



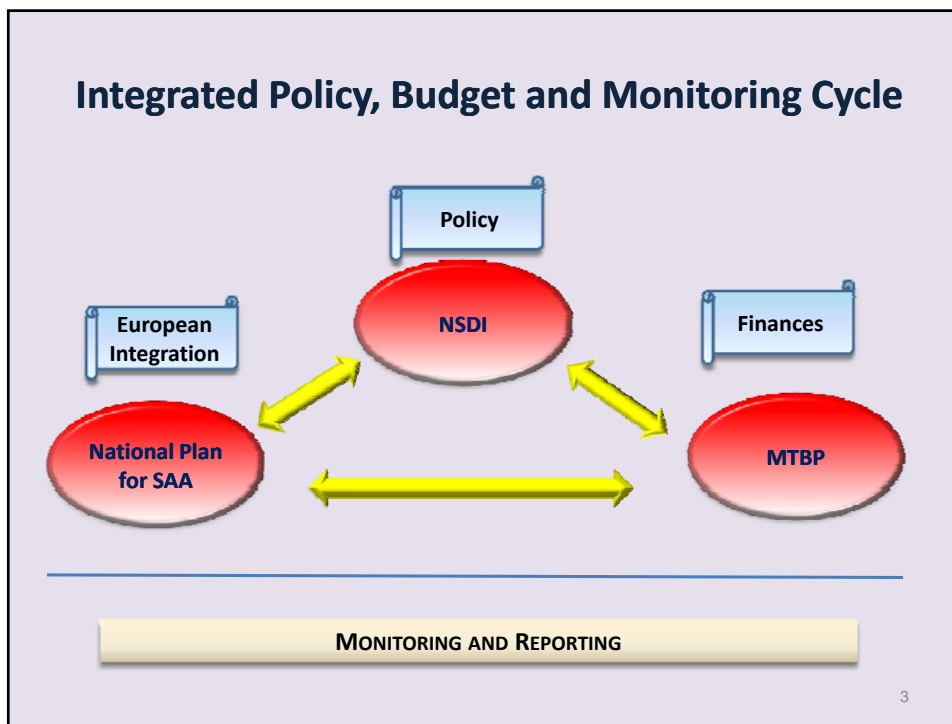
REPUBLIC OF ALBANIA
Council of Ministers
Department of Strategy and Donor Coordination

Workshop on Sector Approaches
in Context of the EU integration
Sarajevo 22-24 March 2010

Governance of the Sector Approaches and
coordination mechanisms towards SWAPs

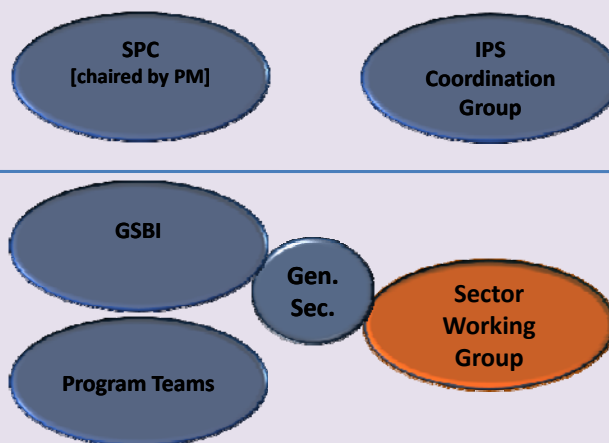
A favorable environment for effective policy coordination and SWAPs

- An Integrated Planning System (OPS) Architecture (IPS) in place;
- Improved Monitoring and Reporting
- Policy Framework: NSDI/Sector and crosscutting Strategies in place
- Financial Management and Medium Term Budget Planning (MTBP) advanced
- Formalized donor coordination
- Donor Coordination improved at the sector level – SWGs



- ✓ **Completion of the strategic framework**
(12 sectoral and 14 crosscutting strategies adopted by GoA, all overarched under the NSDI 2007-2013)
 - ✓ **NSDI Monitoring**
2009 NSDI Progress Report in preparation
 - ✓ **Ministry Integrated Plans (MIP) 2010**
Highlighting the key Medium-Term Budget Programme (MTBP) commitments, EU integration commitments, public investment and external assistance
 - ✓ **Establishment of a comprehensive monitoring system for sector Strategies.** *First piloted in 2009 for social inclusion and social protection strategies*
- 4

