



KEY “BUDGET SUPPORT” FEATURES AND ITS IMPLEMENTATION IN ALBANIA

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Abstract

The paper investigates and analyzes whether ‘budget support’ is an effective way to achieve sound sector development reforms, poverty reduction and economic growth. It is based on the OECD /DAC (2006) main definition which describes and explains budget support as a method of financing a partner country’s budget through a transfer of resources from an external financing sourcing to the partner government’s national treasury. From 2014, Albania has been benefiting from different sector budget support instruments financed by the EU financial assistance – Instrument for Pre-Accession (IPA). It has been covering different fields such as the public administration reform, public financial management, education, employment and social policies. In considering this financial instrument, the paper includes both primary and secondary data and analyzes also the strategic documents and main reports of different international institutions. In this framework, the paper settles that the intervention of EU is relying on general and specific conditions for disbursement. As its main conclusion, the paper identifies the current EU budget support features in Albania, and provides recommendations for increasing country’s capacity to benefit. There is a need to set and validate an evidence based and long-term correlation between direct budget support mechanism and overall beneficiary sectors reforms.

Keywords: Budget support, Foreign Finance, Instrument of Pre-Accession (IPA), OECD, European Commission (EC)



INTRODUCTION

Providing aid to developing countries in the form of budget support (BS) has become more and more prominent since the start of this century¹. Both donors and partner countries felt that this aid modality would enhance the effectiveness and efficiency of development cooperation and would contribute to more sustainable development. The increased use of this (new) aid modality sparked off a debate about how to best make use of its potential effectiveness and efficiency. In 2006, the OECD/DAC has defined budget support as follows: “*budget support is a method of financing a partner country’s budget through a transfer of resources from an external financing agency to the partner government’s national treasury. The funds thus transferred are managed in accordance with the recipient’s budgetary procedures*”². Budget support is subject to specific disbursement conditions, as defined in the financing agreements. The provision of BS is accompanied by a policy dialogue focused on the main policy and reform issues of the partner government, and sometimes also by capacity development assistance. Determination and assessment of disbursement conditions are part of the policy dialogue.

Since the beginning of 2009, the European Commission has been looking for solutions and other mechanisms to financial assistance, and one solution was the sectoral approach, which has been very popular in EU development policies in recent decades³. Under this new regulation, the main initial phase for the budget support is the national sectorial strategies of the candidate or potential candidate countries. Based on these national strategies, and in cooperation with partner countries, are established the *Country Strategy Papers (CSPs)*, which highlight the key areas where improvements are needed to prepare the country for membership. These documents serve to set the targets of assistance, the approach to meet them as well as the tools and indicators to measure the progress of these achievements. While it is assumed that CSPs should not change over the years (only if the *Acquis* itself changes); annual programming (as was the case with IPA) has been replaced⁴ and is in continual development. as much as possible over the years.

Budget support is also one of the most widely used instruments by aid agencies and OECD administrations, with the EU playing a key role. During 2003-2009, the European Commission spent € 13 billion, representing 25 percent of its total budget support commitments.

¹ Browne, Stephen. (1997). *The Rise and Fall of Development Aid*. The United Nations University. Working Papers No.143. Retrieved March 12, 2020, from <https://www.wider.unu.edu/sites/default/files/WP143.pdf>

² OECD, 2006.

³ Koeth, Wolfgang. (2014). *The New Instrument for Pre-Accession Assistance (IPA II): Less Accession, More Assistance?* European Institute of Public Administration. Working Paper 2014/W/01

⁴ Wolff, Sarah. (2015). *EU budget support as a transnational policy instrument: Above and beyond the state?* *Journal of Public Administration*, Vol. 93, Nr. 4, p.923.

In 2014, the European Commission provided budget support to more than 83 countries. Among the special countries, the role of the Netherlands and Great Britain as pioneer countries in this regard was mentioned. Since 2004, the World Bank has used it under the slogan Development Policy Lending or Poverty Reduction Support Loans in the poorest countries. African Development Bank provides budget support to countries such as Ivory Coast, Madagascar, Guinea and Nigeria⁵. It should be noted that the European Commission, although it has published many documents and guidelines on 'budget support', has not set some specific targets for the use of budget support either nationally or globally⁶. But, nevertheless, EC has emphasized that budget support should be used in a way that is consistent with the principles of development effectiveness and when the right conditions exist. More generally, mixing between different aid modalities should be established as part of the portfolio approach, which includes a range of funding modalities in response to each country-specific and agreed-upon reform development objectives⁷. Thus, in the context of enlargement policies and in the perspective of future EU integration, budget support has been used to implement the Copenhagen criteria in the candidate and potential candidate countries, together by strengthening dialogue with civil society, expanding the economy of market and support the *acquis* alignment. In order to meet these objectives, the Commission provides three forms of budget support:

