴ (see Box 3.1).

There is therefore an **opportunity**, firstly, to expand the definition of public administration reform, and, perhaps, in the next version of the PAR strategy, to incorporate these broader dimensions, and to then consolidate them into a single strategy. A related **opportunity** is to integrate or at least better coordinate the PAR strategy with the public administration-related aspects of the strategies and plans for EU integration.

Box 3.1 Relevant lessons from the region—CEC PHARE Programme

PHARE was the EU's financial instrument to assist Central European Countries (CECs) in their transition from an economically and politically centralized system to a decentralized market economy and democratic society based on individual rights, and to support reintegration of their economies and societies with the rest of the world, especially with the EU. Over the period 1987–1999, thirteen CECs were eligible for support. The PHARE programme encompassed a wide range of activities but moved towards institutional reform in support of decentralization, transfer of productive assets to the private sector, and related legal and regulatory reforms and institutions, and a host of related issues.

Based on a comprehensive evaluation of the programme, one of the main conclusions drawn pertained to the crucial linkage between PAR and development of EU integration (EI) and law approximation (LA) capacities. The report found that *There are important common elements in these two areas. The development of structures and institutions for the management of EU affairs can only be successful in the context of an overall administrative development policy. Training programmes can only have an impact and be sustainable in a stable administration in which training is an integrated part of Human Resource development policy. The lack of integration between both types of Phare programmes has had a negative influence on the performance of EI/LA programmes.* (ibid, page 50.)

The first main recommendation from the report was for *Better co-ordination and integration between Public Administration Reform and Law Approximation and European Integration should be ensured* (ibid, page, 52). Although these lessons were learned over ten years ago in the case of the CECs, they are very relevant to Albania today.

activities associated with EU integration. As Albania approaches or achieves EU membership, the acquired skills and capacities of MEI, as one option in this organic evolution, could be part of or form the basis of such consolidation. Such a central unit would then be able to better monitor and coordinate the development of the systems-wide capacities needed for a public administration that is appropriate not only for the EU and national development but also appropriate for the relatively small size of the country.

A fourth dimension of capacity development linked directly to PAR—and perhaps the most important dimension—is the need for strengthened central policy cohesion and institutional coordination. The implementation of the PAR strategy would require the necessary capacities to ensure that the needed reforms happen.

There would seem to be a **number of opportunities** to improve PAR and related civil service management capacity through one or more measures:

- To strengthen the capacities of DoPA for the implementation and coordination of the PAR strategy. This would provide greater assurances of successful implementation and meeting the aforementioned conditions of SAA and *acquis*³⁵.
- To combine PAR with public administration aspects of other strategies due to their commonalities, overlaps and inter-connections, thus simplifying overall manageability (and reducing the number of strategies at the same time). This would include of particular note the administrative elements of the Decentralization strategy. Of course, there are also inter-connections with the government's regional development and anti-corruption strategies, but the more administrative aspects could logically form part of a more comprehensive PAR strategy.
- Over the medium to longer term, there may be some benefit to consolidating within government the functions needed for the on-going modernization and performance of public administration and civil service management, and to integrate or more closely coordinate PAR with the public administration capacity development

³⁴ Phare, *Evaluation of Phare Programmes in Support of EU Integration and Law Approximation*, prepared by Euroservices Developments (Belgium) for the Evaluation Unit of the Joint Relex Service of the European Commission, Final Report, May, 1999, p. 50

³⁵ On-going projects supported by international partners such as GTZ and the World Bank are already working to strengthen the management capacities of DoPA.

- Finally, it would be most useful if MEI could publish and disseminate widely some form of critical annual progress report on implementation of SAA (i.e. covering a critical assessment of what it sees has been accomplished and what has not). Such public reports could then be compared to other progress reports and open up understanding of and debate on the progress of EU integration and its capacity development-related issues. Such public reporting is also a matter of more open and transparent government.

3.2 Albanian Civil Service: the Core Institutional Capacity

NSDI states that a . . . country preparing for accession to the European Union must bring its institutions, management capacity and administrative systems up to the standards that will ensure the effective implementation of the *acquis communautaire*³⁶. Of all of the areas of public administration, it is the civil service upon which EU integration and national development are most dependent. On this issue, advisory guidelines have been prepared by the Directorate General for Enlargement of the European Commission and have been adopted by government, where enlargement . . . *requires a well-functioning and stable public administration built on an efficient and impartial civil service*³⁷. This is the foundational building block for the vast majority of reforms and other measures needed for EU integration and national development.

It is encouraging to know that government, EC and independent progress reports note that significant progress has been made in setting up a modern and professional civil service, initially through the development and passing of a series of laws³⁸. At the national level over the past few years, government also launched a series of reforms targeted at improved service and greater transparency and accountability. An initial thrust of these reforms was to reduce the size of the civil service and the cost of government. The main thrusts, however, in light of EU integration, have focused on improving civil service performance based on principles of merit, enhancement of transparency in recruitment processes and restriction of conflicts of interest.

One of the key indicators of civil service reform is the number of appeals made by civil servants to the CSC regarding enforcement of different aspects of the law. This figure has been in constant decline over the past few years: a total of 103 appeal cases were registered in 2009³⁹, a significant reduction from the 193 recorded in 2008 and a massive drop compared with 737 appeal cases recorded in 2006. That last large number is attributed to the restructuring of the central administration in that year, so the change may be seen more as a one-time anomaly. The staffing appeals process is noted to have been particularly problematic in terms of the CSC role with government in cases where CSC had decided in favour of the return of civil servants to their previous or similar positions⁴⁰. A 2009 Support for Improvement in Governance and Management (SIGMA) report notes that compliance of government bodies with decisions of the CSC and with rulings of the Court of Appeals is low⁴¹. As the authority of the CSC has also suffered from internal issues⁴², the establishment of administrative courts, which has been pending approval by parliament for more than a year and which will also take over the functions of the CSC, will hopefully provide stronger legal and institutional support to the implementation of the civil service law in Albania.

The degree to which civil service capacity development measures have been successful or not, and the key challenges that remain, are explored below, along with **opportunities** for considering modified approaches to accelerate capacity development.

³⁶ NSDI, p. 38

³⁷ European Commission, *Guide to the main administrative structures required for implementing the Acquis*, May 2005

³⁸ Six major laws on public administration and the civil service have been passed over the past 10 years. Short and medium priorities set out in NPISAA focus on further implementation of these laws, with amendments in laws, directives and a range of supporting capacity development activities.

³⁹ Civil Service Commission Annual Report 2009.

⁴⁰ Civil Service Law created two institutions to handle management of the civil service (i.e. DoPA) and monitoring and oversight of civil service management at the state level (i.e. CSC). DoPA manages civil service in central institutions, while in independent institutions the human resource units fulfil this function. CSC . . . *supervises the legality of management decisions concerning the civil service and judges the appeals of civil servants in all areas connected to the civil service statute: recruitment, administrative proceedings, probationary period, performance appraisal, functional review, etc.* The CSC is an administrative body with adjudicating powers, preceding recourse to the courts. See OECD/SIGMA, *Albania Public Service Assessment*, June, 2006, pp. 10–11.

⁴¹ SIGMA, *Albania Public Service Assessment* May 2009

⁴² Civil Service Commission reporting to Parliament, 2010

Main transitional challenges facing the civil service

The civil service continues to be one of the country's major employers, albeit one that faces certain challenges in becoming a predictable and desirable place to work. Employment, however, has declined steadily. Albania's Institute of Statistics (INSTAT) estimates that in 2007 the public sector accounted for 15 per cent of the national workforce, compared to 33 per cent in 1995. Over the period 2005–2007, declines in civil service employment were accounted for mainly by factors such as the privatization process in different sectors of the economy (e.g. AlbTelecom, AlbPetrol), reduction in the size of government and the drawing away of many staff from the public into the private sector where employment continued to expand and better salary opportunities were available. Competition between the public and private sectors for skilled workers has placed considerable pressure on the civil service to maintain standards⁴³.

Another and perhaps more complex transitional feature of the Albanian civil service has been the temporary or interruptible nature of public service. This has been particularly evident after elections, as noted earlier, when new governments have often replaced large numbers of staff not only at the political (minister and deputy minister⁴⁴ level) but also at the bureaucratic managerial, professional and technical levels⁴⁵.

Appointment and replacement of civil servants continue to be made along political party lines in contravention of the civil service law. This results in a disproportionate turnover of key staff, discontinuity of service, instability at the more senior and professional levels, uncertainty throughout the system of administration as a whole, and an increase in opportunities for bribery of public officials⁴⁶. Lack of transparency and accountability in appointments results in a sub-optimal independence of the civil service, with a negative impact on the credibility of government as a whole. The confidence—on the part of both civil servants and the public—in government to meet the needs and aspirations of the country is potentially eroded.

There is an **opportunity** to assess this situation in detail and to determine specific impacts (or constraints) on the capacity of the civil service to perform and produce quantifiable evidence of the impact of political interference on the appointments process. Measurement of the problem may serve to inform the political establishment and public, through sound evidence, of the deleterious impacts on the civil service in terms of performance, image and credibility.

Civil service performance

A key reform priority, and an important feature of any modern civil service, is the emphasis on performance—producing measurable and verifiable results. While some progress has been made on these fronts in the Albanian civil service, through implementation of the covering laws, some challenges remain, particularly in the areas of job performance appraisal and evaluation, incentive schemes and career development. In late 2007, government adopted amendments to the law on performance evaluation⁴⁷, followed in January 2008 by a new incentive or reward system⁴⁸.

43 Unemployment in Albania has continued to decline in recent years, dropping slightly from 13.7% in early 2007 to 12.7% by the second quarter of 2009 (Labour Force 2nd Quarter 2009, INSTAT). As labour is further absorbed in the non-state sectors, this may be seen to add pressure on the civil service in terms of attracting and retaining staff.

44 Some concerns have been expressed as to the legal status of the deputy minister post, whether it is purely a political appointment or whether it might be covered legally in the Civil Service Law. The reported lack of clarity in the role and authorities of this post is reported to add some confusion to the accountability, command and control structures of ministries.

45 Many countries have a spoils system where top officials change along with change in government. However, in Albania, dismissal of staff also at lower technical levels remains an area of major concern. Without solid statistical evidence, the exact magnitude of the problem is unknown.

46 EC Progress Report, 2008, p. 8. This issue is also noted in the EC 2008 Governance Overview for Albania, Twinning and SIGMA Coordination Team, Directorate-General Enlargement, where it is noted that Turnover of staff due to political pressures has continued. Also, appointments of civil servants are along political party lines and in contradiction to the Civil Service Law.

47 World Bank sponsored a survey of public officials to prepare and put in place measurements of performance for civil service and public administration.

48 This follows from earlier reforms and unification over the period 2006–2007 of the civil service salary system in the majority of government institutions and job categories. Salaries increased on average by 19.8% in 2006 and by a further 15% in 2007. Source: NSDI Progress Report, p. 26.

However, a survey carried out by Institute of Contemporary Studies (ICS) found that performance appraisal is not carried out in some institutions and in others (e.g. line ministries and other central institutions) it is not done on a regular basis⁴⁹. Performance appraisal remains very much a subjective process as most job descriptions or annual work plans do not contain concrete and measurable results upon which performance might be more objectively measured.

In respect of the civil service law and all of its provisions for creating and sustaining an impartial, professional, merit-based and modern public administration and civil service (a key European Partnership priority), the obvious **opportunity** is to ensure full enforcement of the law, implement the PAR strategy and set up and empower the right institutional and management arrangements as discussed in the preceding section.

Since the need for seizing this opportunity lies primarily in the political and executive domain, and is a matter of executive will, a related **opportunity** may be in the development and publication of solid evidence of the deleterious effects of the status quo through undertaking of surveys, capacity assessments and other mechanisms. In fact, a capacity assessment of the civil service, focusing on the issues discussed above, should include an examination of the inter-dependencies with other important dimensions of public administration and governance capacity, e.g. service delivery, corruption, etc.

Training and Human Resources Development

In earlier sections of this report, training is noted as one of the most commonly mentioned means of capacity development—especially in the NPISAA. Although no data are available, a significant proportion of the national budget and especially donor-funded programmes are allocated to training activities: institutional development of training establishments, developing curricula and training delivery. Civil service training in Albania is generally reported as weak. As there are no systematic assessments of training, not much can be said about its outcomes in terms of effectiveness, relevance, sustainability or efficiency. A key focus for building training capacity for the civil service is the Training Institute for Public Administration (TIPA). Although, some improvements have been noted, especially with the establishment of a Fiscal Training Centre and a Local Government Training Centre, the capacity of TIPA itself requires further strengthening⁵⁰.

The turnover rates in the civil service would tend to dampen the effects of training, perhaps rendering training investments as sunk costs if such training is not put to practical use⁵¹. Also, the training offerings of TIPA are limited. In the current system, training is not a precondition for promotion or career development, and there is no link between training and job performance. While the PAR strategy does call for improvements in the training system, attention is given only to training needs assessments and supply typologies (i.e. the range and types of courses offered).

Capacity development of the Albanian civil service requires what may be referred to as intelligent HRD strategies, based on routine scanning of the supply–demand system with reliable and timely data to support government policy and development of sound programmes. PAR strategy describes HRM (of the civil service) primarily in terms of the traditional functions of recruitment, promotion, horizontal mobility, individual performance assessment, disciplinary mechanisms and training. No consideration is given to broader assessments, neither of the state sector nor of the national Albanian labour demand–supply dynamics, or to how the skills and needs of the civil service of today or in the future can be filled. Little consideration is given to career development in the civil service.

The main **opportunity** here rests in a more comprehensive PAR strategy that encompasses these aspects of HRM. In fact, there is a clear **opportunity** to adapt HRD strategies and approaches not only for the country as a whole, but to the needs of the civil service in particular. The supply of human resources for Albania and the civil service in particular is dependent to a large extent on the quality of educational institutions. As in many parts of the world, post-secondary education must meet the requirements of a rapidly changing labour market.

⁴⁹ In other important institutions, such as the courts, health system, education system, performance is checked through qualification tests. In other institutions such as Civil Status Offices, Property Registration Office and Agency for Property Restitution and Compensation, performance is prescribed by the Labor Code, which does not have performance appraisal provisions. In these cases, service delivery is not checked against any standards, and job performance is not linked to service delivery. Source: Institute of Contemporary Studies (ICS) Survey 2008.

⁵⁰ European Commission, *Albania 2009 Progress Report of the European Commission to the European Parliament and Council*, Commission Staff Working Document, SEC (2009) 1337, Brussels, 15 October 2009, p. 9

⁵¹ In fact, the draft PAR strategy suggests as much by noting that the training situation may be worsening due to frequent or structural changes in government, or both, changes to job descriptions and staff changes among other factors. See draft PAR Strategy, p. 8

Education in Albania has undergone reforms in the last few years and has begun to follow the Bologna process in terms of study cycles, academic standards, university admissions and other procedures. However, there needs to be a better match between what is offered and what types of curricula are provided—i.e. supply—to match the demands and skills set required from the market, and in the present case, the public sector as part of that market.