Accountability structures at central and sector level – *enhanced sector level accountability*



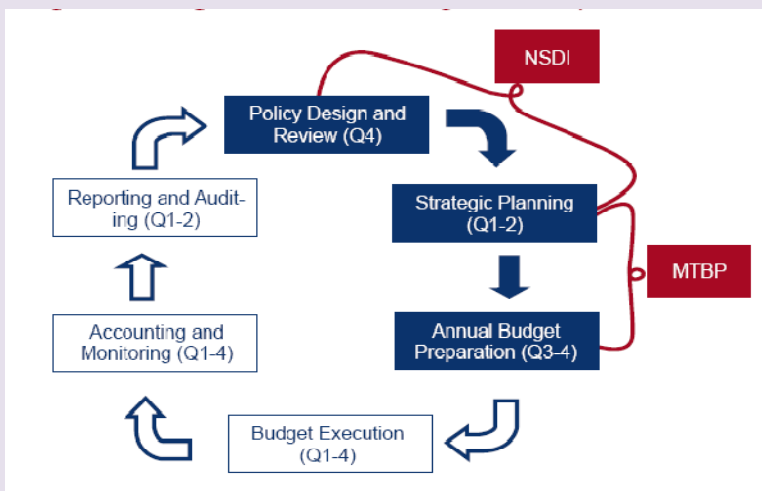
5

Medium Term Budget Program (MTBP)

- Core element of the Integrated Planning System (IPS)
- Led by Ministry of Finance
- Requires ministries to develop a three-year plan within a specified expenditure ceiling to achieve programme policy objectives as intermediate steps to achievement of NSDI, sector and crosscutting strategies goals.
- Ensures an explicit linkage between budget allocations and programme policy objectives, reaching greater predictability and effectiveness in resource allocations.