- Sustainable Development Objectives contracts - which is done to support national policies and strategies towards these strategies;
- Sectorial Reform Performance Contracts - which are done to support civil service improvement reforms, and:
- State Building Contracts - in Weak Countries and in Transition.

All three of these forms of budget support are subject to the following selection criteria: 1) national / sectorial reforms and policies (public policies); 2) sustainable macroeconomic framework; 3) public financial management; and 4) transparency and budget control⁸. The Instrument for Pre-Accession (IPA), as the EU's financial support for countries seeking membership or potential candidate countries, and with its aims for partner countries to implement the necessary required reforms in order to be aligned with EU values. In general

⁵ Wolff, Sarah. (2015). EU budget support as a transnational policy instrument: Above and beyond the state? *Journal of Public Administration*, Vol. 93, Nr. 4, p.923

⁶ European Commission. (2017). Budget Support Guidelines. Tools and Methods Series. Guidelines No.7 p.19

⁷ European Commission. (2017). Budget Support Guidelines. Tools and Methods Series. Guidelines No.7 p.19

⁸ European Commission. (2017). Budget Support Guidelines. Tools and Methods Series. Guidelines No.7 p.19

terms, engaging with EU cohesion policies and assisting with its pre-accession has made the previous simple Southeast European policies more complex.⁹

Since 2007, Albania, first as a potential candidate country for EU membership and then as Candidate Country, has been able to use EU financial pre-accession instruments for implementing political, economic, social and institutional reforms within the framework of the EU Integration Process. In recent years a lot of effort has been invested in the creation of a national institutional structure able to efficiently co-ordinate reforms supported through EU funded projects. Albania has benefited for the period 2007-2013 resources of total 591 million EUR, or 85 million EUR on average per year from the IPA pre-accession fund - about 0.1% of its national GDP¹⁰. The experience in previous EU enlargements shows that many accessing countries, especially during the early post-accession years, have faced difficulties in absorbing EU funds from the EU budget. The major problems in using allocated EU funds have been lack of a coherent long-term strategy of national development at government level, lack of resources to co-finance projects, inefficient or in some cases absent horizontal and vertical coordination among ministries and different levels of governance in countries, and limited capacities in project/program planning and implementation. Along with systemic shortages, a lack of skilled human resources specifically engaged in management of EU funds in national, regional and local administrations has also been a problem. To improve the situation, in 2014 the Government of Albania and European Union Delegation agreed to start implementing budget support mechanism for the EU financial assistance on key sectors such as Public Financial Management, Employment and Skills, and Public Administration Reform. The work started also on other priority sectors in which Budget support will be implemented such as Transport, Water and Sanitation, Justice Reform. In view of such developments, this article aims at identifying what is this mechanism about and the reasons why have been introduced along of so-called classical methods of allocation of EU Assistance, and provide valuable recommendations for increasing its effectiveness in the overall country absorptive capacity.

CONSIDERATION ON THE FEATURES AND EXPECTED BENEFITS OF “BUDGET SUPPORT”

Although budgets are an important instrument for economic governance, drafting and managing the public budget is above all a political process¹¹. Historically, budgets have played an

⁹ Bache, I., Andreou, G., Atanasova, G., & Tomsic, D. (2011). Europeanization and multi-level governance in south-east Europe: the domestic impact of EU cohesion policy and pre-accession aid. *Journal of European Public Policy*, 18(1), 122–141. p.136.

¹⁰ Official webpage of the Albanian Ministry of Finance and Economy.

