

**Donor Appraisal and Endorsement Report  
Education Sector Strategy and Plan**

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**“NATIONAL EDUCATION STRATEGY”**

**Republic of Albania**

## **BACKGROUND AND PURPOSE OF THE APPRAISAL**

The Education for All (EFA) - Fast-track Initiative (FTI) is a global partnership between donor and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015. All low-income countries which demonstrate serious commitment to achieve universal primary completion can receive support from FTI.

Albania was selected in 2002 among 25 countries in the world to apply for EFA-FTI. In this framework Albania developed the Education for All Fast Track Initiative proposal in February 2005. Albania has as well developed the Pre-University Strategy for 2004-2015, which provides a framework for a sector-wide reform in pre-university education. The strategy provides a commonly agreed view to help strengthen the sector performance while serving as a basis to achieve better learning outcomes in a more equitable and efficient manner. The EFA-FTI proposal is based on the priority areas of the Pre-University Education Strategy thus the two documents are closely linked and aligned.

One of the requirements asked by the Technical Secretariat for EFA/FTI, in order for the proposal to be endorsed, is that a common appraisal by the donor community of the country be developed. The donor group consisted Italian Cooperation, Save the Children, and the World Bank. It was agreed that this core group of donors, led by UNICEF, would arrange for the development of the appraisal on behalf of other donors.

The assessment was agreed to have a dual purpose:

1. to provide evidence that a positive policy environment exists for productive investments in the education sector and that capacity constraints are being addressed to facilitate policy implementation, and
2. to guide the donors in coordinating their support and providing their endorsement that the country's sector plan is credible and sustainable.

The appraisal was conducted following the guidelines of EFA. The terms of reference were agreed by the donor-working group. The donors of the working group as well as the Ministry of Education and Science and the Ministry of Finance have continually been updated on the progress of the report and have given their inputs to it.

## **COUNTRY: REPUBLIC OF ALBANIA**

### **OVERALL COMMENTS**

Albania prepared the “National Education Strategy (NES) 2004-2015” in 2004. The development of this Strategy (NES) was brought about by the increasing recognition by the Government of Albania and international agencies that reforming the education system of the Republic was central to the achievement of economic and social growth. Over the last four years, international agencies such as the World Bank (WB), the European Union (EU) and other bilateral aid agencies have supported the government to initiate several reform activities in the education sector. This document draws on those activities, previous versions of the NES, reports of the Ministry of Education and Science (MOES) and the Government of Albania, along with reports by national and inter-national consultants. The proposed NES is an attempt to provide a national framework within which all stakeholders can position their contributions. This is particularly important to ensure that optimal use is made of all the assistance rendered to the pre-university education in contributing to the overall national education reform.

The National Education Strategy is structured into the following major parts:

- PART A identifies the priority areas that need to be addressed for the development of pre-university education in Albania. The discussions are guided by international best principles and practices in education development as exemplified in the Organization for Economic Co-operation and Development (OECD) and EU countries. There are four priority issues identified in PART A, focusing on the governance and managing of education, improving the quality of teaching and learning, financing education and developing the capacity to implement the NES.
- PART B operationalises the priority issues in PART A by specifying for each issue the objectives and their associated beneficiaries, monitoring indicators, risks and assumptions and general timelines in the form of policy matrices.
- PART C maps out the implementation plan and provides timelines and sequence of activities noted in sections A and B.
- PART D presents a summary of cost estimates for implementing the National Education Strategy. The estimates are based on unit costs aggregated from a range of sources such as the MoES, the World Bank, UNICEF and NGOs.
- PART E presents the resource input matrix and the assumptions used to map and calculate the estimated costs.