Integrated HRD strategies have a theoretical base at both organizational and broader public policy levels⁵². These strategies—capacity development in a systems context by their very nature—seek to improve on Western management theories that focused primarily on the economics of human capital. Since the mid-1990s, a broader concept of HRD has been explored by the UN system⁵³, refined in a series of reports on HRD by the UN Secretary General, and increasingly carried through into policy by relevant UN agencies and individual countries⁵⁴.

A new approach that might be adapted by Albania to suit its own conditions would look beyond simply education and training, instead relating HRD to capacity development through knowledge acquisition, institutional change and policy reforms directed towards sustainable human well-being. At the heart of this concept is the development of human *resourcefulness*, with particular focus on the relationship between how people prepare for, and then conduct, their chosen livelihoods—in the present case, the civil service. Viewing the system in this way would provide a practical policy background for analysis of opportunities and obstacles to the supply of and demand for human resources presented by the challenge of sustainable socio-economic progress in Albania in relation to EU accession, and to the development of national capacity to respond.

A comprehensive capacity assessment of the civil service would logically include the **opportunity** for an assessment of training needs (i.e. the types of skills and qualifications needed, by ministry, function, job level) and the development of an overall training and HRD strategy. It has been noted that specialized training programmes for public administration are needed on EU-related issues⁵⁵, as well as in many other professional, managerial and technical areas. In terms of meeting demands for training and skills development, there is an opportunity for government to look beyond TIPA, and to source training and management development from other educational institutions, schools of management, secondments and exchanges with the private and civil society sectors (e.g. mentoring programmes) and so on. Indeed, government is working towards the establishment of a University for Public Administration⁵⁶. While this indicates the government's commitment to upgrade the training of public administration, the role and responsibility of this university vis-à-vis TIPA needs to be clearly defined.

HRM for Albania as a whole and the public administration specifically needs to move away from short-term solutions to a more strategic approach. Such a process could focus on HRD policies and decisions that ensure real-time and flexible adjustment to labour market needs and the educational expectations of Albanians as they shift over time. This implies looking at the broader system of supply and demand.

Dynamics of supply and demand within the larger system

As noted above, Albania's public administration accounts for only 15 per cent of the national workforce. However, the supply and demand dynamics between the public and private sectors (and to a lesser extent the civil society sector) has a considerable impact on the viability and sustainability of a modern and professional civil service. Strategies for building a civil service cannot be made outside of an understanding of the broader national human resources situation. As in any growing economy such as that of Albania, there is tremendous competition between the two sectors for qualified managerial, professional and technical staff, and for leadership and entrepreneurial skills. The different sectors of society often offer the same sorts of incentives to recruit and retain staff, but the private sector—particularly in the managerial and professional ranks—has the edge in terms of salaries, rewards and incentives, job challenges and other intrinsic but important factors (e.g. exercising of individual initiative and risk taking, meaningful delegations of authority and accountability, career development and work linked to performance).

⁵² UN Report of the Secretary General on Human Resources Development. A/56/162. New York. July 2001

⁵³ *ibid* p. 24–25

⁵⁴ UNDP, World Bank, and ILO. Round Table on Human Resources Development. Human Resource Development for MDGs. Synergies Between Health and Education. New York. March 2002

⁵⁵ EC Progress Report, 2008, p. 7

⁵⁶ Government Programme 2009–2013: <http://km.gov.al/?fq=preprog/programi>

In Albania, the supply–demand dynamic is pronounced. The building of sustainable human resources capacity in public administration depends very much on an understanding of the broader human resources capacities in the country as a whole (and increasingly in the wider region). In the absence of strong quantitative data on the stocks and flow of human resources in the country, the analytical and hence policy development capacities of national institutions (e.g. INSTAT, Ministry of Labour, Social Affairs and Equal Opportunities, MoLSAEO) are limited.

The complexity of the human resources capacity development challenge facing Albania can be summarized succinctly in terms of the precarious imbalance between occupational supply and demand⁵⁷. There are many people competing for few jobs.

Young people have few options and may prefer⁵⁸ to seek education or work, or both, outside Albania and some continue to engage in extra-legal commercial or entrepreneurial economic activity. Since government has the ability to help steer Albania's path, public policy in these areas can direct future progress. EU accession criteria are complementary to national priorities, and can serve both as an important regulator on undesirable growth (e.g. of exploitative, low-wage, hazardous informal-sector expansion), as well as stimuli to development in accordance with recognized international standards (e.g. occupational safety and health standards, minimum wage requirements, adequate benefits).

Box 3.2 Occupational Information as an employment 'radar' scanner

US Occupational Outlook Handbook is a biennial publication of the National Bureau of Labor Statistics in the US Department of Labor. It is a universally recognized and respected source of career information, providing updated information on hundreds of different jobs in both the public and private sectors. It is openly web-based (<http://www.bls.gov/OCO/>) and freely accessible also in hard copy. Targeted towards job-seekers, job creators, as well as parents, career counselors, teachers and public policy analysts, it is a valued contributor to individual and collective decision-making in human resources development.

The *Handbook* details:

- requisite education/training for each job
- expected job prospects
- earnings
- job and worker characteristics
- working conditions, and
- links to local job market information by state

Its data sources are national, state and local, and the website is linked to many of these sources which are publicly available. This network of occupational information is complemented also by the O*NET process, an interactive, online programme which aims to help student job-seekers and job-creators, and workers seeking to change occupations.

<http://online.onetcenter.org/help/onet/>

A central plank of the 2007 Lisbon treaty (Article 5a) is promotion of high employment ratios across the EU. This requires competitiveness, marketable skills and new job creation as essential components of a successful Europe, and thus of all of its member countries. The skills and competencies needed for EC targets are set out in new programmes⁵⁹. The argument is made that these should be a major priority in Albania, requiring a more strategic approach to capacity assessments and HRD. In the EU New Skills programme, priority is accorded to those with low skills and other people most at risk of economic and social exclusion⁶⁰.

There is an **opportunity** for Albania to take advantage of this policy directive in innovative ways by reaching out to those outside of the educational and occupational mainstream. The EU programme calls for providing and *encouraging initial and continuing education and training for skills and competencies of the highest quality, even excellence, in order to maintain and strengthen their capacity for innovation and utilization of research, which is required for greater competitiveness, growth and employment*⁶¹.

⁵⁷ It should also be noted that human resources capacity in Albania is increasingly being related to English language skills. While this is not a directly related EU integration issue, low skills levels in, especially written, English are hampering EU integration and national development processes since a great deal of the verbal and written interaction between Albanians (especially civil servants) and external parties is conducted in English. Special attention needs to be given to Albanian–English translation and interpretation.

⁵⁸ UNICEF, *Albania Young Voices*, National Study Report, 2007.

⁵⁹ See *The Council of the European Union Resolution*, December 2007 (reference on new skills for new jobs).

⁶⁰ EU Resolution 2007/C 290/01 Section 1(a)

⁶¹ *ibid*, Section 1(b)

These skills are crucial to all sectors of the country and may contribute in no small way to meeting human resources demands within the public sector. Consideration should also be given to the approaches and experiences of other countries, such as the United States, as described in Box 3.2. Singapore may serve as another example of ways in which successful human resources strategies have been continuously revised and adjusted in conjunction with other national strategic economic policies.

3.3 Effective Accountability Frameworks

Is there such a framework?

Box 3.3: Public Procurement Capacity Assessment

An Assessment of the National Public Procurement System in Albania based on OECD–DAC methodology was recently conducted with the assistance of UNDP and within the framework of the government of Albania’s Commitment on Aid Effectiveness, particularly as it relates to strengthening the national procurement system and for development partners progressively to rely on the system once it meets mutually decided standards. The exercise aimed to benchmark the Public Procurement System in Albania against international standards, measure progress since earlier diagnostic exercises and prepare a detailed capacity development plan, as well as provide a basis for mobilizing resources for necessary reforms and capacity development.

Source: UNDP Albania

The provisions of the European Partnership, SAA and other agreements presume that appropriate systems of public accountability are put in place and effective, particularly as they apply to public administration. Accountability frameworks are not discussed directly in the EU agreements⁶², but are seen as one of the basic building blocks for good governance: that is, open, transparent, predictable and participatory. Accountability is most often used in the context of financial

accountability (proper controls, systems for monitoring and reporting, audit), operational accountability (proper procedures, standards, procurement, etc.), and to a much lesser extent managerial accountability (well defined authorities, performance measures, results). NSDI addresses accountability in terms of public participation and consultation, the implementation of the strategy through the budget processes and the associated systems of control, reporting and monitoring.

Several mechanisms and institutions have been set up or are being strengthened, or both, to ensure overall government oversight and accountability. Examples include the Supreme Audit Authority, audit units within government institutions, a new public procurement agency (Box 3.3), INSTAT, executive coordinating committees in government (e.g. SPC) and so on⁶³. Despite these measures, the EC Progress Report 2009 found that *overall, the legal framework for public administration reform is in place but the lack of transparency and accountability in appointments remains a key European Partnership priority to be addressed*⁶⁴. Weaknesses were also noted in other areas such as the judiciary and financial management.

If the notion of accountability is to be used in the context of good governance, as well as a criterion for EU accession, then the term should be given a very definite and measurable meaning. In reality, there does not appear to be a defined accountability framework for public administration in Albania. The following sub-sections explore what are seen as the more important aspects of accountability and some of the opportunities for developing it as a core capacity of government.

⁶² For example, accountability is referred to only once in SAA and only in the context of developing an efficient and accountable public service. In the European Partnership document, the term is also used only once, and then in the context of the judiciary. The notion of external accountability is used in the Guide to the Implementation of the Acquis in terms of public statistics. Direct references are equally limited in NPISAA.

⁶³ Additional provisions for accountability in the use of external funds are prescribed by the Paris Declaration where specific mutual accountability is one of five main principles. In the 2006 survey on the monitoring of the Paris Declaration, mechanisms for mutual accountability are reported as weak. See NSDI Progress Report, December, 2008, p. 97.

⁶⁴ EC Progress Report, 2009, p. 9

Monitoring and evaluation

National development, public administration reform and integration with the EU depend on effective systems of monitoring and evaluation (M&E). M&E systems are essential to the discharge of accountability. Effective policy monitoring and evaluation require reliable databases and information systems based on standardized methods, well-managed data collection and sophisticated analytical procedures. However, major challenges in respect of M&E-related capacities continue to exist in the Albanian public administration and could be seen as obstacles to EU integration, as well as to meeting national development goals. For example, the Albanian Parliamentary committee on European integration has contributed to the raising of awareness and acceptance of the EU process, but as recently reported . . . *further efforts are needed to enhance the role of parliament in monitoring the implementation of SAA obligations*⁶⁵.

Capacity development challenges to monitor progress in the social sectors are particularly daunting yet especially necessary for both national development and meeting EU integration obligations. For example, in the education sector, M&E capacities are important for policy analysis, planning, financial and human resource management, and curricula development. As Albania's major public driver of development, the education sector's M&E capacities are central to addressing future human resources needs of the country and the skill mix of its labour force. In the health sector, there is also a need to strengthen M&E capacities to better gauge the impact of critical policies and programmes (e.g. for child malnutrition, improved immunization coverage, tuberculosis and HIV/AIDS prevention). We discuss these issues further in Chapter 4.

Similar arguments can be made in the area of employment and social policy where . . . *monitoring and assessment of the impact of such programmes are still lacking*⁶⁶. A second noteworthy example is NSDI, which was to be supported by an integrated government-wide system for reporting on implementation progress, the Integrated Planning System (IPS). While NSDI progress reports have gone a long way to fulfilling the monitoring requirement, they are seen as somewhat weak in terms of data and evidence, due in part to the absence of the IPS supporting information system (IPSIS). Even though user requirements and plans for development of IPSIS were formulated and approved in early 2007, no further action has been taken on system design and implementation⁶⁷. Another serious weakness reported is inadequate incorporation of the EU integration process in IPS, where NPISAA . . . *appears to a great extent to be operating independently of the IPS process. A planning system that excludes (EU Integration process) cannot seriously be described as 'integrated'*⁶⁸.

As implementation of such important monitoring and reporting systems are increasingly delayed, and in the case of the IPS and EU integration processes not sufficiently integrated, so the risks increase in terms of not achieving PAR objectives, problems in EU integration and possibly problems even in securing on-going donor support. An **opportunity** here may be to carry out a capacity assessment of the key central monitoring and reporting functions of government, in order to clarify the roles and responsibilities of the various institutions involved in their development. Confusion or role conflicts in these areas can only add to further delays in establishing the M&E systems critical to the demonstration of accountability and to the support of national policy implementation, and this applies especially to the EU integration process.

Notwithstanding the above-noted challenges, government has made several improvements over the past few years in its information gathering and monitoring processes. In the area of labour market data—needed in part for sound public administration human resources management—government has begun to gather key baseline information. In 2002, a Living Standards Measurement Survey (LSMS), vital for poverty measurement, started to be carried out with technical assistance provided by European Bank for Reconstruction and Development, World Bank and UNDP. Other tools, including Demographic and Health Survey and Labour Force Survey, have also been implemented by government in partnership with other UN agencies and donor organizations.

⁶⁵ EC Progress Report, 2009, p.7

⁶⁶ EC Progress Report, 2009, p. 32

⁶⁷ The explanation for this is the funding dependency that this system has on the IPS multi-donor World Bank Trust Fund that was set up and approved in early 2008. Delays are apparently due to a possible re-examination of the systems development strategy, to lengthy procurement procedures, to delays in the implementation of key financial and treasury systems upon which the IPSIS is in part dependent, and to some continuing confusion in the roles and responsibilities of the different systems users.

⁶⁸ OECD/SIGMA, *Albania: Policy Making and Coordination Assessment*, May 2008, p. 4

Plans were also developed to collect information and monitor the MDGs. The information collected on MDGs benefit from the participation and guidance of several line ministries and research institutions, and MDG progress is now integrated into the NSDI Progress report. Progress on producing M&E information has also been made in the production of data maps. These are generally based on a combination of administrative, census and survey information, and, in the absence of a more reliable and comprehensive M&E framework for the NSDI and sector strategies, could be used to advance the decentralization process and possibly better target government programmes at the local level.

As part of these efforts, government has established policy and planning units in line ministries. The disaggregated units of MEI represent another positive step in coordinating and reporting on progress of key policy initiatives across government agencies.

To increase capacities to understand and be able to act on impacts of its policies, government has required all ministries to establish an M&E function within their organizations. For example, a poverty and statistics monitoring unit has been established in MoLSAEO to analyse and disseminate information on poverty and to monitor progress in poverty programmes. Several ministries have also established policy units responsible for developing sector policies, thus incorporating policy monitoring and evaluation functions into sector policy formulation. Nevertheless, capacities of ministries to analyse the data and provide meaningful inputs into policymaking processes need further support.

To ensure that M&E functions are in fact carried out, there must be sufficient commitment of resources, not only of staff, but also in terms of supporting information systems and funding to carry out routine and periodic programme, and outcome and other types of evaluation. Evaluation is especially important not only in terms of learning what works and what does not work in policy implementation, but also to find different or better ways of doing things. There is an **opportunity** to amend government budget structures to allow for adequately funded evaluation activities for each major government programme, project or service, as well as to invest in the development of supporting information systems, as discussed later.

