

CONCLUSIONS

9TH EU-ALBANIA PUBLIC ADMINISTRATION REFORM (PAR) SPECIAL GROUP

Albania will submit a follow-up report on the progress in the implementation of the PAR Special Group conclusions four months prior to the next PAR Special Group meeting in 2021.

1. Strategic Framework of Public Administration Reform and Decentralisation

The parties agreed that Albanian authorities will undertake measures as follows:

- 1.1 **Albanian authorities need to complete the adoption of the necessary legislation on a new methodology¹** on monitoring and reporting based on the Integrated Planning Systems Information System (IPSIS) standards. Until next PAR SG, implement the unified methodology by enabling IPSIS modules to be rolled out for monitoring reports for public administration reform, public finance management and other good governance strategies.
- 1.2 **Improve the impact of PAR Strategy** and related action plan across ministries, by focusing on reaching results. If targets are not reached, monitoring reports should include an analysis of underlying reasons to inform decision makers on possible changes in activities. By the next PAR SG, Albanian authorities will report the number of public institutions that apply the new standards foreseen in the monitoring module of the IPSIS system, by focusing on reaching results and reporting risks of non-implementation.
- 1.3 **Improve the political and technical level steering on public administration reform** by ensuring regular meetings and discussions through the existing coordination mechanism on PAR (IPMG on good governance). The European Commission recommends to increase the administrative capacities of the concerned general secretariat and secretariats of the thematic working groups, and to strengthen the legislative basis to better tackle reform delays by improving coordination of implementation of reforms and providing instructions to line ministries.
- 1.4 **Monitor the action plan on decentralisation.** The Ministry of Interior will produce an annual monitoring report by Q3 2021 in close cooperation with the Ministry of Finance and Economy (law on local finance) and the Department of Public Administration (civil service reform at the local level).
- 1.5 Further **strengthen the Consultative Council**, by developing the necessary regulations by the end of June 2021 and provide the tools for an improved coordination and consultation on all legislation and policy affecting the local government level.

¹ Such methodology should guide institutions to report on (1) the attainment of the strategic objectives with a better reporting on achieved results and impact of policy measures, (2) reflection on how good governance strategies costs are aligned with the annual and medium-term budget expenditure ceiling by reflecting on implementation of budget execution guidelines, (4) reflecting the donor contribution to the implementation of activities, (5) reflecting the challenges on reaching targets sustainably and other related risks.

2. Public Finance Management

The parties agreed that Albanian authorities will undertake measures as follows:

- 2.1 Fill all **remaining vacancies**, especially in key functions within the Ministry of Finance and Economy, in order to facilitate smooth **implementation of the public finance management reform**. The Department of Public Administration together with the Ministry of Finance and Economy will provide the recruitment and restructuring plan for 2020 and 2021 by Q3 2021, and an update of progress in filling vacancies at the next PAR Special Group meeting.
- 2.2 Strengthen efforts in **preventing occurrence of new arrears** for the central and local level. Ministry of Finance and Economy will produce arrears reports directly from the treasury system, allowing analysis of in- and outflows, and publish them in a timely manner. Albanian authorities will include additional 15 budget institutions in the Albanian Government Financial Information System by Q3 2021 and report on the follow-up of recommendations identified in the PIFC annual reports and internal audit reports to address underlying reasons for the creation of arrears.
- 2.3 **Improve the reliability and credibility of central public financial policy planning** by integrating the announced 10-year recovery plan, post-earthquake and COVID-19 measures, the new draft National Strategy Development and Integration post-2020 in the preparation of the MTBP 2022-2024 across all line ministries.
- 2.4 Streamline the decision- making and management **processes for public investments**. The appraisal process of public investments needs to improve by strengthening the gatekeeper and monitoring functions in the Ministry of Finance and Economy, and by using Albanian Financial Management Information System and better defined public investment functions in all budget institutions.
- 2.5 **Issue a final draft medium-term revenue strategy (MTRS)** and conduct a public consultation on the draft MTRS by Q3 2021 with a clear vision on how to increase revenue on the basis of the revised economic outlook and necessary expenditures for economic recovery. In particular, Albania commits to regularly assess tax expenditures, i.e. costs of tax exemptions and compliance gaps.
- 2.6 Adopt the secondary legislation on the **law on local finances** by October 2021. The Ministry of Economy and Finance will closely monitor the application of the law on local finances in order to assess the adequacy of resources allocated compared with the level of services municipalities need to deliver. Albanian authorities will ensure transparency and inclusiveness in funds allocation from the Regional Development Fund to address the most urgent and important local needs.