This proposed NES is intended not only to guide the MoES in its reform agenda but also to provide a basis for future project design in the education sector. The NES is considered to be a living document adapting to the changes of the education sector. Components missing in the first documents such as preschool education are now integrated into the NES and would benefit from further consideration and investments. In the absence of a comprehensive sector analysis, the NES identifies important issues and provides national priorities for stakeholders and international agencies. Detailed implementation plans will be developed at a later date by the respective agencies in consultation with the Planning and Policy Development (PAPD) Department personnel with support from national and international technical advisors where necessary and as funding becomes available.

However, in its attempt to be comprehensive the plan, in parts, becomes ambitious for the capacity of implementation of the Ministry of Education and Science. For proper implementation of the education plan, several complementary measures need to be taken, which have now been integrated into the Medium Term Budget Plan (MTBP). These include a proper sequencing of the action plan and budget on a year-to-year basis based on detailed monitoring of the achievements in the previous year. Hence, the first priority is to improve the database and installation of an effective Education Management Information System (EMIS). The second priority that emerges is to build the managerial capacity of key personnel in the Ministry of Education and Science, affiliated educational institutes and educational administration at decentralized levels. A variety of measures has been recommended in the plan for restructuring and increasing effectiveness of the MoES, including installation of various kinds of systems for efficient use of human and financial resources. As the country is undertaking the decentralization process, the education system is preparing itself to implement this strategy. The implementation platform is designed to achieve sharing of functional responsibilities and identifying the right and proper conditions to increase responsibilities on the function at decentralized levels.

The proposed reform and the implementation of the National Education Strategy requires more resources than what is available at present to the Government of Albania, either from local resources or from external donors. This appraisal has identified a total financial gap of US\$56.46 million for 2007-2009 and a gap of US\$38.7 million in basic education for the same period. While the Government of the Republic of Albania has been raising their allocation to the education sector gradually over the last five years in real terms, its share in the GDP and total public expenditure has remained at the same level. Their capacity to raise total revenues is mainly because effective fiscal systems for revenue generation are still at the developmental stage. In 2006 the Education Excellence and Equity Program using a sector-wide approach (SWAp) will start, financed by the International Development Association of the World Bank, European Investment Bank, Council of Europe Development Bank and the Government of Albania. This will support the implementation of the first phase of NES.

The education sector reform has started its efforts to improve efficiency, such as overall sector finance reform with the introduction of per capita funding, which will result in freeing up funds for other priority needs. Additional consideration of whether the solutions proposed in the Strategy and Action Plan are the most cost effective means to reach goals is also critical to ensure sustainability of investments, while ensuring equity and equality in access to quality education is simultaneously addressed in the reform process.

The role of the private sector and civil society is increasingly growing in the education system of Albania. The strategic plan proposes to enhance their role, and the MoES is willing to engage the private sector and the civil society in the provision of educational service delivery and for the formulation of strategies. This is demonstrated in the recent liberalization of the textbook publishing and printing, and also through the wide public consultation processes during the preparation of state *matura*.

## CONCERNS

A key concern of the group of resident international donors is the lack of clarity in roles and responsibilities of various levels of the government (MoES, regional education department, municipalities, communes and schools) to implement all the proposed actions in the Education Sector Plan in a coordinated manner. While policy decision making is highly

centralized with the national government, decisions on the use of investment budgets and non-salary recurrent budget lies within the purview of the regional level governments, and often their priority among competing sectors shift from year to year. The mix of centralized and decentralized planning and execution setup therefore is an issue that needs to be addressed throughout the process of implementation of the NES.

The capacity to manage a comprehensive reform program as well as the continuity of leadership at both the central ministry and the individual institutional levels is another area of concern. The National Education Strategy rightly gives priority to enhancement of management, and the capacity for policy formulation and implementation is gradually being strengthened. In the framework of the Education Excellence and Equity Program, the Ministry of Education and Science has adopted a medium-term plan for the development of its capacity for financial management and procurement. The implementation of this capacity building plan is expected to contribute to the implementation of EFA-FTI. The MoES currently enjoys a strong leadership committed to reform and a small team of competent staff. For a successful implementation of NES, the continuity of leadership and technical team is of paramount importance. Relatively high levels of staff turnover at local level exacerbate the management capacity weakness, so readiness to have core staff continuity for the implementation of the strategy is needed.