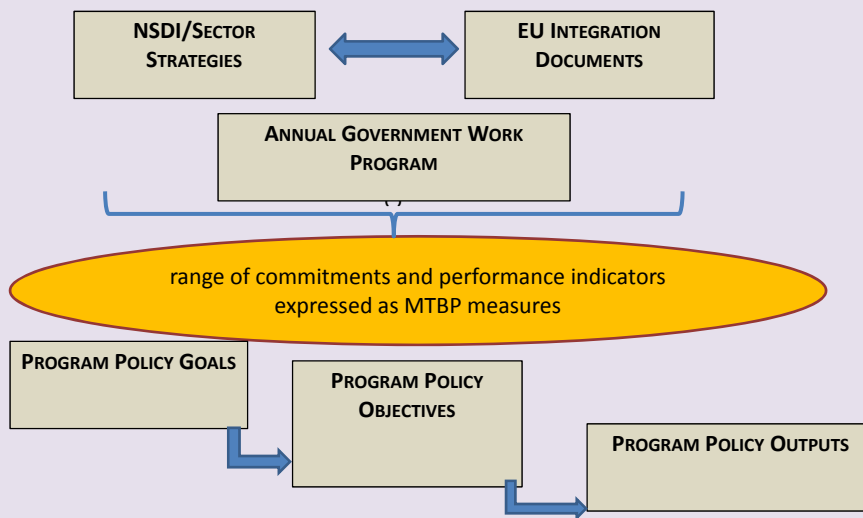
6

The linkage between the NSDI and the MTBP

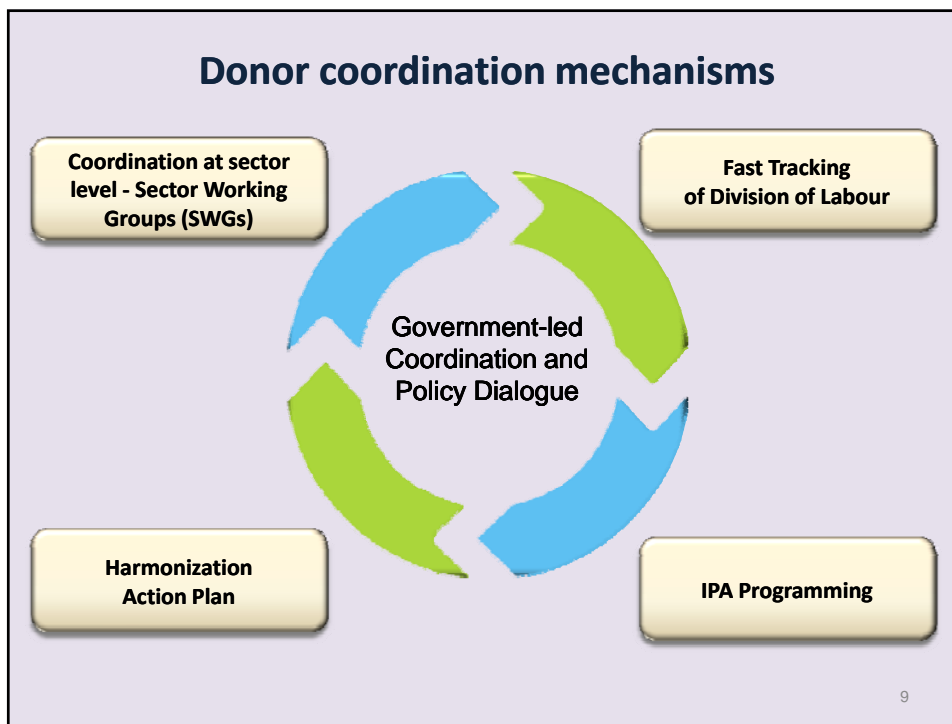


7

Reflecting Monitoring Indicators in MTBP



8



Coordination at Sector Level remain the key short term challenge

Sector Working Groups (SWGs) as an efficient mechanism for aid coordination

- ☑ Active role in policy dialogue between GoA and Donors
- ☑ A flexible mechanism for developing sector approaches
- ☑ A mechanism for monitoring sector strategies, MTBP and external assistance
- ☑ A key tool for improving mutual accountability
- ☑ A consolidated forum for sharing knowledge and information on specific issues

10

Fast Tracking of Division of Labour (FTI DoL)

Division of labour –
an underutilised
key to reduced
transaction costs?

- ☑ Intends full ownership of GoA – FTI DoL *process led by the government in dialogue with donors*
- ☑ Complements other existing Donor Coordination Mechanisms
- ☑ Roles and responsibilities – assigned; donor mapping – endorsed; Joint agreement – prepared
- ☑ Ultimate aim – achieve better development results through more effective aid

11

IPA Programming

IPA Components III
to V – adaption of
structures and
process of
accreditation

Challenges

- ▶ Building and improving capacities with respect to IPA 3&4 structures
- ▶ Coordination among government institutions, EC and bilateral donors for the technical assistance necessary to be provided
- ▶ Preparation of the Road Map, Strategic Coherence Framework and Operational Plans on IPA 3&4;
- ▶ Accreditation of IPA structures within 2011.

12

Toward Mutual Accountability: Harmonisation Action Plan (HAP)

Harmonisation
Action Plan – sets
out the practical
actions to deliver
real improvements in
aid effectiveness.

Objectives

- ▶ Improve the efficiency and effectiveness of aid management
- ▶ Supporting country ownership by using government systems
- ▶ Aligning donor support behind government policy priorities
- ▶ Adoption of common procedures and sharing of analytic and review findings

 13

**How does
The Harmonization Action Plan for Albania
help toward increasing the number of
SWAPs and PBA?**

14

Indicator 9: Use of common arrangements or procedures –
ODA provided in support of programme-based approaches

<u>Progress to date</u>	<u>Challenges ahead</u>
An existing PBA/SWAp in Albania within the education sector	Increased government leadership
Existence of an IPS Trust Fund which relies on existing government structures for implementation	Exploring other pilot sectors e.g. environment or health
The Millennium Challenge Albania Threshold Agreement, implemented by the US Government	Encourage donors to start using PBAs, SWAp or Budget Support
FTI of DoL process already started	Full implementation of FTI on DoL

15

Indicator 10: Encourage shared analysis

<u>Progress to date</u>	<u>Challenges ahead</u>
Total number of donor missions remains still very high	Increasing the number of SWAPs to reduce the total number of missions conducted
Number of joint missions remains still very low	Donors make use of the Division of Labour initiative to conduct joint missions in the country
Coordination of analytical work has evidenced some improvement	Increase joint analytical work

16

Challenges: Align National and Sector Strategy with MTBP

- ✿ Government leadership is crucial
- ✿ Existing IPS documents (sector strategy/EI documents/MTBP) to be used as source materials
- ✿ NSDI/ sector and crosscutting strategies to be translated into Operational Plans
- ✿ DSDC/MoF to assist with translation of strategy indicators into MTBP
- ✿ Sector Working Groups to advise on a set of performance indicators that will be used to assess progress on sector strategy

