

## COMMENTARY OF THE BUDGET 2023 FOR ALBANIA

### SUMMARY

- Gender Alliance for Development Centre (GADC) is an Albanian non-profit organization operating all over Albania. GADC is a voice for Albanian women and a force for change. Our organization works to empower women and to create an equal and just future for low-income girls and women to get out of poverty and exclusion all over Albania.
- Albania has transformed from one of the poorest countries in Europe to an upper-middle-income country. The country is implementing important reforms to revitalize growth and job creation, while advancing the European Union integration agenda.
- Despite the strong post-pandemic recovery, however, Albania has been impacted by global developments and is facing new challenges that threaten economic and poverty prospects in 2022.[1] The war in Ukraine sends shockwaves across the Western Balkans region, including rising energy and food prices, high inflation, and slowing trade and investment.[2]
- It is recommended by the World Bank experts[3] that with limited fiscal space, countries will need to carefully weigh the costs and benefits of new spending commitments in response to higher energy and food prices, prioritizing the most vulnerable households.
- We therefore welcomed the additional funding for health, social care and education, however reading the budget for citizens we remain deeply concerned that the budget is not clear enough to inform us about the vulnerable groups who are disproportionately impacted such as poor women, single mothers and disabled women and girls across Albania, who cannot afford a period of austerity.
- We are concerned that in the budget of 2023 are not taken appropriate measures for climate change. There is investment in infrastructure which are vital to promote a healthy economy. However, the budget does not have clearance on investment in social infrastructure such as health, education and care services. Social infrastructure should also be expanded in response to the climate crisis in order to move the economy to an environmentally sustainable one.
- We are concerned about the 47 programmes. The information is missing about these programmes and the budget assigned.
- Albania adopted a new and better-budgeted National Strategy for Gender Equality 2021-2030. However, this strategy has gaps in funding of important objectives. In the budget 2023 is not clear how the action plan of this strategy for 2023 will be funded. Especially is not informed how adequate state funding will be allocated to implement it at central and local level.
- Some of the budget measures for 2023 mention "based on the principles of gender equality". The mere inclusion of this phrase is not sufficient in relation to gender responsive budgeting commitment of Albania. This shows lack of gender disaggregated data and lack of actions with budget certainty and clarity. In addition, the lack of Key performance indicators does not make the strategy easily measurable and monitorable.
- Labour market developments in Albania should go hand in hand with increased gender equality, albeit current policies largely reflect gender-neutral approaches. Employment governance structures should continue their work maintaining a balance between process streamlining as per the reform process and achieving the performance targets for ALMPs and other policies.
- In the budget of 2023 remain unaddressed the recommendations from the EU progress report 2022[4]:
  - a. Albanian should implement the national strategy for gender equality, the law on gender equality and ensure gender mainstreaming and gender-responsive budgeting for sectoral strategies.
  - b. Efforts are needed to ensure that all national strategies implemented at central and local level are gender mainstreamed and apply gender-responsive budgeting.

[1] World Bank. *Albania Faces New Economic Challenges Despite Strong Post-Pandemic Recovery* (worldbank.org)

[2] Ibid.

[3] Sanja Madzarevic-Sujster, World Bank Senior Economist one of the authors of the report *Albania Faces New Economic Challenges Despite Strong Post-Pandemic Recovery*

[4] European Commission, 2022. *Albania Progress report*. Retrieved from <https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Albania%20Report%202022.pdf>

## Analysis of the State Budget for the year 2023

The State budget for the year 2023, is approved on November 24th, 2022, based on Law No. 84/2022 by the Assembly of the Republic of Albania. Every year a Budget for citizens is prepared by the Ministry of Finance and Economy.[5] According to the Budget for Citizens (BfC) during the year 2023 are planned 687.2 billion ALL (31.6% of the GDP) as expenditures against the total revenue foreseen to reach 631.711 billion ALL (or 29% of GDP). **In the budget 2023 about 9 % (or 61.8 billion ALL) of the general expenses will fund highly gender-sensitive policies.** This part of the budget aim to support girls and women from and to narrow the gender gaps in all areas of life so that no one is left behind.[6]**The gender responsive expenses for the year 2023, occupy about 3% of GDP from the 2.3% they occupied in 2013.**[7]

According to the Ministry of Finance and Economy, three will be the main directions of the State Budget for the year 2023:

- Strengthening social protection systems to protect the people in need.
- Guaranteeing uninterrupted supply of electricity and not changing the price of electricity.
- The continuation of investments in increasing the digital capacities of the economy and citizens.