During the implementation of NES it will be very important to clarify roles and responsibilities at each level of the education system, and provide intensive training on policy formulation, planning and financial management at every level. As the Sector Wide Approach Reform (SWAP) will start shortly making the information of the budget execution (implemented budget) available at each level, it will serve as a condition to enhance capacity building in both policy formulation and program implementation.

## **CONCLUSIONS**

Donors who are signatory to this endorsement report agree that additional financing is critically important to enable the Government of Albania to reach and sustain the objective of quality Education for All. The increasing demand to re-orient and reform the education system so that it can provide the next generation of Albania with knowledge, skills, and attitudes required for a globalizing world of the 21<sup>st</sup> century. The process of preparation of a national education strategy has been positive, and the openness in the dialogue between the government and donors have been positive in Albania. The donors therefore are collectively of the opinion that the Strategic Plan for the Education Sector Development and Medium Term Action Plan, are ready for submission to the EFA-FTI secretariat.

The funding will aim to support the reform and capacity building of general pre-university education (Grades 1-12). A coordinated approach in supporting pre-university education – not only primary education – is critical in order to improve the quality of education, narrowing the gaps between the rich and the poor, and between geographical areas, which emerges after the primary level. The Government of Albania is committed to education reform, especially addressing the quality and equity issues, and has substantially increased the budget to education in 2006. Through the past reform and projects supported by various

partners, the capacity for policy formulation and program implementation has gradually been built up in the education sector.

In conclusion, donors, signatory to this report trust that the FTI Catalytic Fund will be effectively used by the Government of Albania to reach and sustain the objective of quality Education for All, and will be well integrated to the ongoing important education reform process. Such a funding opportunity should strategically address the requirement for technical assistance to strengthen the planning, management and monitoring capacity of the Ministry of Education and Sciences, educational administration at decentralized level, and affiliated educational technical institutes. This will contribute to fill or narrow the financing gaps between the Medium-Term Budget Plan (MTBP) and the annual education budget, and enable the government to provide the next generation of citizens with skills, knowledge and attitudes needed in a fast changing world. The additional resources will strategically supplement the increasing but still limited government budget and project-based funding that many donors are individually providing. The government is committed not to reduce operational budget for the existing system to finance new structures proposed in the Action Plan. This would ensure that financing mechanisms to the existing system would not be distorted. The bridging of the financial gap will enable the Government of Albania to realize the Medium-Term Budget Plan for education, and contribute to greater macro economic stabilization that will at a later stage enable a greater flow of resources to the education sector.

***Signatures of Donors and Partners who are recommending sector plan for endorsement***

<b>Name of the Agency</b>	<b>Signature</b>
<b>Culture Contact</b>	Gerlinde Pagini Project Coordinator Culture Contact
<b>European Commission</b>	Helmuth Lohan Head of Office EC Delegation
<b>DFID</b>	Sheila Bramley Head of Office DFID
<b>ILO-IPEC</b>	Snezhi Bedalli National Officer ILO-IPEC
<b>Italian Cooperation</b>	Flavio Lovisolò Director Italian Cooperation
<b>Open Society Foundation</b>	Capajev Gjokutaj Executive Director Open Society Foundation
<b>Swiss Cooperation</b>	Pius Rohne Country Director
<b>Save the Children</b>	Stephen Ashby Programme Director Save the Children
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**APPRAISAL REPORT - EDUCATION SECTOR STRATEGY AND PLAN**  
**REPUBLIC OF ALBANIA**

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## **Executive Summary**

The donor appraisal and endorsement process on the “National Education Strategy (NES)” 2006-2015, in Albania, began in May 2006, when the draft strategy document was submitted to all donors active in education sector in the country. This appraisal document reflects and integrates the comments and concerns expressed by donors as well as a review of the quality and feasibility of the Strategic Plan for the Education sector prepared by the MoES. The appraisal document also looks at three possible economic growth scenarios and the implications for financial flows that follow, as well as an overall estimate for the financing gap given existing donor commitments and the projection of the government budget.