3. Policy Coordination and Development

The parties agreed that Albanian authorities will undertake measures as follows:

- 3.1 Integrate the new **methodological framework on monitoring** through the modules and standards of IPSIS. At the next PAR SG, Albanian authorities will report on the number of sectoral strategies planned and monitored by using the IPSIS system protocols and standards.
- 3.2 Will adopt the underpinning regulatory and legislation as a matter of priority, in order to ensure a credible **integrated policy planning and management system**. As

intermediate steps, Albanian authorities will finalise the legal gap analysis on integrated planning system and prepare a roadmap for preparing and consolidating the draft law by the end of Q3 2021. A draft of the legal package and the related roadmap for its implementation will be submitted to EU Commission service for consultation prior to its adoption, not later than by the end of 2021.

- 3.3 **Improve administrative capacities on integrated planning, budgeting and monitoring of policies**, in particular for data validation, interpretation and analysis **to make IPSIS and AFMIS functional** and to improve their linkages. Albanian authorities agreed to strengthen gradually data quality and management in line ministries and the Office of the Prime Minister and to move from paper-based to system-based data management in line with the National Systemic Data Plan 2027.
- 3.4 The Office of the Prime Minister will finalise the **internal rulebook on the roles and responsibilities** of its different departments by Q1 2021 in order to improve the centre of government planning process and have a more effective quality control function in relation to line ministries.
- 3.5 Strengthen the **Strategic Planning Committee** in order to play a greater role at critical junctures in the centre of government, as the main decision-making body for evidenced-based policy trade-offs and approving new policy priorities under budgetary constraint. This role should be strengthened also through the legal framework on integrated planning system by Q3 2021.
- 3.6 Produce and publish a monitoring report on the government **annual legislative plan** for 2020, also indicating what is foreseen to be included in the NPEI, by the end of June 2021. This, in addition to improvements of the IPSIS functionality, is expected to enhance the alignment of the two plans.
- 3.7 Adopt the methodological guidance and user manual on **public consultation** by Q1 2021, and develop a work plan with concrete actions for line ministries to improve the public consultation process.
- 3.8 Step up efforts to ensure **evidence based policy-making**. To this effect, the Office of the Prime Minister will fill all open vacancies for an even stronger quality control function, including the issuing of formal opinions regarding fulfilment of minimum standards, by Q2 2021. Line ministries will report at the next PAR SG on their efforts to improve administrative capacities – including on costing – and the use of regulatory and policy impact assessments early in legislative planning process.

4. Civil service reform and human resource management

The Parties agreed that Albanian authorities will undertake measures as follows:

- 4.1 Opening competitions for **senior managers** to external candidates should remain exceptional, as envisaged by the Law on Civil Servants. The parties agreed to formalise the Top Management Corps programme at Albanian School of Public Administration and initiate the national level competition envisaged in the Law on Civil Servants for creating the pool for potential senior managers (article 28) by the Q3 of 2021. Regular data will be provided on the number of competitions for senior managers open to external candidates, as well as on the number of successful candidates from outside the civil service. The Parties agreed on the importance of

implementing the provisions of the Law on Civil Servants on training programmes for senior managers.