¹¹ Laffan, Bridgid. (1997). *The finances of the European Union*. London: Macmillan Press LTD. p. 16.

important role in the development of the modern state and in the expansion of the public sphere. Major battles between parliaments and executives over 'pursuit of power' include conflicts over control over the acquisition and distribution of public money¹². In developing countries, budget support is an important instrument, enabling these countries to achieve their economic development objectives in some sectors that they could not finance without the help of financial assistance. Meanwhile, budget support also helps donors by enabling them to channel large amounts of development assistance to partner countries and impose their development agenda. In the late 1990s, budget support was introduced as a 'new' policy instrument that would implement the poverty agenda and work towards eradicating the poverty target. This policy marked a new beginning in the tradition of donors imposing agendas and previous structural funding instruments that were deemed ineffective. All enlargement countries, except Albania and Serbia, use different modalities of support, and especially grants. This is due to the fact that some countries do not meet the qualification criteria and consider this approach as a challenge for their administrations, which need well-prepared implementation capacities¹³. By analyzing the projects implemented under the IPA I & IPA II instrument, in the case of Albania, the first sectors that have been part of the budget support are public administration and public finances. In order to implement budget support contracts, the beneficiary country needs a prepared public administration and good public finance management¹⁴.

Budget Support may be provided either as General Budget Support (GBS) or as Sector Budget Support (SBS). GBS is meant to support the implementation of a national development strategy. In that case, the policy dialogue, disbursement conditions and capacity development assistance are focused on the overall policy objectives and budget priorities of the partner country. SBS is meant to support the implementation of a sector development programme and the policy dialogue, disbursement conditions and capacity development assistance are thus focused on sector specific policy issues and budget allocation priorities. The flow-of-funds effects stem from the BS funds which are additional to domestic funds for financing the national budget and which are managed by the public finance management (PFM) system. The BS funds allow the Government either to increase the level of public spending or to reduce the level of borrowing or to increase government's savings. When BS funds are disbursed early in the fiscal year, they may also reduce the costs of financing the annual budget by reducing the need for within-year borrowing to meet cash flow requirements. The additional funds may also have

¹² Laffan, Brigid. (1997). *The finances of the European Union*. London: Macmillan Press LTD. p. 16.

¹³ Wolff, Sarah. (2015). EU budget support as a transnational policy instrument: above and beyond the state? *Journal of Public Administration*, Vol. 93, No. 4, p.922.

¹⁴ EU Policy Hub. (2017). MBËSHTETJA BUXHETORE: NJË MJET PËR TË ZBATUAR ASISTENCËN FINANCIARE TË BASHKIMIT EVROPIAN. HUB MONITOR ISSUE BRIEF 21 | Mars | 2017 p.4

macroeconomic effects, in particular on economic growth (additional demand for domestically produced goods and services) and on interest and exchange rates (a reduction of government borrowing may help to control the interest and inflation rates). BS increases also the availability of foreign exchange and the demand for local currency, which may contribute to an appreciation of the exchange rate. This may have negative effects on the export and import substitution sectors, while import dependent sectors and the consumers will benefit. Another (hypothesized) flow of funds effect concerns the increase of the volume of aid funds managed by the PFM system of the country. It is often argued that by channeling more aid funds through the PFM system, the system becomes stronger because of (i) the larger amounts managed and (ii) the external monitoring of the quality of the PFM (often in the context of a PFM strengthening programme). Policy and institutional effects on the other hand, are the effects on policies and institutional processes which may result directly or indirectly from one or more BS inputs, including (i) the policy dialogue between the partner country government and the external development partners, (ii) the disbursement conditions and (iii) the capacity-building activities which may have been provided. Examples of policy and institutional effects include: improved macroeconomic and sector policy management; stronger PFM systems, including improved procurement processes and increased accountability; improved policies and budget formulation and implementation at the level of the line ministries; stronger links between policy priorities and budget allocation; improved management and supervisory systems and capacity at ministerial levels; strengthened monitoring and evaluation systems (including statistical systems); stronger role of Parliament and civil society organizations in monitoring budget formulation and implementation, and; strengthened supervisory role of the Ministry of Finance and the National Audit Office. There are various levels of how to consider the Budget support intervention and benefits:

Level one: the budget support inputs - Budget support consists of a package of inputs usually provided by a number of jointly operating donors. Main inputs would typically include:

- a transfer of funds to the Consolidated Fund of the National Treasury of the partner country, disbursed on the basis of previously agreed disbursement conditions;
- a policy dialogue as regards major policy and reform issues and performance indicators, focused on either the formulation and implementation of a national development strategy (in case of GBS) or on a sector development programme (in case of SBS);
- provision of capacity building support, including technical assistance (TA) aimed at strengthening the capacity of the partner government in areas related to the objectives of

the BS programme. Support for the implementation of a Public Finance Management Reform Programme is often an important component of these capacity building activities.