17

Challenges: Align National and Sector Strategy with MTBP

- ✿ The link between the various processes and guiding documents needs to be strengthened (NSDI, sector and crosscutting strategies, PPN, MIP, investment program and MTBP).
- ✿ Donors be guided on priority sectors - Prepare annual and mid-term lists of priority projects and programme or sector – wide programming.
- ✿ Introduction of policy instruments (e.g Impact Assessment) offer another major opportunity to communicate ongoing efforts to ensure successful implementation of strategies
- ✿ Establishment of the External Assistance Management Information System (EAMIS) and IPS Management Information System (IPSIS)

18

**Challenges:
Government-led donor coordination and policy
development**

- All development actors engage in dialogue – Inclusion of multilateral and bilateral donors, private sector, civil society
- Full implementation of Division of Labour (FTI DoL) and complementarity
- Improved allocation of resources within country and sectors
- Donors use the NSDI, sector and crosscutting strategies, the MTBP and EAOD as the main documents for guiding their assistance
- Strengthen the coordination of a number of processes which link the donors, the Line Ministries (LM), the Treasury.

19

**Example:
SWAP in Education
(The Education Excellence and Equity Program)**

20

Education SWAp - Preconditions

- ✓ Macro-economic framework / The **National Development Strategy for Integration for Albania**
- ✓ Education sector policy / **Albania Education Strategy 2005-2015**
- ✓ Sector medium-term budget plan / MTBP
- ✓ Satisfactory **fiduciary** management systems
- ✓ **Government-led** donor coordination and policy dialogue
- ✓ Performance **monitoring**
- ✓ Stakeholder **consultation**
- ✓ Institutional framework , management and implementation **capacity**

21

Education Excellence and Equity - Management

- ✓ **EEE-P Steering Committee** established as decision making body, with wide representation: MoF, MoI, CoM, headed by Education Minister
- ✓ MoES **Secretary General** is EEE-P general coordinator
- ✓ **No PIU**, all beneficiaries, including MoES, Municipalities, Educational Agencies, Public Universities implement the EEE-project
- ✓ **Semi Annual Review (SAR)** meetings are organized every Spring and Fall to ensure reform public consultation for planning and progress, as well and donors coordination

22

Education Excellence and Equity - Planning

- ✓ **Annual Reform Plan (ARP)** is aligned with the MTB and is negotiated every year
- ✓ Inputs to the ARP are prepared by line departments, implementing Agencies, Municipalities, or Public Universities
- ✓ The ARP and its Procurement Plan are approved by EEE-P Steering Committee and endorsed by Co-financers
- ✓ ARP is disclosed and consulted in the fall SAR meeting of previous year
- ✓ Yearly ARP progress reports are discussed every next year spring SAR meeting

23

Education Excellence and Equity - Implementation

- ✿ A **PHRD grant** implemented by MoES, helped preparation of the project and established an agenda of the reforms
- ✿ **Fiduciary capacity building plan** established before project started suggested
- ✿ **Country system used for FM and Procurement**, with some enhancements from WB guidelines
- ✿ Some **additional technical assistance** for coordination and fiduciary strengthening put in place, concretely
 - ▶ An adviser to the Sec. Gen for reform coordination –especially with partners
 - ▶ Project Financial specialist added in the budget department
 - ▶ A EEE-P Monitoring Evaluation Adviser to Sec. Gen added
- ✿ WB social and environmental **safeguards** guidelines adopted
- ✿ **Project Operational Manual (POM)** endorsed by all partners

24

Some reflections: **Positive aspects**

- Implementers' **ownership** including MoES and all other beneficiaries
- **Massive learning** from all beneficiaries' staff on planning, implementation, reporting, handling International and local TA, contract management etc
- Stronger implementation focus by implementers, as all contributors/financiers have **one agenda**

25

Some reflections: **lessons learned**

- This model may contribute into **slowing of project disbursements**
 - After 3 yrs of implementation, the EEE-P disbursement ratio is almost 40%
- This project depends on the capacity of staff, and therefore is vulnerable to the high **turnover** of public officials
- in addition to fiduciary assessments, a much more integrated assessment of **functional and administrative capacities** in beneficiary agencies are needed, where project implementation is to be mainstreamed

26

