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 Territorial Adjustment and Tourism

Programme 1: Planning, management and administration

|  |  |  |  |
| --- | --- | --- | --- |
| Policy description | Policy goals | Policy objectives | Policy standards |
| Improve working conditions, increase management efficiency, institutional development, and functional review.Develop sector strategies and policies, identify and monitor programmes. Compile and implement laws according to EU instructions. | Improve management efficiency for Ministry staff and other levels. Complete legal framework for licensing and all other sectors. | Years 1-3(1) Technical assistance and training is provided for the Ministry staff. Set up computer network for all directories of the Ministry. (2) Prepare and improve staff in order to be able to apply market economy policies. (3) Involve all staff in compilation and implementation of sector policies. |  |

Programme 2: Urban infrastructure

Programme 3: Water and sanitation

|  |  |  |  |
| --- | --- | --- | --- |
| Policy description | Policy goals | Policy objectives | Policy standards |
| Finance and improve of water-supply and sanitation systems. Develop water infrastructure through determination of priorities in improving living conditions. Use 2 main policies: decentralisation of service (shifting the weight to local governments) and private sector participation (creating facilities and attractive conditions). | Stabilise and improve water supply and sanitation offering access to a stable and secure service for the entire population aiming to achieve European standards in both urban and rural areas. | Year 1Complete the transfer of state-owned water supply and sanitation enterprises to local government units. Increase the basic service indicators (safe and inspected water, connection to sanitation system) by 2-5%.Year 2Change the central government role from service provider to facilitator and regulator. Improve basic service, monitoring, and technical-economic indicators by 3-5%.Year 3Improve basic service and technical-economical indicators by 5-10% through improved management and higher tariffs. |  |

Programme 4: Housing and urban planning

|  |  |  |  |
| --- | --- | --- | --- |
| Policy description | Policy goals | Policy objectives | Policy standards |
| Increase housing access for the poor and vulnerable with social housing programmes.Improve conditions of houses privatised in 1993 and assure their continuing maintenance and stability.  | Increase local government capacity in housing programme administration.Maintain co-owned houses. Assure implementation of civil code for co-owned houses. Create co-owners assembly. | Year 1Lek 722 million: training (52m), loan interest support pilot project (50m – principal paid from municipality), conditional budget for municipalities (620m)Year 2Lek 865 million: loan interest support pilot project (50m), conditional budget for municipalities (815m) |  |

Programme 5: Tourism

|  |  |  |  |
| --- | --- | --- | --- |
| Policy description | Policy goals | Policy objectives | Policy standards |
| Recognition of Albania as a tourist destination in the Mediterranean as well as a competitive position in the international tourism market. | To generate employment in the future, to accelerate social and economic and social development, to create a good image in the international tourism market, to increase government income from border entry tax, to develop stable and environment-friendly tourism. | Year 1Implement strategy stages and projects (such as hotels structure development, sun and beach products) to offer regional development and accommodation of modern standard. Create increasingly positive image and sustain long-term development.Year 2Effectively organise public and private sector cooperation in tourism. Attract private investment in facilities development and services. Improve tourist products quality. Expand and diversify products.Year 3Efficiently implement selected pilot projects for development of areas specified in strategy. Train tourism sector workers. Increase participation in international promotion activities and encourage international tourism. | Increase number of foreign tourists to 300,000. Increase number of beds in hotels: Adriatic Sea 3000, Ionian Sea 1200, mountain area 100, lake area 1000 beds. Functioning of tourist promotion organisation. Improvement of professional teaching level for tourism schools, creation of supervising and management staff capable for tourism activities. Promotion of diversified tourism segments. |

Programme 6: Public services