A note on accountability and the fight against corruption

There is a direct link between PAR, anti-corruption and EU integration, not to mention achievement of longer-term national development priorities. To complement an accountability framework, the policies and practices of public organizations and public officials require objective review to minimize opportunities for corruption. Corruption is a consequence of weak public institutions or weak enforcement of anti-corruption measures, or both. Strong public institutions shape public perception and reduce and eventually eliminate opportunities for corruption, through regimes of both sanctions and incentives.

Government has acknowledged that attacking the culture of corruption is critical to success and sustainability of PAR, particularly with regard to the social sectors and poverty reduction. Albania has made some progress in this area through adoption of the Law on Declaration of Assets, which requires that all senior officials declare their assets and that such declaration is verified by independent inspection⁶⁹. Government has also prepared and enacted a Code of Ethics.

Corruption is a complex and multi-faceted issue, and it is not the intention of this report to address all of its aspects⁷⁰. An anti-corruption strategy has been approved and reflects the government's commitment⁷¹. The strategy is comprehensive, addressing the problems and actions needed to fight corruption in all sectors of society, the modernizing and reform of administrative procedures, approximation of legislation to EU integration requirements, public and regional cooperation, and the development of needed institutional and individual capacities. In fact, this strategy may be seen as the basis for a comprehensive and long-term capacity development initiative, incorporating the systems-approach to capacity development discussed in Section 2 of this report.

⁶⁹ High Inspectorate for Declaration and Auditing of Assets (HIDAA), an independent body that collects revenue declarations from public officials. In its 2007 annual report to Parliament, HIDAA identified 110 cases of conflict of interest.

⁷⁰ As noted in the most recent EC Progress Report, corruption remains a particularly serious problem in Albania, especially political interference in civil service appointments, money laundering and organised crime.

⁷¹ Government of Albania, *Cross-cut Strategy for Prevention, Fight on Corruption and Transparent Governance: 2007–2013*, draft, October, 2007

Implementation of the strategy will be a significant public administration challenge for government, as it will require substantial political will, institutional capacities and highly qualified officials. The nature and magnitude of all of the different dimensions of the corruption problem are known only to varying extents. There is certainly an **opportunity** to carry out focused capacity assessments in priority areas of need, particularly for those that are very important to EU integration. There is the additional **opportunity** of linking the anti-corruption strategy to a comprehensive accountability framework, as well as to factor in more explicitly anti-corruption measures in the PAR strategy. Such measures would strengthen the systems-wide capacities necessary not only for anti-corruption measures, but also for PAR, thus advancing the process toward EU integration and national development.

Role of media

Media are an essential dimension of national capacity in any democracy. They allow for three-way communication and transmission of information across public, private and civil society sectors of the country. A strong and vibrant media can help break down traditional barriers, particularly between the state and the public, and give voice to those that do not have the means or the power. This potential increases as media technology evolves from traditional formats (television, radio, newsprint) to the Internet and other forms of inter-personal electronic communications. But perhaps one of the most important roles of media in an emerging democracy such as Albania's is their potential to enhance the transparency and accountability of government.

As a quick backdrop, free and open media in Albania emerged during the early 1990s and have since evolved into a sector that can be characterized as generally free and vibrant on the one hand, and dysfunctional, fragmented and relatively non-transparent on the other⁷². Even though an emerging free press may constitute one of the main achievements of Albania as a young democracy, ... *business and political interests continue to influence the independent media, in terms of editorial independence and professional capacities*⁷³. Although the National Council on Radio and Television has advanced preparations for a national strategy for TV digitalisation, it is reported to lack administrative and monitoring capacities and its independence is also questioned⁷⁴. Remedies are being put in place through the drafting of new legislation and implementation of the EU–Council of Europe joint action plan. It is also interesting to note that significant reference is given to importance of the media in implementation of the government's anti-corruption strategy.

Tackling capacity issues within the media sector is challenging, since the various dimensions of capacity are so diverse: e.g. legislation and standards, new information and communications technologies, international protocols, ownership, ethics issues, criminal code provisions in terms of libel and defamation, professionalism, and so on. In these areas, there are **opportunities** for donors and other national and international players to help build some key capacities that focus on the role of media as government watchdogs. These may include strengthening journalism (particularly professionalism and investigative reporting) or using media as a conduit for access to information.

Defining and strengthening managerial accountability

From the preceding discussion, the major **opportunity** for the government of Albania at this time would be to define a coherent managerial accountability framework and implement mechanisms that would ensure that it works as an essential part of a modern public administration and optimum organizational performance. This does not imply any sort of institutional consolidation, but rather one more of strategy and framework definition. Fundamentally, managerial accountability must be linked to the delivery of results, at whatever level of the administration. From a capacity assessment for such a framework, gaps and weaknesses would be identified, and then capacity development actions could be prioritized and implemented.

⁷² Albania in Open Society Institute, *Television across Europe: regulation, policy and independence, Follow-up Reports 2008*, Budapest, 2008

⁷³ EC Progress Report, 2009, p. 14

⁷⁴ *ibid*

Such a move would represent a major step forward in strengthening system-wide public administration reform—provided that such a framework is supported by a concrete action plan and is adequately resourced. It is only over the past few years that most public organizations have placed greater emphasis on managerial accountability not only to mitigate the potential for corruption, but also to ensure performance and achievement of results⁷⁵. In Albania, IPS—once fully implemented—will serve this purpose to a considerable extent, particularly in that it is one of the key supporting processes for MTBP. But some important pieces may be missing in the current set up.

Firstly, beyond the purely rhetorical arguments, it is not clear, either within or outside of government, *why* such a framework is needed. Drawing from a review of several reports, it would appear that the need might be summarized as follows:

- Such a framework would explain and clarify the links among the public administration and management improvement initiatives embedded within the many strategies and plans that currently exist, integrating existing strategies such as those dealing with PAR itself, modernization of the civil service, service delivery improvement, risk management and the notion of modern comptrollership, and ensure, where applicable, alignment to EU criteria and standards.
- Well-defined and measurable indicators of performance can be used to gauge performance over time and horizontally across government, leading to the breaking down of the existing vertical barriers in government. Such indicators would help senior managers within the bureaucracy and central agencies of government to assess progress, continually align resources with results and assure that individual ministry or line initiatives remain aligned with national priorities. Again, NSDI and IPS go a long way to meeting this need, but the broader accountability dimensions are only loosely defined.
- Such a framework would be applied consistently across government, reducing opportunity for individual managers or organizational units to apply subjective interpretation to laws and regulations or to standards of performance, or to subjective interpretations of accountability. The framework would reinforce sound management across public administration in that it would serve as an integrated and singular model for modern management and for management improvement.
- The framework would go a long way in strengthening overall government oversight (e.g. on the part of Parliament) and meet the needs for public accountability. In fact, this might mean development of legislation on public accountability, integrating or consolidating the bits and pieces contained in the many laws, directives and regulations that now exist. Much of the content of the strategy on anti-corruption could be used for such legislation.

⁷⁵ UNDP itself, as one UN agency, has only recently put into place an accountability framework necessary for effective governance and monitoring of its strategic plan. According to UNDP, effective accountability is based, firstly, upon clear separation of responsibilities between its Executive Board and its senior management and, secondly, on consistent monitoring and reporting to its Executive Board within an established procedural framework. In essence, such a definition would be common across all organizations.

Box 3.4 Action plan to increase government oversight and accountability: the case of Canada

- *reform the financing of political parties*
- *ban secret donations to political candidates*
- *strengthen the role of Ethics Commissioner*
- *toughen the Lobbyists Registration Act*
- *ensure truth in budgeting with a Parliamentary Budget Authority*
- *make qualified government appointments*
- *clean up procurement of government contracts*
- *clean up government polling and advertising*
- *provide real protection to whistleblowers*
- *strengthen access to information legislation*
- *strengthen the power of Auditor General*
- *strengthen auditing and accountability within departments*
- *create a Director of Public Prosecutions*

Source: Treasury Board of Canada

Secondly, the underlying principles for an effective framework for managerial accountability could be expanded beyond those of a purely technical nature, such as disclosure, or cleaning up public procurement and appointments, or strengthening audit and access to information. Many of the provisions in the Albania strategy on anti-corruption may be seen as encompassing principles of a managerial accountability framework: i.e. instilling a service-delivery culture, fair and consistent application of standards, division of political and regulatory functions, division of administrative responsibilities, clear delegation of authorities, streamlining and simplifying administrative procedures, etc.

Thirdly, any framework once developed would need to be implemented. A concrete action plan would address all of the dimensions of capacity that would need to be strengthened or developed at the system-wide level, at the institutional levels, and at the individual level. An example of a high-level action plan for a managerial accountability framework adopted by the Canadian government is illustrated in Box 3.4. This particular action plan reflects the specific accountability priorities of government in a national piece of legislation (i.e. the Federal Accountability Act). Such priorities would, of course, vary by country.

3.4 Exploiting Information and Communications Technology

Any discussion on capacity development for public administration reform, as well as for social inclusion discussed in the next chapter, would not be complete without at least some attention to paid the application of information and communications technology (ICT) as a crosscutting dimension of capacity itself. It is not the intent here to go into the details or to describe the current ICT situation in Albania, as this is covered extensively in other documents⁷⁶. The main argument to be made here is that ICTs are both a critical part of, as well as a means for, capacity development. They are seen as an essential enabler for achievement of Albania's EU integration and national development objectives. This case is made at the three levels mentioned at the end of the previous section as follows:

- *systems level, or enabling environment* that is not only in government and public administration but also for the country as a whole, as described in the National Strategy for Development of an Information Society for Albania. With respect to government, ICT is essential to support both vertical and horizontal communication and coordination within government and between it and other stakeholders within the country and beyond, and to enable all of the aforementioned supporting systems for public-sector-wide policy analysis, monitoring and reporting, oversight and accountability.
- *institutional level*, where the above reasons also apply, but additional emphasis is given to improving the efficiency and effectiveness of programmes and institutions (i.e. e-services, access to information), of transforming and simplifying business processes and procedures, measuring and assuring performance and achievement of organizational results.

⁷⁶ Government of Albania, *National Strategy for the Development of Information Society*, Ministry of Public Works, Transport and Communications, draft, 2007. The scope of this draft strategy covers electronic government and public services (e-government and e-services), e-education, e-business, legal frameworks and supporting ICT infrastructure.

- *individual level* in terms of civil servants having the requisite ICT skills (computer literacy), as such skills are an essential requirement for job performance across professional, managerial and technical levels, as well as lower administrative levels. Access to and use of advanced ICT tools is also an incentive and motivator for work performance.

Box 3.5 First steps in E-government communication

Many governments believe that ICTs have great potential for engaging citizens in policy-making via information, consultation and participation (OECD, 2001). After 50 years in the dark, Albania was eager to open up for information and become a member of the e-world. Public administration had to catch up with the dynamic changes happening and government, with the help of donors, equipped offices with electronic assets.

Government websites are becoming a priority. Although ministries have improved their websites, the way they were initially designed reflected the work of the minister rather than offering information to the public. However, government websites still do not offer enough information on public policies and the information available is not always accessible in a user-friendly manner but rather presented as official decisions and papers. The rest of the information includes press releases, speeches of the ministers, visits and meetings.

Source: Institute of Contemporary Studies (ICS) Survey 2008

In the many reports on the progress of SAA implementation and other implementation plans, the need is repeatedly made for better systems of monitoring and reporting, for more timely, accurate and complete data and information, for better communications and coordination, and for greater transparency and accountability. All these needs can only be met, to varying degrees, through the innovative application of and investment in ICTs at each of these levels.

Government of Albania, most often with funding and technical support from its development partners, has made some significant strides in application of ICTs to meet institutional and performance needs. For example, there has been an exponential growth of e-communications in both the public and

private sectors over the past 2–3 years (see Box 3.5). An initial National ICT Strategy was adopted in 2003, revised in 2006, and a National Agency for Information Society (NAIS) created in 2007. These measures have led in part to an emerging Government Electronic Network inter-connecting all government institutions, initially in Tirana, with high-bandwidth access and Voice Over Internet Protocol (VOIP).

Two new communications technologies are showing great promise in linking Albanians with each other, and with their government: mobile telephone technology and the Internet. Rapid development of mobile telephone services has resulted in more than 90 per cent national coverage. As far as Internet penetration is concerned, the most recent statistics by International Telecommunications Union claim that there are currently about 750,000 Internet users in the country, or around 23.86 per cent of the population⁷⁷. This compares to 2,500 users in 2000 and can be seen as a massive improvement, with growth primarily attributable to government efforts to increase Internet penetration through the creation of a favourable market and more liberalized Internet service.

⁷⁷ International Telecommunications Union, http://www.itu.int/ITU-D/ict/ey/Reporting/ShowReportFrame.aspx?ReportName=/WTI/InformationTechnologyPublic&ReportFormat=HTML4.0&RP_intYear=2008&RP_intLanguageID=1&RP_bitLiveData=False

Box 3.6 E-education in Albania

Government of Albania recognizes that a public education system is critical to Albanian society and has embarked on a path to prepare students to excel in an information-based, technologically advanced society, to create technologically savvy citizens and prepare children for college and the work world. Providing ICT and Internet connectivity to all primary and secondary schools in the country is aimed at increasing the quality and relevance of education, the effectiveness of education delivery, and facilitating greater access to information and services by marginalized groups and communities.

The e-Schools Project, with UNDP's technical assistance, has been providing primary and secondary schools in Albania with modern computer labs, equipped with high-speed, reliable Internet connectivity. The Programme is also addressing the needs and capacities of teachers to use ICT through a number of practical training courses and developed ICT curricula.

Source: UNDP

Internet access outside of the capital however is limited, while in rural areas it is almost non-existent, due to both financial and infrastructure constraints. This may be one of the reasons why the recent Networked Readiness Index (2009/2010) ranked Albania in 95th position, lagging behind many other countries⁷⁸—albeit with considerable improvement compared to 2007/2008 when Albania was ranked 107th. With ICT development being a major priority, this lag is being addressed more earnestly by government through continued introduction of ICT tools in the day-to-day work of line ministries and agencies. It is expected that the aforementioned National Agency for Information Society, responsible for the implementation of the Information Society strategy, will go a long way to redress these issues.

It is worth noting that information or computer literacy has become part of the education system and an objective of the Ministry of Education (see Box 3.6). However, despite significant progress the ICT curriculum is still under development and the number of teachers trained in this area remains low.

In addition to the education sector, other areas have been very progressive (e.g. One Stop Shop system for business registration, One Stop Shop licensing and e-procurement⁷⁹), but there likely remain a number of major **opportunities** for government to improve its services and programme delivery through innovative use of ICTs. While there may be a high level of commitment to the general *argument* for ICT exploitation and capacity development at the senior political level, actual *implementation* varies significantly across government and agencies. Even if the ICT argument has been made, it has yet to be more broadly accepted across government. In the case of public administration reform, the major challenge—and **opportunity**—for government is to manage and invest in ICTs more strategically, and to link such investments directly to the policy and programme priorities of the country. Some actions that might be considered include the following:

Each sector and crosscutting strategy should have as part of its implementation plans proposals for investing in ICTs to meet their objectives, to reduce costs and increase performance and accountability. Based on these proposals and supporting rationale (or business case), budgets would then be allocated to specific ICT initiatives.