Level two: the direct outputs of budget support - Level 2 deals with the direct outputs of the budget support programme(s), in particular as regards improvements in the relationship between external assistance and the government budget and national policy processes. It should be noted that there are distinguishes of direct outputs and induced outputs (indirect effects of BS which are also influenced by many other factors. It is expected that budget support will produce the following direct outputs:

- Increased size and share of external funding made available through the government budget;
- Increased size and share of the government budget available for discretionary spending;
- Increased predictability of the disbursements of external funds;
- Improved policy dialogues and more effective (disbursement) conditions through better coordination, more consistency with the government priorities and stronger incentives for effective implementation of government strategies;
- better coordinated technical assistance and capacity building support provided in the context of the budget support programme(s), which are more consistent with government priorities and more conducive to the effective implementation of government strategies;
- a better coordinated and harmonised total package of external aid provided to the partner country, which is also more aligned with the government's policies and implementation systems;
- reduction of transaction cost of providing and receiving aid at the level of both the partner government and the donors. The column of level two in figure 1 refers also to various effects of government outputs (2b) and effects of other external assistance programmes (2c).

Level three: the induced outputs Induced outputs are outputs which are not directly produced by the BS inputs and the direct outputs, but require another actor (in this case the government) to produce them. The induced BS outputs are therefore not the result of budget support alone, but rather the result of a variety of government actions which may be influenced by budget support but also by other factors, including the outputs of other external assistance programmes and/or other external factors.

Expected key induced BS outputs are:

- improved macroeconomic and budget management (including revenue and expenditure policies, inflation and debt management, monetary and foreign exchange policies, trade policies, etc.);
- increased quantity and quality of goods and services provided by the public sector;
- strengthened PFM and procurement systems (including improved fiscal discipline, transparency and oversight, and enhanced allocative and operational efficiency including closer links between policies and budget allocations;
- improved public policy formulation and execution processes;
- strengthened public sector institutions;
- enhanced allocative efficiency of public expenditure, including closer links between policies and budget allocations;
- strengthened links between the government and oversight bodies in terms of policy formulation and approval, financial and non-financial accountability and budget scrutiny;
- other improvements in governance issues (e.g. improved relations between central and local governments)

Level four: the outcomes - This deals with the expected outcomes at the level of the beneficiaries (the population and economic actors) as targeted by the government and supported by BS programmes. These outcomes are the result of the entire set of policies, strategies and spending actions of the government (in most cases supported by BS programmes as shown in Level 3), of the reactions/responses of the relevant stakeholders to changes in public policy making and resource allocation decisions, and of the influence of other external factors. These outcomes are thus only partly influenced by the BS provided. The causal relationship between the provided budget support and the outcomes will therefore be (strongly) diluted with other influencing factors. In the medium term, the following outcomes are expected: increased use of goods and services provided by the public sector in the areas targeted by the government policies and activities supported by BS programmes, and enhanced positive outcomes thanks to increased quality and quantity of public goods; - a positive response from economic actors in terms of increased business confidence and growth of private sector investment and production; improved competitiveness of the economy; improved confidence of the population in the performance of the government, particularly as regards governance, PFM and service delivery.

Level five: the impact - Impact may be expected to materialize in the long term, provided the expected outcomes are produced and key assumptions as regards external factors and growth and development processes materialize. The changes taking place at this level are the combined effects of processes of economic growth, policies and actions of the government influenced by the budget support programme(s), underlying processes of change and trends in the domestic economy and society at large, external factors, etc. The desired/envisaged final impact – to which BS is supposed to contribute – encompasses: - enhanced sustainable and inclusive economic growth; reduced income poverty and non-income poverty; empowerment and social inclusion of poor people and disadvantaged groups (including women).

When BS funds are not immediately used for increased spending in the year of disbursement but for increasing savings or less borrowing, the flow of funds effects in that particular year will be limited to less debt and interest charges and possibly less inflation. There may well be other impact areas to consider, depending on the specific partnership framework and the related priorities established by the partner government and the main development partners, such as improvements in democracy, human rights, and environmental protection.

