Mid-term plan of priority actions

As mentioned in Chapter 1, this year the matrices of mid-term priority actions were developed in line with the medium-term budgeting process. This was decided in order to address a criticism made by various stakeholders, not least in the Joint Staff Assessment of last year’s Progress Report, that it is often not clear what the cost of priority policies is and whether they fit into the MTBP. According to the instructions issued by the Ministry of Finance, the preparation of the medium-term budget relies on the contribution of line ministries in 2 steps:

**Programme Policy Review** Ministries describe policy goals and objectives for each programme.

**Programme Expenditure and Investment Planning** Ministries identify target output levels for each of their programmes and allocate sufficient resources from their medium-term budget preparation ceiling to each programme for the delivery of those target outputs. Resource allocations include allocations for public investment.

Only 5 ministries have worked through these procedures this year: Education, Health, Labour and Social Affairs, Agriculture and Food, and Territorial Adjustment and Tourism. In addition, the Ministry of Transport and Telecommunications submitted a review of one of its programmes. Their Programme Policy Review matrices are presented below. A Programme Policy Review is not intended to be a full and comprehensive review of the sort that is required for an update of the NSSED. However, line ministries need to demonstrate that they have:

* identified and described each of their expenditure programmes;
* reviewed the policies relating to each expenditure programme to ensure that a programme policy statement can be written (or revised);
* reviewed the policies so that they are consistent with and reflect wider national policies (NSSED, European integration, NATO accession); and
* identified the status of each of their policy statements (for example, whether any particular policy statement has implicit or explicit Council of Ministers approval)

The NSSED Department took part in the process through the MTBP Secretariat and reviews of the line ministry inputs for consistency with the national strategy.

Of the remaining ministries, the 8 ministries with the largest shares in the budget were asked to prepare a sector expenditure strategy, a less comprehensive procedure to encourage a strategic approach to the planning of public expenditure. The sector strategies identify concisely target outputs, beneficiaries, the current situation, plans for reform and the budget implications for each programme to consolidate the link between budgets and policies. Of these ministries, the following submitted a sector expenditure strategy: Defence, Finance, Industry and Energy, and Local Government and Decentralisation. The NSSED Department was directly involved in assisting the Budget Department in the development of these strategies. The following ministries did not submit a strategy: Culture, Youth and Sport, Environment, Justice, and Public Order.

It must be stressed that the matrices do not yet indicate whether the proposed activities will receive budget funding, as the medium-term budget programme process had not yet been completed at the time of writing. However, their inclusion in the Progress Report is considered essential in showing the links between the NSSED and MTBP processes. This is a first small but significant step for the NSSED Department to assume an increasing role in the formulation of strategies at the sector level. In the context of the Integrated Planning System, the NSSED Department will assume increasing responsibilities over the coordination of sector and crosscutting strategies. The prioritisation process will need to be ever more strategic in linking long-term goals with medium-term policies that are embedded in medium-term budgeting.

* 1. Ministry of Defence

Programme 1: Planning, management, and administration

Policy objective: Further improve working conditions and standards in the Ministry of Defence and General Headquarters of Armed Forces; realise military contributions for country integration in Euro-Atlantic structures.

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Consolidate working conditions and ensure contemporary functioning of Ministry of Defence | Provision of equipment and other necessary facilities is in process. | To cover personnel payment, buy equipment and provide necessary expenditures for Ministry of Defence and General Headquarters. | (Lek 1,300 million), Planned expenditures for this activity mainly consist of: staff payments, part of operational expenditure for the functioning of the ministry, investment in equipment, expenditures for full functioning and consolidation of computers network etc. |
| Activity 2: International collaboration and integration activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Accomplish military obligation in the framework of integration process. | There are obligations that come from National Plan of Action for Accession; planning and review process, Partnership for Peace activities, objectives of Partnership, membership into international military organisations, bilateral military collaboration etc. | Increase participation into military partnership and integration activities; expenditure for the accomplishment of Partnership’s objectives, obligations coming from National Plan of Action for Accession; planning and review process etc. | (Lek 875 million) The planned expenditures cover all international activities undertaken by Armed Forces, such as military cooperation activities, Partnership objectives etc. |