For ICT initiatives (new or already proposed) that cannot be budgeted within existing resource envelopes, a government-wide approach may be considered to evaluate and select such major information technology projects to be funded from either new funds or re-allocated funds. For this purpose, government may set up a special ICT reserve fund.

Major ICT initiatives should be supported by a business case approach using criteria such as: (1) return on investment (reduce expenditures, improve service), (2) improving private sector competitiveness, (3) feasibility and risk, (4) range of options or alternatives, (5) costs and sources of funds, including sustainability costs and organizational impacts, (6) potential use of private-sector resources, and (7) direct link to national policy priorities, among others.

Government should track and account for its expenditures on ICT-related activities, and use this information for cross-sector comparisons, and for comparisons with other countries in the region and the EU, as well as to inform future ICT policy and budget planning.

⁷⁸ World Economic Forum, Global Information Technology Report, 2009–2010

⁷⁹ In June 2010, Albania was awarded 2nd place prize for Public Service in Europe for the development of an electronic procurement platform. For more information please visit: http://www.unpan.org/2010unpsa#Link_1

At the international level, UNDP may factor in computer literacy as a component of the Human Development Index (HDI), along with the other literacy measures. Computer literacy is increasingly becoming a mandatory skill requirement in most jobs, and is important for the creation of and access to employment.

Government might centrally monitor the progress of what it identifies as those ICT applications that are critical to the implementation of NSDI. Where problems are identified (delays, cost overruns, etc.), remedial measures might then be developed and implemented.



4.1 Social Inclusion as a National Priority

Social inclusion is a stated objective of the European Union. However, it still lags behind the economic and political dimensions both for member states and for candidate and prospective candidate countries. Similarly, Albania has focused more on the political and economic criteria of EU integration over the past few years. Consequently, there is a risk that attention to the social agenda, to the tackling of poverty and social exclusion, and to development of related capacities may slip lower down the list of priorities linked to Albania's accession to the EU. The rights and obligations with respect to social development in general and achieving the EU's social inclusion objectives in particular will become more pressing as time passes.

Box 4.1 Social inclusion in the European Union

Social Inclusion is defined as:

... a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision making which affects their lives and access to their fundamental rights.

Source: EC, Joint Report on Social Inclusion.
Commission of the European Communities, October, 2004

Open Method of Co-ordination is:

... a mutual feedback process of planning, monitoring, examination, comparison and adjustment of national (and sub-national) policies ... on the basis of common objectives agreed for the EU as a whole.

Source: Marler, E. et al (2007)
The EU and Social Inclusion: facing the challenges, p. 22

Although social inclusion is not primarily a part of the *acquis communautaire*, member states nonetheless report on their achievements through the Open Method of Co-ordination (see Box 4.1). Since the Lisbon summit of March 2000, the EU has sought to combine a focus on economic competitiveness with a concern for social cohesion. It is not the intention here to address the many complex dimensions of social inclusion in Albania. Rather, in keeping with the report's main theme, the immediate purpose of this brief chapter is to focus on some of the key capacity development issues in the social inclusion field. The EU's social inclusion objectives are concerned with administrative capacity, involvement of all stakeholders in decision making, and horizontal and vertical co-ordination⁸⁰ of strategic priorities. Key challenges in these areas need to be grasped so as not to jeopardize the country's prospects for meeting EU integration criteria and the conditions for social inclusion of all residents.

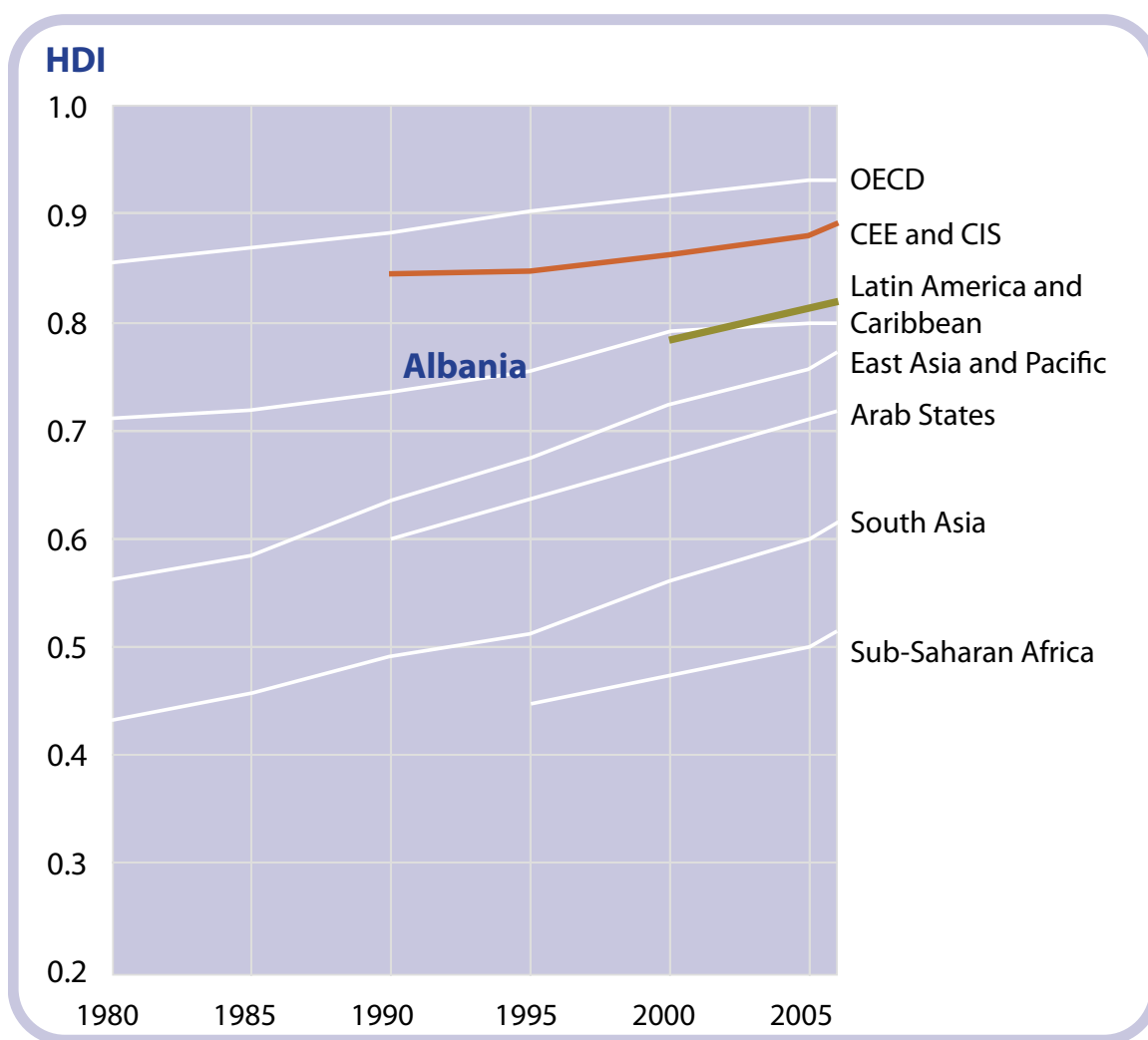
Issues related to social inclusion are intimately linked to Albania's longer-term economic and social development goals. They are part of most of the sectoral and crosscutting strategies reflected in NSDI (e.g. health, education, labour market, social security, pensions, child care, social services, etc.). Social inclusion itself is one of Albania's crosscutting strategies, approved by the Council of Ministers in February 2008.

One reason why attention to social inclusion and human development may not be as high as it should be is that Albania has enjoyed a high sustained rate of economic growth over the past several years, averaging about 5–6 per cent per year. There was a feeling that continued growth would trickle down to all sections of society and, eventually, lead to reductions in poverty and social exclusion. While, growth has led to poverty reduction, disparities persist among regions of the country, with mountainous areas in particular lagging behind. Growth has also not been particularly effective in creating sufficient jobs. Albania continues to be one of the poorest countries in Europe, despite the fact that it has moved into the group of countries with a high HDI as noted in Figure 4.1⁸¹.

⁸⁰ Horizontal co-ordination is concerned with the mainstreaming of social inclusion issues across all policy areas, and vertical co-ordination with improved co-ordination between levels of governance. See European Commission Staff Working Document, 2008, *A Renewed Commitment to Social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion*, SEC (2008) 2170.

⁸¹ UNDP, *Global Human Development Report*, 2009. Among all countries, Albania is ranked 70th, with an HDI of 0.818.

Figure 4.1 Increase in Albania's HDI in Comparison to Other Regions



Source: Indicator table G of the Human Development Report 2009

The on-going global financial crisis was initially thought by many experts to be unlikely to have a major impact on Albania, unlike the earlier fuel and food price crises, which did have an impact, in part as a result of Albania's only partial integration into the global financial system. However, Albania's heavy reliance on remittances from those working abroad, makes it particularly vulnerable to any reduction in this income source, and such vulnerability is expected to be felt most by its socially excluded groups. According to the Central Bank, official remittances from abroad fell by around 16 per cent in 2008 compared to the previous year⁸². The 2010 crisis in Greece, with consequences in terms of higher taxes and prices, will almost inevitably have its toll on remittances coming from that country, home to the largest group of Albanian emigrants. IMF estimates for Albania moderate GDP growth in 2009 of three per cent, with projected growth of between 2 and 2.5 per cent in 2010⁸³.

A recent independent study carried out for the EC on Albania's accession prospects in the areas of social inclusion and social protection found that significant segments of the population remain excluded from the labour market and a range of social services. This was reported as being a result of ... *poverty, weak governance, slow decentralization, insufficient*

⁸² Bank of Albania Annual Report 2008, p. 55

⁸³ <http://www.guardian.co.uk/business/feedarticle/8981537>, Reuters, March 9 2010, IMF tells Albania to cut deficit, sees 2010 growth. Last accessed on March 10, 2010.

*social policies, inefficient targeting of poor households as well as inadequate implementation of laws ... the most affected groups ... are children in need, exploited women, the disabled unemployed; pensioners and elderly people as well as Roma and Egyptians*⁸⁴.

The global financial crisis may reverse poverty trends and increase the risk of social exclusion, testing the ability of Albania's government to make contingency plans and prioritize budget allocations to address social exclusion. The global financial crisis also makes reforms of public administration and capacity building all the more urgent.

4.2 Poverty and Exclusion in Albania

Measures of poverty comprise the main indicators for assessing progress in terms of social development and social inclusion in Albania. As defined in NSDI, the first indicator is the level of the population living in extreme poverty. The measurement is based on consumption rather than income data, due to the better availability of data that are comparable by both group and time-series. In economies with a large informal sector, such as Albania's, consumption-based data are in any case seen as a more reliable indicator of poverty. However, there is considerable disagreement about exactly which indicator of poverty to use in order to address questions of social exclusion. The estimates of absolute poverty in Albania, according to World Bank methodology using data from LSMS, show that the percentage of the population living below the national poverty line fell from 25.4 per cent of the national population in 2002 to 18.5 per cent in 2005, and to 12.4 per cent in 2008. Levels of extreme poverty have fallen respectively from around 5 per cent to 3.5 per cent and 1.2 per cent over the same period. On the other hand, the Laeken methodology⁸⁵ used by the EU, referring to those whose consumption levels are below 60 per cent of the median, sometimes referred to as relative poverty, found that poverty rates have increased over the same period, from 20.4 per cent to 21.2 per cent.

While overall rates of absolute poverty have fallen, largely as a result of sustained growth and increased remittances, the picture needs to be qualified. Urban poverty rates are lower than rural poverty rates. Using absolute poverty lines, in 2008, 14.6 per cent of those living in rural areas were in poverty, compared to 10.1 per cent in urban areas. Even this urban-rural disaggregation may be insufficient, as it tends to mask the extreme exclusion faced by those urban migrants living in difficult conditions in impromptu settlements on the edge of Tirana. The importance of remittances is indicated by the fact that poverty rates tend to be higher in those households with no member who has permanently emigrated than in those with one or more members abroad.

The second main criterion used in NSDI for measuring progress is the share of consumption of the poorest quintile of the population in national consumption. The recent NSDI Progress Report notes that, using Food and Agriculture Organization recommendations on minimum caloric consumption by age and gender, about three per cent of the population lives in extreme poverty. By including average rent, health expenses and value of goods over a longer period, the percentage of consumption of the poorest quintile of the population against national consumption is reported to be 10.9 per cent⁸⁶.

Box 4.2 Social exclusion ...

... prevents access through institutional, community- and personal-level barriers to important social goods and services, impedes people's ability to live a full life, and extends well beyond income deprivation. It is difficult for a country to claim full implementation of human rights conventions or high levels of human development if social exclusion persists.

Source: UNDP, *RBEC Regional Human Development Report: Human Development and Social Inclusion*, Bratislava Regional Centre, Concept Note, October, 2008, p. 2

However, measures of economic poverty are of themselves insufficient to reveal the extent of social exclusion. It is a wider concept, going beyond income and consumption poverty to address issues of discrimination, stigma, lack of access to basic services and lack of full participation in social life (see Box 4.2). Consequently, it is necessary to understand not only the extent to which individuals are poor due to low income or unemployment, but the extent to which they are excluded from education, health care, adequate housing, adequate food, social security,

⁸⁴ European Commission, *Social Inclusion and Social Protection in Albania*, Executive Summary, Directorate General for Employment, Social Affairs and Equal Opportunities, September, 2008, p. 8

⁸⁵ European Council in December 2001 endorsed a set of 18 common statistical indicators for social inclusion, allowing comparable monitoring of Member States' progress towards agreed EU objectives. Referred to as the Laeken indicators, they cover four main dimensions of social inclusion: financial poverty, employment, health and education. See: EC, *Laeken Indicators—Detailed Calculation Methodology*, Working Group Statistics on Income, Poverty & Social Exclusion, Luxembourg, April, 2003.

⁸⁶ NSDI Progress Report, 2008, pp. 64–65

political participation, participation in cultural life, access to justice and the means of complaint when rights are not respected. By measuring exclusion beyond income or employment levels, policy makers can have a fuller understanding of why some people are excluded and what measures must be taken to achieve social inclusion. There is little research on the dynamics of social exclusion in Albania, though Groves (2005) points to rural–urban disparities in poverty, age (particularly relating to children) and disability as highlighting key individuals and groups who risk exclusion in Albania.

4.3 Social Inclusion and the EU Agenda

Through its Social Protection and Social Inclusion Process, the EU . . . *coordinates and encourages Member State actions to combat poverty and social exclusion, and to reform their social protection systems on the basis of policy exchanges and mutual learning. As such, it underpins the achievement of the Union's strategic goal of sustained economic growth, more and better jobs, and greater social cohesion by 2010*⁸⁷. The implementation of provisions of the SAA and the European Partnership contain Albania's legal agreements to address a range of social inclusion items under the broad conditions for the promotion of human, civil, political, property, minority and cultural rights and the protection of minorities. For example, specific mention is given to Albania's obligation to facilitate inclusion of women in the labour market and decision-making processes, and to implement the national strategy for Roma as part of the government's strategy for combating poverty and social exclusion.