The National Education Strategy has been developed based on the various incremental reforms that the MoES has been undertaking for the last three years to increase and sustain access to education, and to improve the learning outcomes of Albanian pupils and students. The Strategy also draws from the various planning documents prepared for achieving the objectives of the Millennium Development Goals (MDGs), and EFA. The updated National Education Strategy, while giving priority to primary and secondary education, has also covered issues in other related systems of education, such as preschool education, vocational education and higher education.

Poverty reduction is the primary motivation for the Albanian Government’s commitment to improve the educational access and outcomes for its citizens. An equally important concern for the Government is the relationship between human capital and economic growth. The evidence is that Albania’s economy consists primarily of relatively low value-added (factor-driven) activities. To sustain and accelerate growth, Albania will have to shift its economic activities increasingly from factor-driven economic growth toward investment-driven growth, and ultimately toward innovation-driven growth. Both types of growth, especially the latter, will ultimately require increased and different kind of skills and knowledge than the average Albanian is now obtaining. Albania will have to increase the quantity and the quality of its human capital.

The updated National Education Strategy is comprehensive, and in some aspects ambitious. The plan, therefore, would benefit from proper sequencing of the action plans on an annual basis, a clear division of responsibilities at various levels of the government, and timely monitoring of progress and issues. The short to medium term priorities include rehabilitation of school infrastructure, re-orienting teachers with student-centered teaching-learning approaches and upgrading their subject knowledge, providing support (e.g. free textbook) to the poor and minorities, and strengthening management capacities at the decentralized levels. Strengthening the monitoring and evaluation capacity is also a priority, building on the earlier effort to build an Education Management Information System.

The proposed reform and the implementation of the National Education Strategy requires more resources than what is available at present to the Government of Albania, either from local resources or from external donors. This appraisal has identified a total financing gap of US\$56.46 million for 2007-2009 and a gap of US\$38.7 million in basic education for the same period. While the Government of the Republic of Albania has been raising their allocation to the education sector gradually over the last five years in real terms, but its share in the GDP and total public expenditure has remained at the same level and lags behind the neighboring countries. Their capacity to raise total revenues is limited mainly because effective fiscal systems for revenue generation are still at the developmental stage.

Considering the abovementioned gap, resources from the catalytic fund of the EFA-FTI would be extremely useful to focus on a priority social need of a relatively poor country, until other systems of fiscal governance develop and stabilize.

Donors have some concerns with regard to the clear roles and responsibilities and the capacity of the various levels of the government in the recent decentralization process. The importance of continuity in leadership and technical team in the MoES is also expressed as a source of concern by donors. The catalytic fund will be instrumental in supporting the reform and capacity building of general pre-university education (Grades 1-12). A coordinated approach in supporting pre-university education – not only primary education – is critical in order to improve the quality of education, narrowing the gaps between the different income groups and geographical locations which emerge after the primary level.

In conclusion, given the strong commitment of the government to address the quality and equity issues in education as a national priority, it is expected that the FTI Catalytic Fund will be effectively used by the Government of Albania to reach and sustain the objective of quality Education for All, and will be well integrated to the ongoing important education reform process. Such a funding opportunity should strategically address the requirement for technical assistance to strengthen the planning, management and monitoring capacity of the Ministry of Education and Sciences, educational administration at decentralized level, and affiliated educational technical institutes. This will contribute to fill or narrow the financing gaps between the Medium-Term Budget Plan (MTBP) and the annual education budget, and enable the government to provide the next generation of citizens with skills, knowledge and attitudes needed in a fast changing world. The additional resources will strategically supplement the increasing but still limited government budget and project-based funding that many donors are individually providing. The government is committed not to reduce operational budget for the existing system to finance new structures proposed in the Action Plan. This would ensure that financing mechanisms to the existing system will not be distorted. The bridging of the financial gap will enable the Government of Albania to realize the Medium-Term Budget Plan for education, and contribute to greater macro economic stabilization that will at a later stage enable a greater flow of resources to the education sector.