In addition, MEF, claim that the draft budget of 2023 foresees a significant increase in expenses for coping with the effects of the crisis, about 50 billion ALL that will be allocated in the budget only for social support.

The budget of 2023 will address the needs of special groups as:

- 686 thousand pensioners
- 220 thousand family members and individuals in need,
- 100,000 low-income families, 5,600 unemployed women, with 3 or more children
- 37 thousand teachers, 20 thousand doctors and nurses, 1,200 firefighters
- 30 thousand farmers
- 1 thousand new families

The 2023 budget also has several economic and social policies:

- The fund for social protection (economic assistance and disability) increases by ALL 2.4 billion
- The salary fund increases by about ALL 8 billion
- The pension fund increases by ALL 12.4 billion
- The health insurance fund, which includes funds for polyclinics and hospitals, increases by ALL 1.7 billion.
- Social policies, about ALL 600 million special support for unemployed women with 3 or more children up to 18 years old,
- Sovereign guarantee, 1.5 billion lek support for young families buying a home for the first time
- Support for the energy sector with 12 billion ALL, as a shield for price increases.
- The 80 million euro grant that will be awarded by the EU will be used for support from price increases and the energy crisis
- Contingency, 3 billion ALL

Within the legal and policy framework of **Gender Responsive Budgeting (GRB)**, the funds are divided into **47 (forty-seven) budget programs** where issues related to gender equality in the fields of education, health, social protection, justice and public order will mainly be addressed. **Albania ranks first in the region in terms of financial support for gender responsive budgeting.** The GRB started in Albania as early as 2008, Albania introduced a new organic law that made program budgeting mandatory and added performance-based indicators in medium-term budget programs that focused on goals, objectives, and outputs. As a result, gender-responsive budgeting (GRB) started to be implemented into programmes in 2016. The involvement of civil society is essential, in educating and instructing ministries to include and disseminate gender-disaggregated data as part of the effort to advocate for gender equality.[8]

[5] The publication of this document was made possible with the support of the United Nations Organization for Gender Equality (UN Women) within the regional project "Transformative financing for gender equality towards a more transparent, inclusive and accountable governance in the Western Balkans", funded by the Government of Sweden - SIDA.

[6] The "Leave No One Behind" (LNB) Programme is a joint effort of four United Nations agencies in Albania - UNDP, UNICEF, UNFPA and UN Women - with UNDP in the lead. The LNB Programme is supported by the Swiss Government and implemented in close cooperation with the Ministry of Health and Social Protection (MHSP).

[7] Ministry of Finance and Economy. 2023. Budget for Citizens.

[8] World Bank, 2021. THINK EQUAL: How Gender Responsive Budgeting in Albania is Advancing Equality

## Main Budget sectors gender mainstreamed

### Education

Funds for the "Education Sector" in 2023 are expected to reach 69 billion ALL, or 3.2 % of the GDP.