In March 2006, the Council of Europe adopted a new framework for the open co-ordination of social protection and social inclusion processes in the EU. It brought together a set of objectives relating to three broad areas: social inclusion, pensions, and health and long-term care. It set the following overarching objectives for the Open Method of Co-ordination for social protection and social inclusion, namely to promote the following:

1. social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies
2. effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion and the EU's Sustainable Development Strategy
3. good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy⁸⁸.

These three objectives demonstrate the importance of social protection and social inclusion as a part of any broad development strategy. In addition, they show the importance of linkage to governance and transparency, suggesting that without PAR, social inclusion objectives will not be realised. Crucially, involving stakeholders in design, implementation and monitoring of policies, including those at risk of social exclusion, directs attention to the need for partnerships between state and non-state actors, particularly civil society organisations, groups of users of services and non-government organizations (NGOs).

The next three objectives are concerned with *making a decisive impact on the eradication of poverty and social exclusion* by ensuring:

4. access for all to the resources, rights and services needed for participation in society, addressing exclusion and fighting all forms of discrimination
5. active social inclusion of all, by both promoting participation in the labour market and fighting poverty and exclusion
6. that social inclusion policies are well coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies⁸⁹.

⁸⁷ This process and related documents can be found at the EC website www.ec.europa.eu/employment_social. See also EC, *Social Inclusion in the New Member States—a Synthesis of the Joint Memoranda on Social Inclusion*, Commission Staff Working Paper, Brussels, June, 2004.

⁸⁸ http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2006/objectives_en.pdf

⁸⁹ *ibid*

Based on a study of Albania's social protection system in the light of the EU objectives on social protection, the recent independent report for the European Commission drew four conclusions:

1. there needs to be closer integration between the different institutions in the system and closer co-operation between actors, while reforms need to focus more on treating the system as a whole;
2. the system needs to ensure that it meets basic needs and responds to new social problems faced, in particular by women, children, people with disabilities, and migrants, through the integration of cash transfers and services and improved co-ordination between central and local governments and the community;
3. improved partnerships with NGOs, social partners and businesses to supplement the limited regional and local government resources available, while avoiding increasing regional inequalities through ensuring improved horizontal and vertical co-ordination and improved financial equalisation measures;
4. alignment of statistical systems, improved information and improved analysis and evaluation of programmes.

One of the most important instruments prior to EU membership that specifically addresses social inclusion is JIM, the EU accession instrument mentioned in Section 2 that does the following:

- aims at preparing Candidate Countries for full participation in the Open Method of Coordination on social inclusion upon accession
- outlines the principal challenges in relation to tackling poverty and social exclusion
- presents the major policy measures taken in the light of the agreement to start translating the European Union's common objectives into national policies
- identifies the key policy issues for monitoring and further review
- commits to follow-up processes, in particular implementation.

Box 4.3 The Joint Inclusion Memorandum in Croatia

In accordance with obligations from the EU negotiation process, a new political process focusing on poverty and social exclusion has emerged since late 2005, leading to the signing of the Joint Inclusion Memorandum in March 2007. Four broadly positive aspects of the process of the preparation and signing of JIM can be discerned. Firstly, JIM has led to greater harmonisation of social statistics with EUROSTAT methodology and a clearer awareness of the gaps that remain. Secondly, there has been a process of stakeholder participation, through a series of conferences and meetings that, while far from perfect, represents an improvement on the previous practice of 'behind closed doors' strategy document preparation. Thirdly, key social policy experts have been involved in the drawing up of JIM, within a clearer framework, supervised by the European Commission, in which policy measures, indicators and funding possibilities were more aligned than previously. Fourthly, substantive comments from the Commission on aspects of social policy, particularly relating to issues around discrimination, active labour market policies and co-ordination of services, have added to the quality of debate.

Source: Stubbs and Zrinščak, 2009

Ministry of Health and Social Welfare in the Republic of Croatia has a dedicated JIM web page where full texts in English and Croatian of JIM and follow-up processes can be accessed by stakeholders.

http://www.mzss.hr/hr/ministarstvo/strategije_i_planovi/zajednicki_memorandum_o_socijalnom_ukljuivanju_rh

The purpose of this process is to help countries improve their own social policies through policy learning and exchange of good practices. While Albania has yet to achieve candidate status, it is nonetheless imperative that the necessary work leading up to the execution of JIM is done, as it is based on achievement, or progress toward achievement, of a wide range of social inclusion conditions set out in SAA.

Albania could benefit from the recent experiences of other new member countries in South-East Europe that have gone through the JIM process (see Box 4.3). Some of the major lessons learned include the need to clearly identify those groups that should be included, greater participation and consultation among those impacted, allowing sufficient time and resources, ensuring the availability of necessary data and carrying out comprehensive capacity assessments at the systems level (e.g. legislation, inter-sectoral co-ordination, public–civil society relationships) and at the institutional level⁹⁰.

⁹⁰ For example, see UNDP, *Sub-regional Community of Practice (CoP) Technical Workshop on Social Inclusion*, Report, Zagreb, December, 2007, pp. 9–11.

4.4 Crosscutting Strategy on Social Inclusion (SIS)

Social Inclusion Crosscutting Strategy is a component of NSDI, modelled on the kind of action plans on social inclusion that Albania will need to produce when it becomes a member state of the EU. In its European orientation, it is a significant improvement on the earlier Poverty Reduction Strategy (PRS) and National Strategy for Socio-Economic Development (NSSD), which were *based on a limited number of sector documents that were developed ad hoc and not as part of a regular planning process in the respective ministries* (Sulka, 2008). In addition, there was no linkage between the previous strategy and MTBP.

SIS is the government's strategic document outlining policies to combat poverty and social exclusion across government ministries and agencies. It is meant to outline policies that go beyond the mandate of any single ministry. The strategy is not costed as it is meant to be fully consistent with sectoral strategies, which are costed. Sectoral strategies relating to social inclusion exist for Social Protection, Social Insurance, Basic Education, Health, Gender Equality and Prevention of Domestic Violence, People with Disabilities, and for improving the Living Conditions of the Roma Community.

SIS includes three strategic priorities as follows:

- to raise the income generation opportunities of individuals through facilitating labour market participation of particular groups, extending and formalizing the labour market and promoting lifelong learning
- to facilitate access to services (social care, education, health, justice, housing, transport, telecommunications, water and sanitation)
- to assist vulnerable groups.

The third priority represents an overall commitment to a series of sub-strategies including children, Roma, people with disabilities, women, young people at risk and elderly people.

There are a number of problems with this sub-strategy approach. Firstly, the groups covered in each sub-strategy overlap, at least to a certain extent, insofar as, for example, Roma children with disabilities fall into three of the groups. Secondly, the documents have their own dynamics, timeframes and purposes that do not always align with each other or with the social inclusion strategy as a whole. Thirdly, the documents are written in different ways with different levels of detail and very varied attention to indicators and to follow-up and monitoring processes. There is the clear **opportunity** to adapt a more strategic capacity development approach as outlined in Section 2 of this report. This could be realized through a next version of SIS that clearly integrates the different existing sub-components and sub-strategies in terms of their substantive outcomes and measure of performance, timelines, interdependencies, sequencing of activities and associated accountabilities.

In terms of the governance of SIS, MoLSAEO is the lead ministry. The minister heads an Inter-Ministerial Committee on Social Inclusion comprising members from all relevant line ministries. There is also a technical working group led by the Vice Minister of Labour Social Affairs and Equal Opportunities, and an External Social Inclusion Advisory Group, which includes a range of stakeholders including representatives from the non-governmental and business sectors. The ministry also commits to produce an Annual Bulletin on Social Inclusion, which will report on progress and include the views of stakeholders. However, a more strategic and consistent leadership of MoLSAEO, as well as its increased political weight, would certainly contribute to social inclusion agenda in Albania being handled more adequately.

While it is not the role of this document to make a thorough assessment of SIS, a number of other capacity development **opportunities** can be identified, such as taking a more strategic approach to the various sectoral and crosscutting documents. The most important include the following:

- an accountability model that places the lead institution for the strategy at a higher level within government. While the practical lead role may continue to be played by MoLSAEO, there is a case for suggesting that the ultimate lead should be in the office of the prime minister or in order to reflect the importance of social inclusion within the government's overall development strategy

- clear, measurable and verifiable indicators of all of the measures proposed and the establishment of baseline data against which progress can be monitored
- monitoring and evaluation mechanisms that are an integral part of the oversight and accountability model, as well as of the strategy itself, and that connect with the international and regional human rights monitoring mechanisms complementing and strengthening national monitoring of social inclusion strategies
- a costing and risk assessment of the strategy, with contingencies in the case of a deepening global financial crisis or other economic downturn
- an assessment of social impacts of other policies and how these are to be factored into SIS.

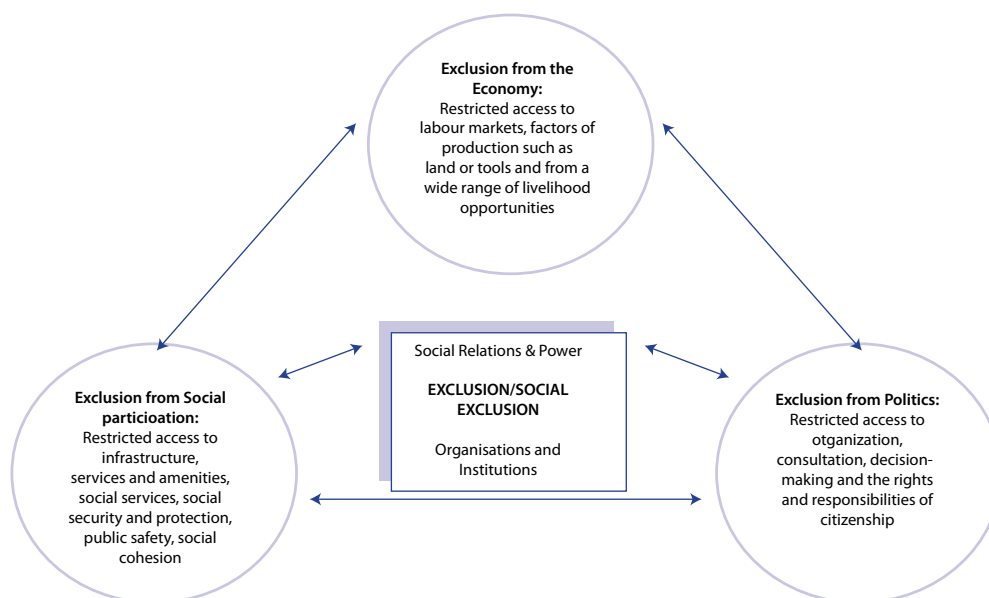
4.5 Capacity Development for Social Inclusion

With respect to some of the dimensions that attempt to explain the social exclusion situation in Albania, other than poverty, the recent independent study for the European Commission noted above that . . . *Government structures are still not able to respond adequately to the needs of marginalized and vulnerable groups due to limited financial and human resources as well as inefficient institutional capacities*⁹¹. The capacities most often referred to by this and a range of other studies include those of transparent and equitable access to services, participation and consultation, community-based service provision for vulnerable groups and in rural areas, monitoring and reporting systems (including especially availability of relevant data and statistics), and overall accountability and good governance. The dimensions and underlying capacities of social inclusion from the perspective of exclusion are illustrated in Figure 4.2.

In any one of these dimensions—seen to be applicable to the situation in Albania—the capacity development related issues are widely dispersed and cut across the systems, institutional and individual levels. The following brief discussion focuses on different dimensions of the social inclusion capacity challenge. An understanding of these or any of the other dimensions is hampered by a dearth of meaningful data and research. Nonetheless some additional targets of opportunity for capacity development are identified. Many of the opportunities for improving capacities in public administration identified in the preceding chapter are also seen to have a potential positive impact on social inclusion and meeting the criteria and conditions associated with EU accession and national human development.

⁹¹ European Commission, *Social Inclusion and Social Protection in Albania*, Executive Summary, Directorate general for Employment, Social Affairs and Equal Opportunities, September, 2008, p. 5

Figure 4.2 Dimensions of Social Inclusion



Source: Beall, J. and L-H. Piron, 2005, *DFID Social Exclusion Review*, LSE and ODI.

Experience from other countries shows that national capacities required are related to social policy cycle functions and skills. Key priorities include 1) building capacity among national ministries to analyse social exclusion, identifying key challenges and reviewing the effectiveness of existing policies, and 2) promoting inter-ministerial cooperation and the broader understanding of social inclusion as a crosscutting responsibility rather than a task solely of MoLSAEO. The need for better social data to support evidence-based policy making and monitoring of social inclusion is also of primary importance.

Capacity issues are as important in tackling social inclusion as are political will and fiscal space and commitment. Indeed, in a context where the fiscal envelope is shrinking, capacity issues are crucial in terms of improving the effectiveness and efficiency of the system. Institutions, as noted above, are notoriously slow to adapt to change, and this is particularly acute in transition contexts where vested interests combined with a lack of certain skills and competences, reinforce a kind of traditionalism and conservatism posing serious obstacles to the modernisation of social inclusion processes and systems. **Policy Coherence** is extremely hard to achieve in the context of the uneven speed of change and the de-linkage of economic and social systems. Reforms have uneven impacts and effects, and policy is still, rarely, evidence-based and more often highly reactive. Social inclusion policy is spread across different ministries and agencies with limited co-ordination of effort. **Governance Capacity** or the ability to 'follow through' on policies made is also limited, not least as a result of a proliferation of local government and central agencies, leading to problems in both horizontal and vertical co-ordination. 'Turf wars' frequently erupt in terms of responsibilities or policy leadership regarding particular groups. The governance of social inclusion is limited to small groups of policy makers and influential advisors, and rarely involves wider stakeholders. Provision is split between central and local state services and civil society in the absence of any coherent planning framework. **Practice Competence** is lacking as Albania does not have a tradition of social work and social administration, and the lack of modern approaches to social welfare as a whole remains a problem, notwithstanding intensive efforts at international support, which have, sometimes, created confusion rather than consistency. Social inclusion competences tend to be poorly developed with a still quite significant gap between different professionals and between those more skilled in work on poverty alleviation and those more focused on social services. Albania still lacks co-ordinated and sustainable community-based social services but, perhaps more importantly, institutional capacity for these still needs to be built. **User Voice** is still low as legacies of non-participation or, at best, pseudo-participation of service users remain resistant to change. Newer forms of participation can be formulaic or simply one-off, tokenistic, exercises. Feedback loops and complaints procedures are not well developed with professionals and administrators still

too powerful. Despite some international focus on participation this remains underdeveloped. New services are being developed at local and regional levels without any consistent strategy of resource allocation, professional training and institutional capacity building.