## **1. Introduction**

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The new freedom to exercise choice encouraged large numbers of people to migrate both within and out of the country. During this transition period almost 25 per cent of the population has left Albania and are living abroad and approximately 40 per cent of the population has migrated from the remote villages to urban areas resulting in the overcrowding of a number of the larger cities. The rapid migration resulted in a haphazard and unplanned approach to infrastructure development and has given rise to peri-urban areas with an almost complete lack of public utilities. The collapse of the former regime in 1990 and the failed Pyramid Scheme in 1997 caused substantial financial loss to many Albanians and led to a political and social crisis. In 1999, the Balkan war imposed an additional strain on the Albanian Government, as it had to deal with over half a million refugees from Kosovo. The last two issues seriously affected the capacity of the Albanian government to manage its

planned education development activities. Despite the above, in the last five years there has been relative stability and progress in terms of political and social development in Albania.

The successful completion of basic education is significantly influenced by the poverty level of families. The enrolment rates in basic education for the non-poor are 101.1 per cent (gross) and 94.1 per cent (net), for the poor are 97.15 per cent (gross) and 91.6 per cent (net), and for the extremely poor are 90.9 per cent (gross) and 88.6 per cent (net). The gross enrolment rate of children living in households unable to meet their basic food requirements is 5 per cent lower than that of children living in non-poor households. The extended period of poverty seems to have fostered a general lack of confidence and interest in education despite the traditionally high regard for education by Albanians in the early nineties as indicated by the high literacy rates at all levels of society at that time.

Growing illiteracy amongst the adult population appears to have influenced the new generation's participation in education. Thus, to target only children who attend school to overcome poverty through education reform may not be sufficient. There is a need to promote in the general population information on the relationship between education and the likelihood of being employed in better paying jobs, as well as the fact that increased employability through quality education, in turn, has the potential to improve the quality of their lives. The International Labour Organisation (ILO) through its child labour and street children programs also have found that parent/public education is central to overcoming this problem.

However, efforts to address the above mentioned issues have not added up to a comprehensive framework for planning, policy formulation and implementation in the education sector. The Ministry of Education and Science therefore set about the task of developing a National Education Strategy framework for the country that could comprehensively address all the issues in development of the education sector with a long-term perspective. The various legal reforms legislated and the projects in the MoES up to now have been selective and fragmented. The Education Equity and Excellence Program (EEEP) is the first project that tried, in collaboration with other donors, to focus on the highest priority issues that are related to the pre-university education strategy and which is paving the way towards a Sector Wide Approach Reform (SWAp). With an increasing number of donor projects and financial amounts being targeted to the sector and increased capital and recurrent public funding allocated to the sector, a more comprehensive strategic approach and vision was required along with an ability to monitor progress over the medium term.

The need for development of a comprehensive sector strategy framework also arose because the country has moved from an emergency of rehabilitation, to a situation where there needed to be basic reforms initiated in the education system at different levels. In addition, as the problem analysis leading up to the sector strategy shows, reforming the education sector in Albania required more than changing laws at the central level, it required a reform of the basic management system that guides education in the country. The overall goal of Albania's future development remains its integration in the EU. The Association and Stabilization Agreement (SAA) will require that Albania makes progress towards the requirements of the European Education System (EDS). In order to achieve this, the development of the education system cannot be seen as a separate process, but has to fulfill as much as possible

the requirements of approximation of the Albanian Education System towards EDS by completing the reform objectives in line with the European requirements.