Programme 2: Guarantee security

Policy objective: Ensure normal activity and improve the Armed Forces operations; develop defence reform based on laws and plans approved by Parliament and government policies and programmes; improve and ensure the necessary non-military supporting capacities of Armed Forces in order to increase the operational capacities and interaction with NATO’s structures; international military contribution of Albania

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| To improve and consolidate living, working and exercising conditions of Armed Forces; personnel motivation through treatment of issues such as housing, feeding etc and increase the number of military personnel. | In process: Partly reorganise Armed Forces structures, improve personnel treatment, increase number of professional military personnel and provide with budget resources, improve food treatment, intensify exercise, close activities of some structures, maintain and administer facilities | Maintain existing personnel, develop military preparations and exercises of Armed Forces; develop and improve legal framework to support defence reform; motivate personnel through housing, feeding etc, close and move different units of Armed Forces, reduce and change personnel structure; increase number of professional personnel in Armed Forces etc | (Lek 21,500 million) Considerable part of the expenditures are made of personnel payments, where effects of increased number of professional personnel and their payments have been planned; remaining part of expenditures is assigned for everyday activity of the structures of main Commands and autonomous structures of General Staff. |
| Activity 2: Reorganisation of Armed Forces | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Consolidate the Armed Forces’ reorganisation until 2006 and start the modernisation process from 2006 onwards. The purposes of defence reform under this objective are: (1) Re-configure officer personnel structure through implementation of law on career and military ranks; increase number of professional soldiers by 500 persons per year; increase number of non-commissioned officers by 10% per year; reduce number of active soldiers by 15-20% until the end of 2007; (2) Operational development of main active structures of Armed Forces, such as Rapid Reaction Brigade, Commando Regiment, Helicopter Regiment, Pioneer Brigade, Civil Defence Base, Battalion of Military Police, Electronic Intelligence Centre, Coastguard etc. | In process: Rapid Reaction Brigade’ consolidation, improvement and increase of operational capacities of Commando Regiment, reorganisation and establishment of Helicopter Regiment, improvement of operational capacities of Coastguard, Pioneer Brigade, Civil Defence Base, Military Police etc. | In process: development, improvement, reduction and innovation of personnel structure in Armed Forces, engagement into exercises of different nature, gathering and processing of excessive ammunitions and military equipment etc | (Lek 6,120 million) The expenditure have been mainly planned for: movements during the process of closure of some units, reorganisation process, operational needs of restructured units such as Rapid Reaction Brigade, Helicopter Regiment etc and gathering and processing of excessive materials. |
| Activity 3: Infrastructure Development | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Develop the necessary Infrastructure according to the new organisational structure and the strategic plan of Armed Forces. | Reconstruction and construction are under process. The target is to maintain and modernize the necessary effective infrastructure of Armed Forces as well as to destroy and to process the infrastructure, logistical material and excessive ammunition. | Under process: development and improvement of infrastructure through construction and reconstruction of priority active structures of Armed Forces, expropriation for military needs etc. | (5 Billion lek) Infrastructure expenditures, which are under process even this year, have been planned for renovation of priority active structures’ objects such as: Rapid Reaction Brigade (Zall Her Project), National Exercise Centre, garrison’s objects in Rrapi i Treshit in Tirana, Helicopter Regiment mainly in Rinas), Commando Regiment, etc |
| Activity 4: Modernisation of Armed Forces | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Modernisation of the command-guide-communication system and Naval Space Surveillance System as well as enhancement of other supporting and logistical capacities of Armed Forces. | Actually the process of development of Command-Guide-Communication System is under process and it is forecasting to continue for a long period. The establishment of Naval Space Surveillance System has just begun and it is anticipated to finish by 2008. The use of this system will be doubled civilian-military. | The purchase of some communication equipment has begun since 2002; the preliminary work for establishment of Naval Space Surveillance System, and programmes for purchasing some military technical equipment are under process. | (7,412 billion lek) Establishment of C4I system, of air space, naval space and land space surveillance system are the only programmes of modernisation process, part of them will continue during 2006-08. Planned expenditures in this activity are mainly will cover these systems and military technical expenditures for Naval Forces and/or Armed Forces. The completion of Naval Space Surveillance System during 2005-08. |
| Activity 5: Military missions and contribution abroad | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| To realize and accomplish the country international military commitment and obligations of international military mission. | Participation with mission and/or limited military troops in Bosnia, Afghanistan, Iraq, Georgia, Romania, etc. Actually during 2005, 50 individuals have increased the participation. | Further commitments in different operations outside the country. | (1.5 billion lek) These expenditures have been planned for maintaining the military contingents that serve abroad, like in Iraq, Afghanistan, Bosnia, Romania, Georgia; etc. |