From political rights to social rights

As noted in Section 2.1 of this report, Albania has made significant progress in recognizing human rights. In the mid-1990s, human rights priorities centred more on the political rights of opposition and freedom of the press. Currently, they focus more on issues of human trafficking, police abuse, gender, children's rights and Roma issues, marking a notable trend from a focus only on political rights to a focus on a broad range of human rights, particularly the need to combat discrimination and promote equality. The trend is difficult to measure and perhaps to sustain due to the shortage of current and accurate statistical data on minorities and other excluded groups in Albania. The last national census in Albania was completed in 2001 and it did not capture data on national, ethnic or religious affiliation. This broader focus on the full range of human rights has raised the need to give more attention and resources to promoting social inclusion.

In the case of the Roma population in Albania, estimates of its size range from 80,000 to 150,000⁹². The majority of Roma are reported to be living in conditions of extreme poverty and social marginalization. While generally there does not appear to be direct discrimination against Roma in laws and policies, discrimination appears in practice as this group are largely marginalized. Roma are under-represented in access to basic services (e.g. health, education, social security). However, other barriers might prevent access by Roma to basic services. An initial step in promoting greater social inclusion of Roma is the identification of these barriers.

In 2003, government adopted the National Strategy for Improving the Living Conditions of the Roma Minority, but implementation has been impeded by a lack of sufficient resources. In early 2008, Albania joined the Decade of Roma Inclusion 2005–2015 and an action plan for the period 2010–2015 has been approved⁹³. Although Roma and other minorities still describe a sense of exclusion from legal and administrative systems in the country, a number of NGOs have been working to help seize opportunities offered by the decentralization process to transform local and municipal governmental units into inclusive decision-making fora.

Active inclusion

One of the functional problems with the way in which social inclusion is addressed by the European Union is that, while the labour market is seen as one of the keys to reducing social exclusion, employment and social inclusion issues tend to be separated. Candidate countries complete a Joint Assessment Paper on Employment alongside JIM. The Joint Assessment Paper identifies the employment policy challenges resulting from applying the Lisbon objectives and implementing the Employment Title of the Treaty establishing the European Community.

Box 4.4 Active Inclusion ...

... a comprehensive policy mix combining three elements. ... (i) a link to the labour market through job opportunities or vocational training; (ii) income support at a level that is sufficient for people to have a dignified life; and (iii) better access to services that may help remove some of the hurdles encountered by some individuals and their families in the entering mainstream society, thereby supporting their reinsertion into employment.

Source: EC consultation on promotion of active inclusion of people furthest from the labour market, COM 2006, 544

EU financial support for accession can thus focus on the priorities identified. Recently, the division between labour market and social inclusion policies has been narrowed by the EU's emphasis on active inclusion (see Box 4.4). By definition, active inclusion policies require close co-operation between social security and labour market institutions. One of the strategic priorities of SIS is *to raise the income generation opportunities of individuals through facilitating the labour market participation of particular groups, extending and formalizing the labour market and promoting lifelong learning.*

There are a number of significant challenges in terms of active labour markets and active inclusion in contemporary Albania. Unemployment rates remain persistently high (registered unemployment rate in the fourth quarter of 2009 was

⁹² Report by Council of Europe Commissioner for Human Rights, Thomas Hammamberg, on his visit to Albania 27 October–2 November 2007

⁹³ http://www.romadecade.org/files/downloads/Decade%20National%20Action%20Plan_Albania.pdf

13.75 per cent, slightly higher than the figure of 12.76 per cent for the third quarter). According to Labour Force Survey 2008 data, the unemployment rate is higher for young people under 30 years of age, and women (with a labour force participation rate of only 45.5% in 2008 compared to 63% for men⁹⁴) are particularly at risk of being unemployed. High levels of informal labour market activity combined with high ratios of persons classified as inactive indicate the extent of the challenge in reaching European targets regarding expansion of the formal labour force.

In terms of income support, the percentage of registered unemployed able to claim unemployment benefits is falling. In 2009, the number claiming unemployment benefits increased from 8,238 in the first quarter to 10,050 in the last quarter⁹⁵. There has also been a small increase in the number of families receiving social assistance (*ndihma ekonomike*), with an increase from 95,112 in 2007 to 96,894 in 2009⁹⁶. There are highly significant variations in the proportion of families receiving social assistance by prefecture, with 17 per cent of families in Shkodër receiving assistance, compared to only 2 per cent in three prefectures: Vlorë, Durrës and Gjirokastër. Social assistance is financed through a central government block grant to local government, suggesting that these variations may be a result of problems in financing rather than an indication of real variation in need.

Box 4.5 People furthest from the labour market

Social inclusion and labour market participation go hand-in-hand. For labour market integration to be sustainable, disadvantaged people need first to be supported with sufficient resources and personalised employment and social services to enhance their social participation and employability. If they succeed in finding employment, job retention should be promoted to avoid a “revolving door” situation, where people are forced to leave the job due to inadequate employment skills or because the personal and social hurdles are not sufficiently addressed. Furthermore, employment per se is not always a guarantee against poverty, as 8% of workers in the EU are at risk of poverty: this explains the strong plea from civil society organisations and trade unions for the creation of quality jobs.

Apart from statutory and complementary social security schemes and health services, social services of general interest include other essential services provided directly to the person that play a preventive and socially cohesive role, facilitate social inclusion and safeguard fundamental rights. They include:

- 1) assistance for persons faced by personal challenges or crises (e.g. unemployment, over-indebtedness, drug addiction or family breakdown)
- 2) activities to ensure that the persons concerned are able to completely reintegrate into society and into the labourmarket (such as rehabilitation, language training for immigrants, occupational training and reintegration) and to ensure access to affordable child care
- 3) activities to integrate persons with long-term health or disability problems
- 4) social housing.

EU COM (2007) 620, October 2007 Modernising Social Protection for Greater Social Justice and Economic Cohesion: taking forward the active inclusion of people furthest from the labour market

The World Bank Public Expenditure and Institutional Review from December 2006 suggested that social assistance benefits were fragmented in a way that limited accountability, that a growing share of social assistance went on disability payments, and that coverage of the social assistance scheme remains low with benefits well below the poverty line.

In the Strategy on Employment 2007–2013, the aim is to reduce the unemployment rate in Albania to a level comparable with EU Member States by 2013, through improved linkages between employment policies and vocational training. The strategy is led by MoLSAEO, and highly dependent on the work of the National Employment Service, which offers career guidance for jobseekers and vocational training on the ground. There are problems here similar to those of SIS in terms of ability of the ministry to co-ordinate and ensure that its own capacity needs are met.

Increasingly, within active inclusion policy pronouncements, the European

Commission is concerned with those furthest from the labour market (see Box 4.5). In Albania this applies to the long-term unemployed, women as single parents, people with disabilities, people with long-term health issues and minorities, particularly Roma.

94 INSTAT Labour Force Survey 2008: <http://www.instat.gov.al/graphics/doc/downloads/ffs/Rezultate%20te%20FP%202008.pdf>

95 INSTAT Quarterly Statistical Bulletins

96 *ibid*

A mix of general services and tailored interventions are needed for people in these groups, necessitating improved horizontal and vertical co-ordination, shared databases and clear objectives. While attempts to make social assistance schemes conditional on some participation in public works may help in certain circumstances they should be carefully prepared and monitored. In particular, access to certain essential services is a human right and should not be subject to conditions.

The monitoring of social inclusion actions covering other groups is also undertaken by government, but is generally reported as weak. As social inclusion issues are spread throughout a number of Ministries, there may be an **opport unity** to at least consolidate all M&E functions associated with social inclusion into one institutional structure. This would have the effect of achieving economies of scale for limited technical staff and supporting systems. Optionally, the function could be contracted out to an independent body—at least the statistical, data gathering and possibly analytical tasks⁹⁷. This could be preceded by a capacity assessment of what currently exists with respect to social inclusion-related M&E functions across government, to see where the strengths and weaknesses lie.

It is also important to note that monitoring of social inclusion already occurs at the international and regional levels by the various treaty bodies of the UN and Council of Europe. Albania reports regularly on its commitments to combat discrimination and promote equality between men and women and between national and ethnic groups, and to promote the rights of children and migrant workers. The recommendations from international and regional bodies can help promote social inclusion nationally but can also provide existing information for national monitoring mechanisms while also providing a stimulus for capacity development in the area of national monitoring.

The financing of social inclusion needs to be consolidated to ensure that different funding sources and the outcomes of the funding in terms of alleviation of poverty are assessed. There is an identified need for more integrated family support programmes in Albania, including both family and child benefits and appropriate services, including those of parenting support and early child development⁹⁸.

Future reforms need to be focused on a systems-wide capacity development approach. In addition, close partnerships with NGOs and business communities are needed to support limited resources at central and local government levels. Government structures are unable to respond adequately to the needs of marginalized and vulnerable groups due to limited financial and human resources, as well as inefficient institutional capacities. By strengthening the capabilities of individuals and organizations and capacities within the enabling environment, capacity development—in addition to its intrinsic value—helps lay the foundation for meaningful participation in national and local development processes. Increase in the chances for more sustainable and socially inclusive development will be a positive result.

⁹⁷ For example, Inspectorate of Social Services has been set up to supervise the implementation of standards applicable to social care services. However, as also reported in the EC Progress Report, 2008 (p. 33) . . . *analyses of poverty and social exclusion are not sufficiently developed, including enhanced poverty monitoring.*

⁹⁸ Social Protection and Social Inclusion in Albania, 2008 report for European Commission, p. 179



5.1 Main Conclusions

The benefits accruing to Albania as a member of the European Union are well established, if not fully communicated throughout the country. However, there are also considerable costs associated with the EU integration process. An initial estimate of costs was given in the National Plan for Implementation of the SAA, but these were seen as very preliminary and were not based on a full assessment of the existing public administration capacities. Nor did such costs factor in the many softer capacity impacts associated with transformational changes in the style of government, its culture, attitudes of civil servants and so on, all of which are needed, at least implicitly.

The preceding discussion showed that there are substantial risks to national development and the EU integration process in terms of existing capacity gaps and weaknesses in public administration at the overall systems, institutional and individual levels. Estimates of the risk vary but the general consensus is the same. If significant changes are not made to the government's approaches to and investment in capacity development, it is unlikely that the public administration and the civil service will be able to implement fully the many provisions contained in SAA or NSDI.

The **absorptive capacity** of the public administration and the civil service remains constrained. Even if more funds were made available, it is unlikely that the national development and integration processes could be speeded up. Without a stable, competent and sufficiently staffed civil service supported by appropriate system-wide and institutional capacities, only so many reform initiatives can be managed, only so much can be delivered and only so many results can be produced. At the present time, the overall existing capacity or the needs for capacity development of the public administration are unknown.

It will be very difficult to develop the needed capacities without a clear, specific and consolidated set of **capacity development priorities** and how these might be timed and linked to EU integration and national development processes. The very large set of capacity development initiatives currently under way or planned by government, with significant funding support from the EU and other donors, could be better coordinated. Without better coordination there is clear potential for duplication or overlap of capacity development projects, or for not investing in the right set of cross-government priorities at the right time. Continued investment in training may produce few results if after each election or political appointment, the civil service faces turnover and continued instability.

Confusion in **accountability** within the public administration could result in inefficiencies, lost effectiveness and inability to link funding investments to results or clearly define who is accountable for what, or both. Conflicts in role and responsibility arise, leaving important tasks not done, or cutting into the limited time of senior decision makers. Weak frameworks and supporting systems for accountability undermine government-wide monitoring and reporting obligations on strategy implementation.

Failure to give more attention to social inclusion might also prove problematic, both for eventual EU membership, as well as for Albanian society. If attention to the political and economic objectives of the EU accession process is not matched with sufficient attention to the social agenda, there is a risk that the EU requirements for social inclusion will not be met. Regardless of EU integration, Albania will need to pay more attention to resolve social inclusion issues simply to become a fair, equitable and modern state.

Continued external encouragement from the EU and other international partners will support Albania's internal public administration reform and social inclusion processes along, and better integrate them with, those of EU accession. Albania's aspiration for membership to the EU should serve as an incentive for carrying out the needed tangible reforms.

The **political direction** for EU integration and national development must be translated into **executive action** through adequately funded implementation activities focusing on the development of those capacities necessary for a modern and sustainable public administration and for a more integrated and strategic approach to social inclusion.

There is a risk of inferring from the analyses presented in this report that a new or different approach to capacity development will solve the various public administration or social inclusion concerns. In fact, a more comprehensive approach to capacity development in and of itself is no 'magic bullet', but it can go a long way to addressing many of the capacity challenges that have been identified. Consideration of the following recommendations may help push this debate along.

5.2 Main Recommendations

A fair number of opportunities for improving capacity development processes are identified throughout this report. But what are the main recommendations that can be made that, if adopted, could lead to the development of a public administration that has a better chance of achieving the national development goals and of meeting the standards and expectations of a EU candidate or member state? The following fifteen recommendations are offered.

5.2.1 With respect to public administration reform:

1. Formally adopt the concept of capacity development as a system-wide, multidimensional process of change whereby individuals and organizations obtain, strengthen and maintain capabilities to set and achieve their own development objectives As a policy of government, it would encourage all operational entities within the administration, as well as elsewhere, to assess and develop capacities across these broader dimensions, including those that extend into the national fabric of the country.
2. Determine the strategic priorities for capacity development based on a ranked set of sector and crosscutting strategies on a recalibrated NPISAA, also clearly ranking the priorities, and on an overall capacity assessment of the public administration system. As it is understood that such an assessment is being carried out with support from the donor community, it might adopt the general methodological approaches discussed in this report. The capacity assessment should identify gaps and priority areas in need of development, along with an estimation of costs, timing and link to national development and EU integration priorities.
3. Integrate PAR with EU integration, or closely coordinate the PAR strategy with the public administration capacity development activities of NPISAA and other EU integration processes, programmes and funding facilities. Reporting on progress of the combined activities should thus be pursued through full development of IPS and its supporting IPS and External Assistance Management information systems.
4. Ministry and agency implementation or work plans should be developed and based on a more detailed capacity assessment of the system within which it functions (e.g. laws, interactions with other parts of the public sector and other sectors of the country, etc.), including its institutions and people. The plans would identify clearly which capacities need to be developed when and at what cost, how they would interrelate with other implementation plans, and how they would be directly supportive of national EU integration and development goals.
5. Over the near to medium term, broaden the definition and scope of public administration reform to include all dimensions of its capacity—and not just the civil service. The next PAR strategy should be based on the broader definition, absorbing where needed the public administration aspects of other sector and crosscutting strategies, while also seeking opportunities to reduce the overall number of strategies.
6. Strengthen the capacities of Department of Public Administration aiming to ensure better leadership and horizontal coordination of PAR policy and strategy implementation.

5.2.2 With respect to management of the civil service:

7. Enforce application of the Civil Service Law. While this is necessarily a matter of political and executive will in the country, detailed analysis and publication of information on the impacts of poor or improper implementation.
8. Manage the civil service more strategically by applying modern human resources management principles and practices that look at more than just the technical functions, but also constantly factor in the dynamics of the

national labour market, alternative sourcing of training and management development, and more rigorous systems and measures of performance and incentives.