EU FUNDS ABSORPTION CAPACITIES OF ALBANIA DURING THE IMPLEMENTATION OF IPA I & IPA II

In 2007 the EU introduced a new financial instrument for the pre-accession process for the period 2007-2013. During this budgetary period pre-accession funding is channeled through a single, unified instrument, the Instrument for Pre-accession Assistance (IPA), designed to deliver focused support to both candidate and potential candidate countries. According to the IPA programming 2007-2013 the allocation for the Republic of Albania was around 591 billion EUR. As a potential candidate country the Republic of Albania benefited from IPA components I and II. Only with the new IPA 2014-2020 framework Regulation, IPA components III, IV and V were available to all EU candidate countries which had to establish a certified Decentralized Management System (DMS) for EU funds.¹⁵ After some decades of implementing EU funds, the following remarks can be drawn:

¹⁵ IPA consists of 5 components: IPA I - Institution Building and Transition Assistance: involves institution building measures and associated investment, as well as transition and stabilisation measures still necessary in the Western Balkans. It is delivered through annual national and multi-beneficiary programmes; IPA II - Cross-Border Cooperation: supports cross-border cooperation at borders between candidate/potential candidate countries and between them and EU countries. It may also fund participation of beneficiary countries in Structural Funds' trans-national co-operation programmes and Sea Basins programmes under the ENPI as appropriate; IPA III - Regional Development: finances investments and related technical assistance in the areas of transport, environment and regional competitiveness; IPA IV - Human Resources Development: is designed to strengthen human capital and help combat exclusion similar to the ESF in Member States; IPA V - Rural Development [referred to as

Firstly, overall absorption capacities have been low, and still are. According to the Prime Minister's Office / DDPFFA¹⁶ the disbursement level in 2014 account for 47% of committed fund from all donors. In the same year, the disbursement for EU/IPA 2007-2012 funded projects is at the level of 45%. This is identified at key sectors/ministries such as Transport, Water and Sewerage, Justice and Home Affairs.

Secondly, timely planning of future assistance is essential to address key areas. Past experience with delays in implementation of CARDS and IPA has shown the need to ensure that projects do not become obsolete because of late implementation. Furthermore, project preparation is a complex process which requires significant time and human resources, especially in case of large infrastructure projects. Investment projects require the complex expertise by all involved stakeholders. Experience has also proven that the adequate preparation of a project is of the outmost importance for the later stages. The risk of delays or failures in implementation is higher in inadequately prepared projects. The lessons learned showed that there is a need to enhance the capacity of all relevant stakeholders in project preparation and implementation.¹⁷

Thirdly, the government and all ministries individually provided not sufficient level of support to all DM stakeholders and showed a poor understanding of the crucial role that they play in the successful management of EU funds in Albania. This situation constantly jeopardizes efficient use of EU funds in Albania and slowed down the efficient establishment of DM structures. There was an issue related to the recruitment of adequate personnel for efficient functioning of DM structure. This problem is related to current civil service salary scales that are low for the type of high quality staff urgently required for adequate functioning of DM institutions. Moreover, current restrictions on the employment of civil servants due to Albanian government obligations in the framework of an IMF financial arrangement could have been a serious obstacle to progress towards meeting the set deadline for DM accreditation. As matter of fact, this is partly addressed only lately (2017), with the revision of salary policies for Ministry of Finance structures, including the DM structures.

IPA II started to be implemented during 2014 and the novelty of this instrument was its strategic focus, targeting reforms in the predefined sectors. Financial support during IPA II could be provided through: (i) grants; (ii) procurement contracts for services, supplies and works; (iii) contributions to trust funds; (iv) financial instruments such as debts, guarantees,

IPARD]: serves to emulate post-accession Rural Development programmes by financing rural development-type measures, similar in nature to these programmes, though smaller in scale.

¹⁶ Prime Minister's Office / DDPFFA, External Assistance Progress Report 2013-2014, Tirana, 2014

¹⁷ Neritan Totozani, Challenges Of The Indirect Management Of EU Funds In Albania, European Scientific Journal, March 2016

investments or participations, risk-sharing instruments; and (v) general or sectorial budget support¹⁸. Article 21 sets out the principles for implementing budget support for IPA II Beneficiary. According to point 1 of this article, 'the Commission may decide to provide budget support to the IPA Beneficiary. Such support is implemented through direct management. Additional support may be provided in addition to budget support in the framework of direct management, indirect management with IPA II Beneficiary, or indirect management with various entities from IPA II Beneficiary, as appropriate. A condition for the disbursement of budget support is the achievement of satisfactory progress in meeting the objectives agreed with the IPA II Beneficiary and set out in the Financing Agreement. Detailed provisions on eligibility criteria for a stable macroeconomic framework, sound public financial management, transparency and budget oversight, national / sectorial policies and reforms, as well as risk assessment and preparation, implementation and follow-up of financial support are set out in the documents. Relevant guidelines prepared by the Commission for the implementation of IPA II through budget support¹⁹.