- 4.2 The **young graduates' scheme** needs to be implemented in accordance with the imperatives of transparency and fair access to civil service, without creating a parallel system of recruitments into the civil service. Regular data will be provided on the number of recruited young graduates as well as on their situation at the end of the temporary contracts (i.e. if they were selected for a permanent post in the civil service). The observance of the 1/3 limit for entry-level positions will have to be maintained and will be closely monitored.
- 4.3 **Harmonisation of job descriptions** for the line ministries will be finalised until May 2021 whereas for the Office of the Prime Minister within Q3 2021 and where necessary the legislation amended. When possible, the Albanian authorities will reduce further individual competitions, while improving the implementation of 'pooled' recruitment for entry level positions as required by the Law on Civil Servants.
- 4.4 Potential impact of the restructuring of subordinated institutions on the **scope of the civil service** needs to be carefully considered in order to avoid excessive fragmentation. The practice moving civil servants out of the scope of Law on Civil Servants will need to be done in line with institutional development plans. The Parties also agreed that the legal framework regulating staff removed from the scope of the Law on Civil Servants needs to respond to specific needs in terms of recruitment, professional development, end of contracts and not be arbitrarily applied.
- 4.5 Continue reducing the number of **unlawful dismissals** (in 2019: 48.57% of court decisions in favour of civil servants for unlawful dismissals out of total number of appeals) in civil service and **the backlog of unenforced decisions on unlawfully dismissed** civil servants until the next PAR Special Group. The parties agreed to undertake steps in reducing those while reporting regularly to the European Commission on the number of unlawful dismissal and launch the dedicated module for court decisions` budget impact in the integrated platform *administrata.al*.
- 4.6 Finalise the Joint Instruction between DoPA and MoFE "*On the Form, Elements and Completion of Payroll for General Governance Units*" within Q1 2021 and prepare within April 2021 a working plan on the enrolment of 15 new institutions monthly, to carry out the payroll automation process.
- 4.7 Undertake all necessary measures to **implement the Law on Civil Servant at the local level** by addressing recommendations of the Commissioner for Oversight of Civil Service reports, ensuring higher transparency in monitoring human resource management data at local level, and where necessary amend the related legislation to better enforce the merit principle. The Ministry of Interior together with the CoCS and the Department of Public Administration will closely collaborate in this process in order to ensure a better implementation of the law at the municipal level.
- 4.8 Provide adequate staff and budget resources for the **Commissioner for Oversight of Civil Service** in order to improve its oversight role for the implementation of the Law on Civil Servants at the local level, fulfil better verification of unlawful dismissals across public administration, and have a greater oversight role in forthcoming parliamentary elections (through monitoring groups).
- 4.9 Adopt the **salary policy** by the end of 2021, conduct and share with the European Commission the budgetary impact assessment and the salary policy legal instrument

in order to consult it with SIGMA. Additionally, the Department of Public Administration will provide the European Commission with an action plan and time line for this policy by February 2021.

5. Accountability and service delivery

The Parties agreed that Albanian authorities will undertake measures as follows:

- 5.1 A better definition of **administrative accountability** lines, is necessary, particularly in clarifying supervisory functions **between line ministries and subordinated agencies**, as well as a better definition on the typology of the different kind of subordinated bodies. To this effect, DoPA might consider to launch key legislative amendments of the Law 90/2012 on better definition on the functions of sub-ordinated bodies and better clarification of supervisory functions between line ministries and subordinated agencies in October 2021. The draft amendments will be consulted with the EU Commission services prior to adoption.
- 5.2 The ongoing **restructuring process** on sub-ordinated agencies needs clearer steering, clear data and a more evidenced-based approach. DoPA will launch a monitoring mechanism on implementation of the Law 90/2012 starting in October 2021, and evaluate the current model on organisation and functions of line ministries to identify key problems and priorities for further cycles of reform on the organisation and functioning of PAR.
- 5.3 Strengthening **managerial accountability**, as a principle of public internal financial control, for which the parties agreed that the Department of Public Administration in collaboration with Ministry of Finance and Economy will prepare a methodology for the delegation of responsibilities as first step.
- 5.4 Improving implementation of the Law on **Right to Information** across all public institutions and particularly so at the local level. Particularly, Albanian authorities should expedite the adoption of the legal amendments on the law no.119/2014 'On the right to information', by ensuring that liability for non-response to information requests would be borne by responsible person in charge rather than public information coordinators within Q3 2021 and adopt the new transparency programme by the end of the year while ensuring its entry into force across line ministries within the second quarter of 2021.
- 5.5 Effective implementation of the **Code of Administrative Procedures (CAP)** requires the Albanian authorities to report on concrete measures that have been undertaken in improving the oversight function of the implementation of the CAP in line ministries as well the administrative capacity building in line ministries to use the CAP, while ensuring sectoral harmonisation of the legislation with CAP.