9. Define and put in place a comprehensive managerial accountability framework for the public administration as a whole. Such a framework would integrate performance for results with clearly delegated authorities, supporting resources and systems of monitoring, evaluation and oversight. Such a framework could be enacted in the law and the necessary measures taken to ensure its application.
10. It is also recommended that the role of the media be examined in terms what they might do to help report on and enhance accountability of government, and what sorts of capacities they might need in order to do this.
11. Accelerate the exploration of and investment in information and telecommunications technologies as one of the main dimensions of public administration and civil service capacity and one of the key solutions to better performance, cost-effectiveness of government and greater accountability and transparency. Adopt measures such as business-case analysis as described in Section 3.4 and look into the feasibility of including computer literacy in the human development index.

5.2.3 With respect to social inclusion

12. The next version of the Social Inclusion Strategy should be based on a systems-wide and strategic approach, with special emphasis on integrating the different existing sub-components and sub-strategies in terms of their substantive outcomes and measure of performance, timelines, interdependencies and sequencing of activities and associated accountabilities.
13. In the short term, the feasibility of consolidating social inclusion-related M&E functions across government should be investigated, along with development or strengthening, or both, of systems for data capture, statistical analysis and reporting, and linking M&E with existing reporting mechanisms under international and regional human rights treaties.
14. A clearer social planning framework needs to be developed based on improved horizontal and vertical co-ordination and sustainable funding structures. Within this, capacity development needs to be prioritized in an action plan with clear timelines and outcomes.
15. The existing SIS and any future amendments thereto should incorporate a costing and risk assessment, with contingencies in the case of a deepening financial crisis or economic downturn.

ANNEX 1: Albania's progress in human development

Human development indicators are important in measuring progress of a given country and of the poverty scale in developing countries. Albania's National Human Development Report for 2009 computes and analyses these indexes based on estimates provided in LSMS data for 2008, and compares them with estimates for 2005 and 2002, enabled by unification of the methodology used in these previous years. The following indicators were calculated:

1. Human Development Index (HDI)
2. Human Poverty Index (HPI-1)
3. Human Poverty Index (HPI-2)
4. Gender-related Development Index (GDI)
5. Gender Empowerment Measure (GEM)

In order to maintain comparativeness of data and indicators, regional division inside the geographical territory was undertaken based upon the LSMS survey, which singles out Tirana because of its importance and development.

1.1. Human Development Index

HDI is one of the key indices that synthesize the stage of development of a given country. It is a summary indicator of human development that combines average achievements in a country as measured by three basic dimensions of human development as follows:

- a long and healthy life, as measured by life expectancy at birth
- knowledge, as measured by adult literacy rate and a combined primary, secondary and tertiary gross enrolment ratio
- a decent standard of living, as measured by GDP per capita (PPP US\$).

As with other indexes, HDI was calculated with LSMS 2008 data, allowing for comparison with the indices derived from LSMS 2005 and 2002. Figures record an improved HDI for 2008 (0.819), compared to 0.787 in 2005 and 0.771 in 2002 (Table 1.1.1). The result ranks Albania among countries with a high level of HDI (above 0.800) in the HDI international map. It is clear the country has made much progress with regards to human development. Moreover, all three components—higher life expectancy, improved involvement in education and increased GDP per capita—improved.

Regionally, Tirana continues to maintain a clear gap from other areas of Albania, though there is improvement in this index in mountainous areas: from 0.632 and 0.759 in 2002 and 2005, respectively, to 0.794 in 2008, mainly attributed to an improved regional distribution estimate: that for 2008 was calculated on the basis of consumption per geographic area. This gives a more complete picture of statistical changes than do declared incomes, due to inaccurate declarations of income in the LSMS survey in general, and because this survey focuses primarily on measuring consumption level.

Table 1.1.1: Human Development Index, by region

Area	Life expectancy (years)	Literacy rate (%)	Enrolment rate in education (%)	GDP per capita (PPP US\$)	Life expectancy index	Education index	GDP index	HDI 2008	HDI 2005	HDI 2002
Tirana	77.4	98.5	83.1	9240	0.873	0.934	0.755	0.854	0.819	0.830
Coast	77.4	96.5	70.3	6748	0.873	0.878	0.703	0.818	0.794	0.798
Central	77.4	95.7	67.8	6389	0.873	0.864	0.694	0.810	0.769	0.725
Mountainous	77.4	96.1	64.6	4975	0.873	0.856	0.652	0.794	0.759	0.632
Total	77.4	96.5	70.5	6886	0.873	0.878	0.706	0.819	0.787	0.771

Source: INSTAT, LSMS 2009

1.2. Human Poverty Index 1 (HPI-1)

As mentioned above, HDI indicates the average progress of a given country drawing reference from economic growth per capita, improvement of life expectancy and reduction of illiteracy. HPI-1 is more specific than HDI in that it widens the basis of information provided by the latter and eliminates any deficiencies.

Table 1.2.1: Human Poverty Index-1, by region

Area	Probability of not surviving to age 40 (divided by 100)	Illiteracy rate among 15 years and older (%)	Population without sustainable access to water source (%)	Children under age 5 years under weight (%)	HPI-1 2008	HPI-1 2005	HPI-1 2002
Tirana	5.5	1.7	2.1	7.5	4.5	5.53	6.65
Coast	5.5	3.9	22.0	7.5	10.5	14.09	15.22
Central	5.5	4.8	23.7	7.5	11.1	14.84	18.29
Mountainous	5.5	4.4	22.7	7.5	10.7	15.07	19.67
Total	5.5	3.9	18.7	7.5	9.38	13.40	14.86

Source: INSTAT, LSMS 2008, 2005, 2002; MICS 2005, UNICEF; Human Development Report 2007–8; National Human Development Report for Albania 2005

More specifically, HPI-1 is used for developing countries in particular, because it is related to some vital subcomponents that are more obvious in these countries. Such subcomponents include access to drinking water sources, weight of children under five years of age and probability of surviving to 40 years of age. The index indicates progress if the estimate is reduced compared to previous periods. Table 1.2.1 reports the index for the three reference years. HPI-1 shows a sharp decrease to 9.38 for 2008 from 14.86 in 2005. In distribution terms, HPI-1 improved in mountainous areas, from 19.67 in 2002 and 15.07 in 2005 to 10.7 in 2008, while improvements were also seen in the coast and central areas. In Tirana, HPI-1 improved only slightly as the estimate is low to begin with. The improvements recorded for this index is attributed mainly to enhanced and improved access to sustainable water sources, and was more significant in mountainous and rural areas as the consequence of improved quality of living standards.

1.3. Human Poverty Index 2 (HPI-2)

The second human poverty index (HPI-2) outlines the shift of the population living under the poverty line, as well as the changes in rate of unemployment for more than twelve months. It includes also two other elements: illiteracy rate and probability of not surviving to age 60 years. Results are reported in Table 1.3.1. HPI-2 in 2008 fell to 8.6 from 12.6 in 2005, an improvement mainly due to significant reduction in the population living under the poverty line, with this indicator falling to 12.4 per cent from 18.5 per cent in 2005. A moderate share of this improvement belongs to the general reduction in the illiteracy rate, from 4.5 per cent in 2005 to 3.5 per cent in 2008.

By geography, HPI-2 appears improved in the three most developed areas, i.e. Tirana, central and coastal Albania. However, this index showed no improvement in mountainous areas, mainly because the estimate of the population living under the poverty line did not change. Poverty line represented 50 per cent of median income.

Table 1.3.1: Human Poverty Index -2, by region

Area	Probability of not surviving to age 60 years (divided by 100)	Illiteracy rate (%)	Population living below poverty line (%)	Unemployment rate (for over 12 months)	HPI-2 2008	HPI-2 2005
Tirana	7.4	1.5	8.7	2.20	6.5	8.2
Coast	7.4	3.5	13.0	5.80	8.9	11.4
Central	7.4	4.3	10.7	5.10	7.7	14.3
Mountainous	7.4	3.9	26.6	8.60	17.1	16.8
Total	7.4	3.5	12.4	6.00	8.6	12.6

Source: INSTAT, LSMS 2008, 2005, 2002; MICS 2005, UNICEF; Human Development Report 2007–8; National Human Development Report for Albania 2005

1.4. Gender-related Development Index

Gender-related Development Index (GDI) is important in describing the situation relating to participation of women in education and their general social productive share. As reported in Table 1.4.1, GDI significantly improved in 2008 compared to 2005 and 2002. According to estimates, GDI in 2008 reached 0.816, against 0.780 in 2005 and 0.771 in 2002. This improvement is due not only to the better share of women involved with education compared to men, but also and especially the increased participation of women in economic life and improvement of their salaries. Geographically, this index improved across all regions of Albania, but particularly in Tirana, with a figure for 2008 of 0.848 against 0.809 in 2005.

With an overall figure of 0.816, Albania ranks among countries with a high GDI. Also at the regional level, Albania maintained a moderate position behind Slovenia and Croatia, almost on the same footing with Montenegro and above Macedonia and Turkey.

Table 1.4.1: Gender-related Development Index, by region

Area	Live expectancy (years)		Literacy rate (%)		Enrolment ratio in education (%)		Share of earned income (PPP \$US)		GDI 2008	GDI 2005	GDI 2002
	Female	Male	Female	Male	Female	Male	Female	Male			
Tirana	79.4	75.4	97.9	99.1	82.9	83.2	5,835	12,705	0.848	0.809	0.864
Coast	79.4	75.4	95.2	98.0	72.7	67.9	5,023	8,505	0.815	0.785	0.777
Central	79.4	75.4	94.6	96.8	69.8	66.2	4,580	8,090	0.807	0.764	0.724
Mountainous	79.4	75.4	94.5	97.7	64.9	64.2	2,781	7,127	0.785	0.753	0.629
Total	79.4	75.4	95.4	97.6	72.3	68.8	4,887	8,845	0.816	0.780	0.771

Source: INSTAT, LSMS 2008, 2005, 2002 and evaluations; National Human Development Report for Albania, 2005

1.5. Gender Empowerment Measure

Gender Empowerment Measure (GEM) is important in outlining the participation of women in a country's political and economic life. The index was directly based on data provided by the Department of Public Administration, Ministry of Foreign Affairs and Ministry of Education and Science. The same methodology as above was followed in order to allow for comparison of data with 2005 and 2002. Table 1.5.1 shows women to men statistics used to calculate GEM. As indicated, still there is low participation of women in Parliament and central bodies of government. On the other hand, an improved participation is noted in diplomatic services and universities. The recent legal amendments for the upcoming parliamentary elections that introduced a quota of 30 per cent for women's participation in parliament, shall certainly

contribute to further improvement of this ratio.

Table 1.5.1: Gender Empowerment Measure statistics, by region

Indicator	Female	Male
Population ratio	0.495	0.505
In parliament (%)	7.1	92.9
In government (%)	17.4	82.6
In diplomatic service (%)	39.3	60.7
University staff (%)	30.7	69.3
Earned income (PPP \$US)*	4,887	8,845

Source: Ministry of Education and Science, Ministry of Foreign Affairs, DoPA

* Source: INSTAT, LSMS 2008, 2005; Population Projection 2001–2021

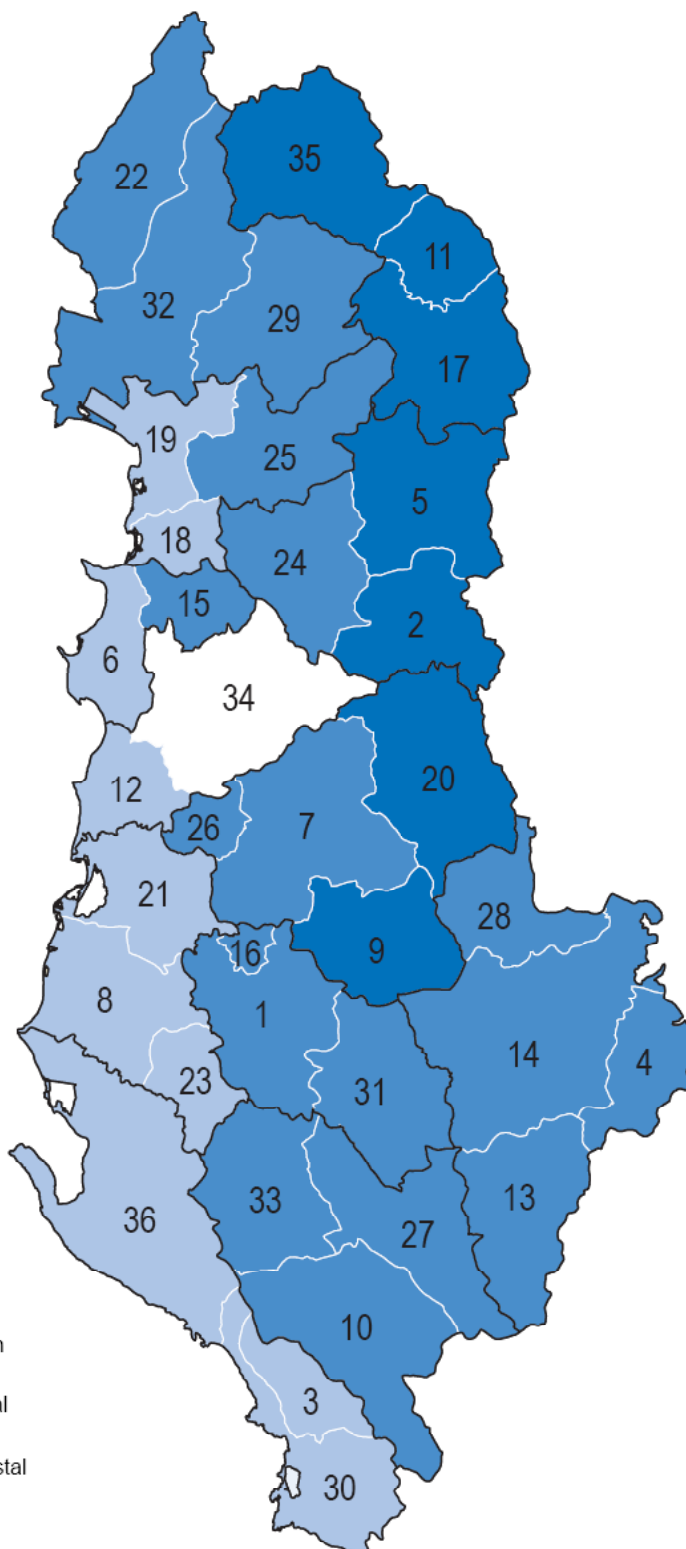
Table 1.5.2 reports a slight increase in GEM from 0.350 in 2005 to 0.406 in 2008. This improvement is mainly due to an improved ratio of women's participation in the diplomatic service and a more rapid increase in income compared to men.