The form applied in Albania in the framework of Budget Support is through Sectorial Reform Contracts. Until the signing of the contract, it goes through a negotiation process between the European Delegation and the institutions that has / have, in the competence, the sector whose objectives, products, targets and indicators are measured. This planning should be referenced in existing strategic documents in order to ensure the sustainability of planning. The contract defines all the modalities and criteria for obtaining the budget support or technical assistance included. Budget support is used according to the financial management systems of the beneficiary countries which also have the responsibility of managing these funds. It is the responsibility of the European Commission to ensure that the conditions set are met and that resources are transferred to the state treasury in accordance with the agreement. Monitoring the progress of objectives and results is also in the focus not only of the beneficiary institutions but also of the European Commission based on agreed indicators and targets. Defining realistic indicators and setting up institutional monitoring systems are key to the success of budget support programs²⁰.

¹⁸ EU HUB policy. (2017). Budget Support: A tool to implement the European Union financial assistance. Hub Monitor. 21 March 2017. Marrë nga adresa e internetit: https://www.academia.edu/31957690/Budget_support_A_tool_to_implement_the_European_Union_financial_assistance

¹⁹ Framework Agreement between EU and Albania for the implementation of IPA II, Article 21.

²⁰ EU Policy Hub. (2019). MBËSHTETJA BUXHETORE DHE MEKANIZMI I QASJES SEKTORIALE NË SHQIPËRI: MËSIMETË NXJERA. HUB MONITOR ISSUE BRIEF 30 | Maj | 2019.

CONCLUSIONS & RECOMMENDATIONS

The success of external fund management depends exclusively on the capacities of the candidate countries to take the opportunities that the EU funds provide. Budget support is one of those, in which is expected to increase effectiveness of Public Financial Management. Moreover it is expected that Budget support reduce transactional costs due to implementation of EU funds within the same Albanian budget mechanism and organization. Expected benefits for Albania in adopting the budget support mechanism in key reform sectors can be summarized as following:

- Provide increased ownership of budgets and policy process, improved policy dialogue and greater donor harmonization, all of which are key factors for improvements in service delivery and development outcomes.
- Increased ownership and empowerment. A switch to budget support increases the proportion of external funds that are subject to the national budget process. This should ensure that aid is more aligned with national goals, strategies and systems, thereby: Budget support contributes to the implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. Budget support has contributed to increasing partner countries' control over aid funds. Budget support operations have also supported the development of shared frameworks, tools for policy dialogue and shared results monitoring systems. Such benefits are, however, subject to agreement on objectives, harmonization of donors and to alignment with partner country priorities in the implementation of budget support operations.
- Increasing public financial resources and strengthening budget management also increased discretionary expenditure and allocative efficiency in national budgets.

Given the current experience in Albania and lessons learned from other countries, we can draw some recommendations:

- More ownership is needed by national authorities so that they are fully committed to the objectives and undertake the necessary reforms and actions for quality programming and implementation of all pre-accession funds as well as other funds after accession;
- Strengthening local control of the planning process, as there is less risk that local priorities are undermined by excessive influence of donors in identifying and choosing projects;
- Avoiding the potential distortions created by "project implementation units", which often take the best local staff (paying them higher salaries) and establish parallel systems,

thus undermining national systems and causing resentment among the remaining civil servants;

- Allowing flexibility in the use of aid, so that governments have more room for manoeuvre in implementing policy reforms and can fund both capital and recurrent expenditure.

This study is relevant also for other disciplines and research fields, not only for the European integration of Albania, but for also for all Western Balkans countries. It also serves as an evaluation for the implementation of the EU financial assistance and future EU enlargement processes. EU instrument for pre-accession (IPA) has been implemented for more than one decade (IPA I & IPA II) and IPA III is on the way to be implemented in the next years. Yet there is a delay in the monitoring and appraisal of these important instruments for the economic development of the Western Balkans countries. Further studies shall be based not only in their local assessment, but also in the strengthening of regional cooperation and development.

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