The main policies for the development of education this year also aim to target:

- In the education sector, the pre-university system where the majority of employees are women, **salaries will increase by 7%.**
- Free textbooks will be provided to 280,000 students attend basic education from first grade to ninth grade, as well as providing financial scholarships or food/financial quota for 2800-3000 students with special needs.
- **Free textbooks will be given to girls who come from families in need and/or victims of trafficking.**
- Transportation service will be provided for 35,000 children and students (**47% of whom are girls**) who **live more than 2 km from school**, as well as for 12 thousand teachers who work over 5 km from their residences to the school where they work.
- **Professional education for women and girls** will be a priority for this ministry.
- The grant from the budget for Higher Education Institutions for the year 2023 will be 10.4 billion ALL. **Special attention will be devoted to the growth of the number of girls and women conducting scientific research in these institutions.**

### Social Protection

- In the 2023 budget, there will be an increase in the financing of the policy revision of the benefit measure for Economic Aid as well price support policy of energy for the beneficiaries of the **Persons with Disabilities, where about 44% of beneficiaries are women.**
  - According to the BfC 2023, the GoA will continue efforts to **recognize the unpaid work of women and girls in the family** enabling monetary benefits for some important social groups.
  - The budget for the programs of social protection increases with 5% more compared with the revised budget 2022 guaranteeing the support of over 64 thousand families, part of the program of economic aid, **where about 44% of the beneficiaries are women and girls;**
  - GoA will ensure sustainable financial support of the social shield by **doubling the amount of economic assistance** including mothers with 2 children, expanding the scheme of support compared with the year 2022 where were supported only mothers 3 or more children.
  - **Doubling the mass of economic aid for the elderly over 65 years old without pension** or social pension. **Women from rural areas** make up the majority of this group.
  - Through the 2023 budget, will be supported with payments over **164.000 women/girls** and men/boys with disabilities and their guardians, **where mothers/sisters/wives, of these persons, make up the largest part.**
  - The 2023 budget ensures **for the first-time special support for women unemployed with 3 or more children under 18 years old**, with income in the family up to 100.000 ALL per month. **The special support of payment of the social and health insurance**, is dedicated to the women of these families who are unemployed mothers of children's up to 5 years old.
  - The "Baby Bonus" Program will continue for the every newborn baby. **A financial reward from 40,000-120,000 ALL** will be given to an approximate number of 35.000 children/year, as one way to help the families and especially mothers and fathers to cover the initial expenses of the child's birth.
  - In Albania, is foreseen 801,570 men and women will receive a pension or equivalent to about 152.1 billion ALL. This income for pensions in the state budget comes from 789,611 women and men contributors as well as from transfers from the state budget.
  - Family pension support is another scheme for **19,588 women widow** equivalents of 3,660,645,008 ALL.
  - In addition is planned a fund of 4,637,859,999 ALL **for maternity/paternity leave for 17,476 mothers and fathers.**
  - The State budget 2023 for the programs of social protection increases by 5% more compared with the 2022 budget guaranteeing support and over 64 thousand families.
  - **The priority for 2023 will be the prevention of cases of gender-based family violence, as well as the protection of victims.**
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## Health Sector

Priority policies of health development will be financed with approx. ALL 67.3 billion or 3.1% of GDP

- Budget of 2023 plan financing services for health in primary and hospital services for every woman and man of different social groups.
- **Women and girls over 35 years old will benefit from the services of breast cancer screening.**
- Women and girls aged 40-65 years old **will benefit from the services of cervix cancer screening in 9.5%;**
- **Detected cases of breast cancer up to in 800 out of 7200 cases screened as well as will be provided services of chemotherapy** for their treatment in regional hospitals.
- Work will be intensified with family doctors to raise awareness for periodic control **to increase number of men between 35-70 years old to use check-up services** for timely identification of diseases.
- New mothers are supported within primary health services. Health policies will continue to support new mothers **with investments in new maternity hospitals with about ALL 508,287,149.**

## Economic development

- The growth of competitiveness of Albanian businesses in the international markets via grants from the Fund of Competitiveness, **where high priority will be given to the businesses run by women.**
- Encouraging the creation of new businesses in sectors with potential **development through the Start-Up Fund, where girls and women will have priority in supports.**
- **Support of enterprises of the handicrafts sector, which has a high representation of women and girls who also help preserve Albanian tradition and culture.** Consolidation in the market and increase in number of employed women and men in these entrepreneurship through "Fund in support of creative business", where in total is expected to benefit 85 SMEs for the purpose of growth of competitiveness until in 2025.