Programme 3: Education

Policy objective: Consolidation and modernisation of routine administrative and functional activity of military education and exercise’s system

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| To ensure and improve living, working and teaching conditions, and good functioning of military and exercises schools. | In Process: Improvement of staff working, teaching and exercising conditions, through fulfilment of needs and by providing facilities and area for schools and exercises. | Staff maintenance, concrete plans and programmes for normal activities as well as development and consolidation of military schools, especially the Military University and National Centre of Exercise. | (Lek 1,450 million) These expenditures are planned to maintain the staff and ensure the functioning of the education and exercise system of Armed Forces. |
| Activity 2: Modernisation of Military Education and Exercise’ System | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Re-organisation of military schools and consolidation of Military University, National Centre of Exercises | In process: re-organise and consolidate military schools, complete and consolidate the Military University and National Exercises Centre. Investments in infrastructure and necessary elementary equipment were carried out in 2004 and further investment is under way in 2005. | In process: Legal framework to develop and improve military education system; preparation of expropriation practices for building the National Exercises Centre | (Lek 900 million) Completion of reconstructing of National Exercises Centre, Military University, other areas of Doctrine and Exercises Command, equipment and useful support for expropriation payments etc. |

Programme 4: Health

Policy objective: Provide basic and specialized medical support for Armed Forces

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Provide and improve the medical support of first and second level in Armed Forces. | Armed Forces have limited capacities for medical support within staff and their troops which is needed in both routine and special operational activities | Maintenance of medical personnel, realisation and expansion of disease preventive measures; normal and specific vaccination; medical treatment of staff. | (Lek 1,050 million) Staff payments and insurance of Armed Forces medical support of first and second level |
| Activity 2: Reorganisation and modernisation of Military Hospital | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Reorganisation and modernisation of Military Hospital | Full reconstruction of Military Hospital, improvement of infrastructure; hospital equipment is under way. | Reconstruct hospital area; planning the needs for purchasing special and common equipment. | (Lek 300 million) Renovation of infrastructure and special and common equipment of Military Hospital. |

Programme 5: Sport and culture

Policy objective: Provide the necessary cultural support for Armed Forces; improve staff management

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Improve capacities and skills of cultural support. | Improvement of working conditions, full functioning and consolidation of Cultural Centre of Armed Forces are in process. | Staff maintenance, Cultural Centre needs to be furnished with special and common equipment; finalise reconstruction. | (Lek 145 million) National Centre of Armed Forces staff payments, administration, reconstructing, and renovation of special and common equipments |
| Activity 2: Reorganisation of the Armed Forces | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Fulfilment of Personnel Obligations | Decrease and change the personnel of Armed Forces. | Payment of released soldiers. | (Lek 664 million) Released military staff payments (temporary payment for 2 years) in Tirana garrison, placed in National Centre of Armed Forces. |

Programme 6: Technical-scientific support

Policy objective: Provide technical-scientific support for Armed Forces

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| Activity 1: Normal administrative-operational activities | | | |
| Output Targets | Current Situation | Programme Reform Actions | Budget Management Implications |
| Improve capacities and necessary technical-scientific skills at Institute of Military Studies and Projections; and Institute of Military Geography | Improvement of working conditions and technical capacities are under process. | In process: Staff maintenance, reconstruction finalisation in 2006, special equipment mainly for Institute of Military Geography | (Lek 284 million) Staff payment in two military institutes, administration, reconstructing, equipment |