Table 1.5.2: Gender Empowerment Measure

EDEP for participation in Parliament	EDEP for participation in government	EDEP for participation in diplomatic service	EDEP for participation in university service
13.38	28.922	47.815	42.711
EDEP for participation in Parliament (indexed)	EDEP for participation in government (indexed)	EDEP for participation in diplomatic service (indexed)	EDEP for participation in university service (indexed)
0.268	0.578	0.956	0.854
EDEP for participation in economic life	EDEP for earned income	GEM 2008	GEM 2005
0.796	0.156	0.406	0.350

Human Development Map of Albania, 2008

- 1 Berati
- 2 Bulqiza
- 3 Delvina
- 4 Devolli
- 5 Dibra
- 6 Durrësi
- 7 Elbasani
- 8 Fieri
- 9 Gramshi
- 10 Gjirokastra
- 11 Hasi
- 12 Kavaja
- 13 Kolonja
- 14 Korça
- 15 Kruja
- 16 Kuçova
- 17 Kukësi
- 18 Kurbini
- 19 Lezha
- 20 Librazhdi
- 21 Lushnja
- 22 Malesi e Madhe
- 23 Mallakstra
- 24 Mati
- 25 Mirdita
- 26 Peqini
- 27 Permeti
- 28 Pogradeci
- 29 Puka
- 30 Saranda
- 31 Skrapari
- 32 Shkodra
- 33 Tepelena
- 34 Tirana
- 35 Tropoja
- 36 Vlora



TZHNJ sipas zonave

0.819 - Shqipëria / Albania

0.794 - Zona Malore / Mountain

0.810 - Zona Qendrore / Central

0.818 - Zona Bregdetare / Coastal

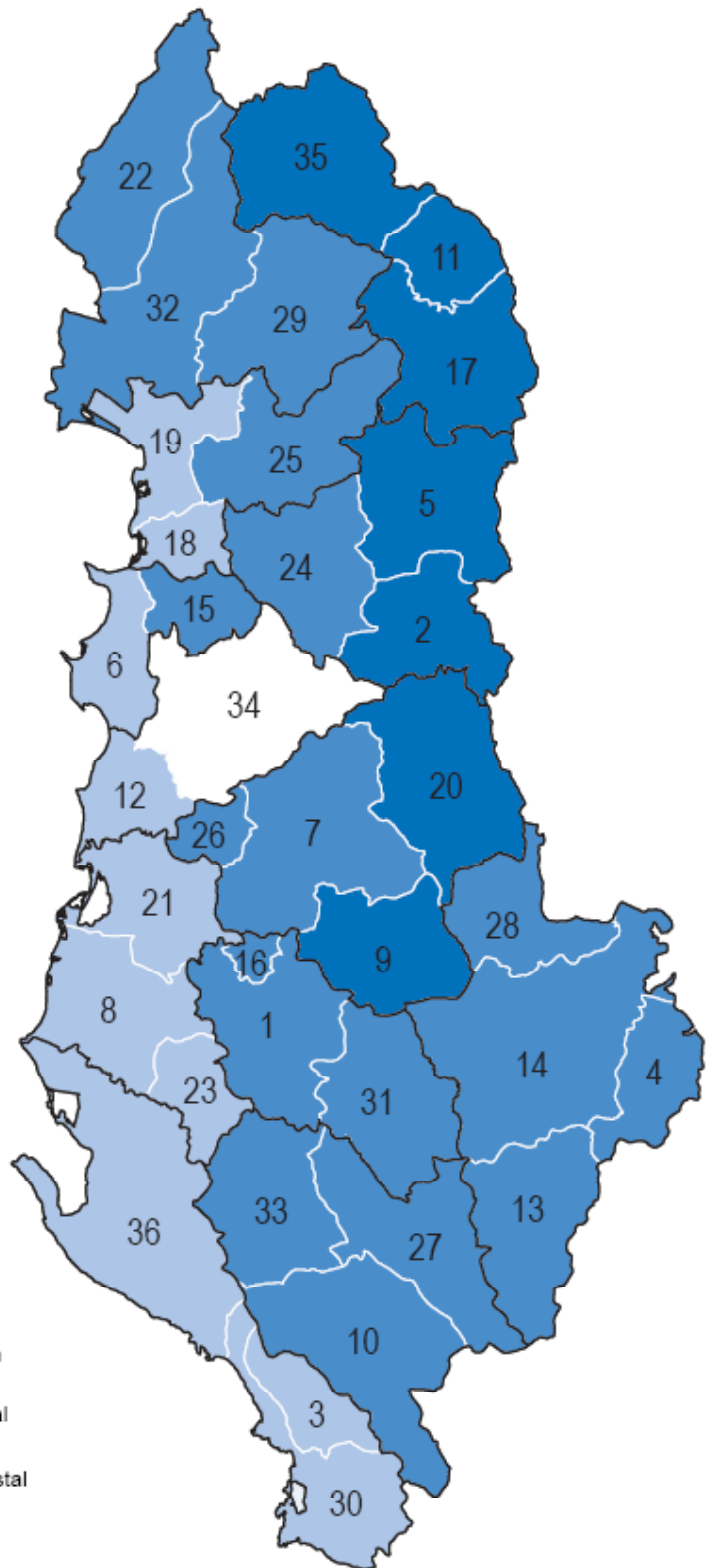
0.854 - Tirana

- 1 Berati
- 2 Bulqiza
- 3 Delvina
- 4 Devolli
- 5 Dibra
- 6 Durrësi
- 7 Elbasani
- 8 Fieri
- 9 Gramshi
- 10 Gjirokastra
- 11 Hasi
- 12 Kavaja
- 13 Kolonja
- 14 Korça
- 15 Kruja
- 16 Kuçova
- 17 Kukësi
- 18 Kurbini
- 19 Lezha
- 20 Librazhdi
- 21 Lushnja
- 22 Malesi e Madhe
- 23 Mallakastra
- 24 Mati
- 25 Mirdita
- 26 Peqini
- 27 Permeti
- 28 Pogradeci
- 29 Puka
- 30 Saranda
- 31 Skrapari
- 32 Shkodra
- 33 Tepelena
- 34 Tirana
- 35 Tropoja
- 36 Vlora

TZHNJ sipas zonave / by zones

0.816 - Shqipëria / Albania

-  0.785 - Zona Malore / Mountain
-  0.807 - Zona Qendrore / Central
-  0.815 - Zona Bregdetare / Coastal
-  0.848 - Tirana

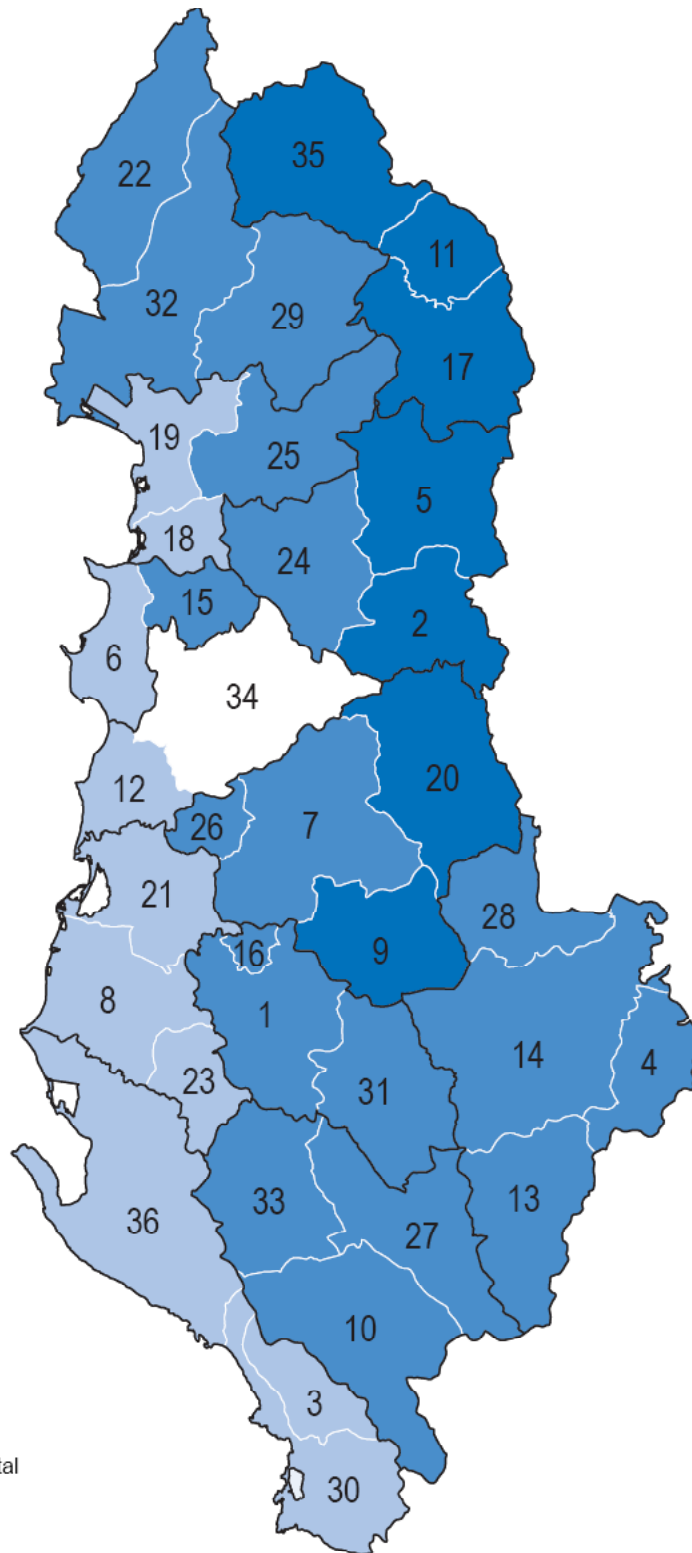


- 1 Berati
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- 6 Durrësi
- 7 Elbasani
- 8 Fieri
- 9 Gramshi
- 10 Gjirokastra
- 11 Hasi
- 12 Kavaja
- 13 Kolonja
- 14 Korça
- 15 Kruja
- 16 Kuçova
- 17 Kukësi
- 18 Kurbini
- 19 Lezha
- 20 Librazhdi
- 21 Lushnja
- 22 Malesi e Madhe
- 23 Mallakastra
- 24 Mati
- 25 Mirdita
- 26 Peqini
- 27 Permeti
- 28 Pogradeci
- 29 Puka
- 30 Saranda
- 31 Skrapari
- 32 Shkodra
- 33 Tepelena
- 34 Tirana
- 35 Tropoja
- 36 Vlora

HPI - 1 / TVNJ

9.38 - Shqipëria / Albania

- 10.7 - Zona Malore / Mountain
- 11.1 - Zona Qendrore / Central
- 10.5 - Zona Bregdetare / Coastal
- 4.5 - Tirana

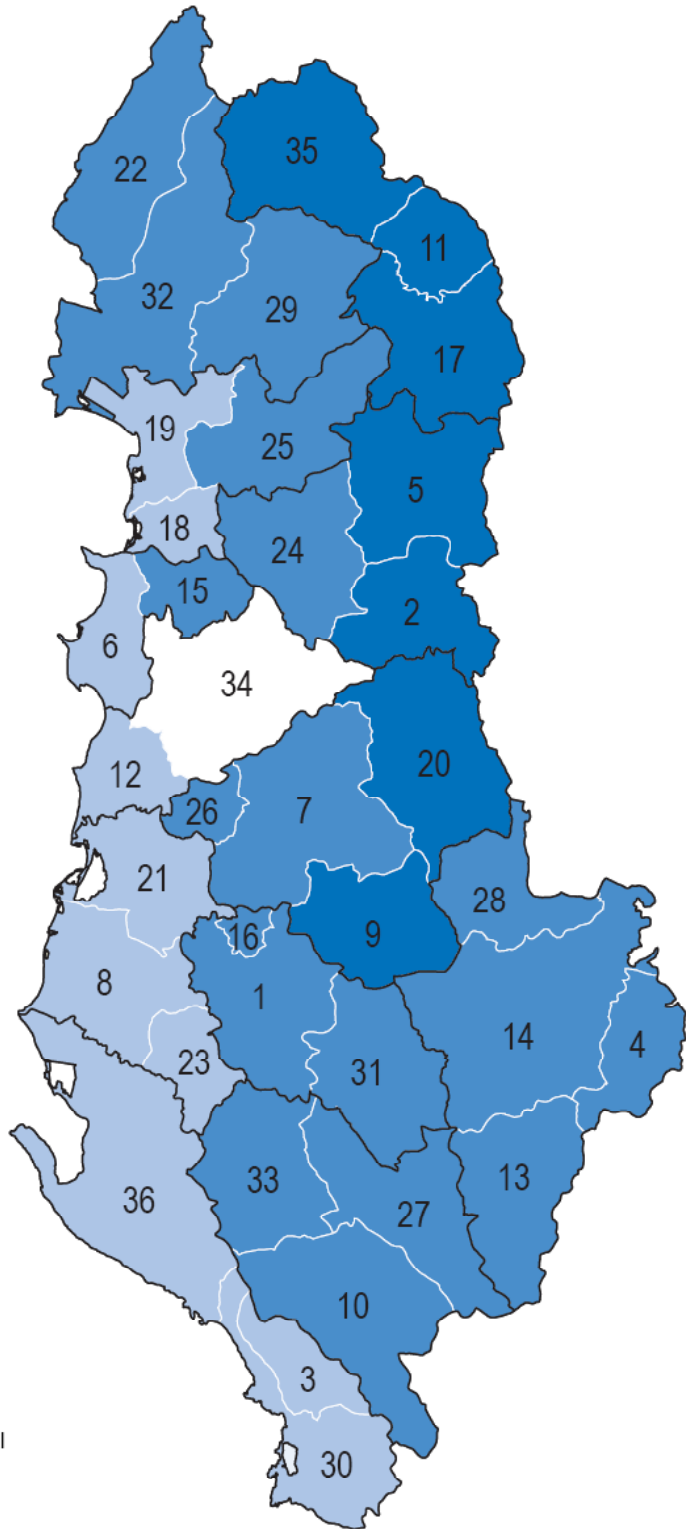


- 1 Berati
- 2 Bulqiza
- 3 Delvina
- 4 Devolli
- 5 Dibra
- 6 Durrësi
- 7 Elbasani
- 8 Fieri
- 9 Gramshi
- 10 Gjirokastra
- 11 Has
- 12 Kavaja
- 13 Kolonja
- 14 Korça
- 15 Kruja
- 16 Kuçova
- 17 Kukësi
- 18 Kurbini
- 19 Lezha
- 20 Librazhdi
- 21 Lushnja
- 22 Malesi e Madhe
- 23 Mallakastra
- 24 Mati
- 25 Mirdita
- 26 Peqini
- 27 Permeti
- 28 Pogradeci
- 29 Puka
- 30 Saranda
- 31 Skrapari
- 32 Shkodra
- 33 Tepelena
- 34 Tirana
- 35 Tropoja
- 36 Vlora

HPI - 2 / TVNJ - 2

8.6 - Shqipëria / Albania

-  17.1 - Zona Malore / Mountain
-  7.7 - Zona Qendrore / Central
-  8.9 - Zona Bregdetare / Coastal
-  6.5 - Tirana



ANNEX 2: Bibliography

Note: numerous documents were consulted to support development of NHDR, many of them internal working documents of the government of Albania, of UNDP and other UN agencies, of development partners and other parties, including independent think tanks and NGOs. The following is a list of the main documents consulted.

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