## Justice System:

- The Budget of 2023 foresee **to provide free legal aid for 6,300 individuals** that meet the conditions in implementation of the law **on free legal aid, of which 3,700 are women and girls in need, with the total fund about 91.9 million lek.**
- Implementation of the scheme **distribution of the Special Fund Compensation for 1,600 women and men beneficiary with the total fund 4.5 billion ALL.**
- **Reduction of time response to crimes of domestic violence in 13 minutes in 2025.**
- To keep about 5,500 male convicts, **86 female convicts** and 36 juvenile convicts in appropriate conditions, as well as treat 382 sick convicts with health services.
- To carry out about 17,500 expert acts classified as medico-legal, **of which about 135 cases of sexual violence.**
- To re-integrate through the development of programs for the social rehabilitation of pre-trial detainees and convicts in accordance with European standards, about 360 male convicts, 2 female convicts and 6 juvenile convicts.
- **Effectively supervise 6,880 men, 790 women and 186 minors during probation period.**

## Cultural sector

- The Ministry of Culture through the State budget **will promote women and girl artists.**
- **Support and promote artisan women who preserve and further** inherit the values and traditions of Albanian culture.

## Rural development

Rural development policies for 2023 will be financed with about 14.2 billion ALL or 0.7% of GDP.

- **Increase by 7% in the salaries** of the state administration of the sector **where about 65% are women.**
  - Growth from 72.2% in the year 2022, **to 73.6% in the year 2023 of the percentage of men and women farmers**, who benefit from the improvement of irrigation infrastructure and drainage to the total of farmers on the surface potentially irrigable.
  - It is planned that about 7800 farmers who benefit services of counseling and agricultural information, **of which 380 women.**
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- 5260 beneficiary farmers are planned to receive support **from the IPARD III schemes of which 776 women.**
- Improving policies and their implementation in practice for the development **of the fishing sector, increasing the number of women employed in this sector** and improvement of their working conditions;

## RECOMMENDATIONS

- Mid-term action should provide sustainable budgetary commitments for labour market policies, to continue implementation of economy-scale strategies, reform measures and action plans. Policymakers should ensure an adequate budget is provided to all areas of interest, from promotion of self-employment and women entrepreneurship, to addressing the lack of skills among adults.
- Mid-term measures should include significantly increase for the activities carried out by the Labour and Social Services.
- There is a need to increase this budget and increase the capacity of labour inspectors to detect informal employment, child labour and detect poor working conditions.
- The MoFE in collaboration with NAES, should develop an information system capable of providing additional data on employment and self-employment, and particularly provide a gender responsive analysis. Budgets should be provided to manage this system and undertake further analyses of the data.
- The MoFE in cooperation with INSTAT, General Directorate for Taxation and Labour and Social Services Inspectorate, should produce systemic evidence on the nature and extent of informality in the labour market, delving deeper into the reasons why many women remain employed in the informal sector.
- Short-term measures should include adequate financial allocations for coordination and maintenance of the PES IT system and the recent integrated database for employment services.
- Preparing realistic employability plans and an effective budget planning based on them.
- Introduce gender-based budgeting to all initiatives and levels of interventions within strategic documents and every Economic Reform Programme.
- Increase the number of gender budgeting indicators to better understand the challenges women face continuously in labour market integration.
- To strengthen gender and employment governance MoFE should provide sustainable budgetary commitments for active labour market policies. Increase the budget to a sufficient amount to support both passive labour market and active labour market policies, providing particular focus to the latter as catalyst to increasing total employment.
- In addition, MoFE should develop or assign an organisational structure in charge of managing an established labour market development system, developed in the short-term, and carries analytical functions and budget accordingly for such functions in mid-term budgets.
- MoFE in collaboration with NAES should prepare realistic employability plans and an effective budget planning based on them To modernize and implement gender-aware operations.