The process of first developing such a sector strategy for education, and then integrating it into the more formal FTI process, was initiated in early February 2005. The donors have been involved and kept informed about the progress of developing the sector strategy throughout the process. The draft sector strategy paper initially developed by the Ministry of Education and Sciences was widely circulated within the country, both within the government and donors system as well as other stakeholders like education and human rights NGOs. Several rounds of discussions and comments, validated through a process of arriving at a mutual agreement between the donors and the Government of the Republic of Albania, occurred.

The donor appraisal document is the formal assessment of the process and product of the strategic planning exercise undertaken; it has been a support paper for finalizing the National Education Strategy and is an integral part of the process of donor endorsement. Because universalizing primary education completion, for girls and boys alike, will require considerable resources—internal and external—as well as capacity to scale up service, delivery and management, the appraisal will need to scrutinize the proposed plan's fiscal viability as well as the likelihood that it will produce the desired results on the ground.

## **2. Education Sector Strategy Formulation and Planning Process**

The Ministry of Education and Science of Albania has managed the process of strategy formulation for education reform. The impetus for the development of the National Education Strategy (NES) was the increasing recognition from the Government of Albania and international agencies that reforming the education system of the Republic was central to the achievement of economic and social growth. The National Education Strategy was approved by the Council of Ministers in August 2004. It is an attempt to provide a national framework within which all stakeholders can position their contributions. This is particularly important to ensure that optimal use is made of all the assistance rendered to the pre-university sub-sector in contributing to the attainment of the national education objectives.

Over the last four years, international agencies such as the World Bank (WB), the European Union (EU) and other bilateral aid agencies have initiated several reform activities in the education sector. This document draws on those activities, previous versions of the NES, reports of the Ministry of Education and Science (MoES) and the Government of Albania, along with reports by national and inter-national consultants.

The draft strategy was widely circulated within the Government of Albania to the Ministry of Finance, Ministry of Local Government, Academy of Sciences, the Ministry of Labor, Social Affairs and Equal Opportunity, and other relevant ministries for endorsement within the government. The draft also was circulated and presented to all the resident international donors. Comments received from all stakeholders were integrated to produce an agreed upon strategy and plan for the development of the education system in Albania. The ownership in the preparation of the National Strategy for Education lies essentially within the Ministry of Education and Science, which monitored the progress and methodology of developing the strategy paper.

### **3. Donor Endorsement Process**

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The Ministry of Education and Science, Republic of Albania, initiated the process of the education sector strategy formulation in early 2002. The first version of the document was titled “National Pre-university Education Development Strategy”. This version has been used as a base for the National Education Strategy, which was approved by the Government in August 2004. This document represents the first attempt to engage in intensive professional and lay dialogue to secure a widespread consensus among the various stakeholders in planning a secular, equitable, internationally respected and relevant education system. A number of meetings and workshops were organized to ensure participation of a range of stakeholders in the development of National Education Strategy.

The education in Albania is supported by several partners. In the past, an overall framework designed by the Government was lacking and as a result, each partner supported or implemented stand-alone discrete projects, although donor coordination in terms of information sharing was good. Recently, the Ministry of Education and Science initiated a mechanism which aims to strengthen, to solicit and coordinate support in the education sector through “Partners for Education” meetings. Thus the process has been characterized by a continuous series of meetings and dialogues, where both partners, donors and the Government of Albania, have been frank in their views and a mutually agreed upon plan of intervention has been developed.

The proposed Education Excellence and Equity Project, which will cover the period 2006-2010, aims to help the MoES to lead the coordination of partners using the National Education Strategy as a common framework. The MoES intends to develop a mechanism to follow the yearly progress of education reform. The MoES and partners will review the consistency between the proposed activities and the priority areas, cost effectiveness and sustainability of the activities, recurrent cost implications, the capacity required for the implementation, and the procurement plan.

### **4. Assessment of National Education Strategy**

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The National Education Strategy developed in 2004 by the Ministry of Education and Science is presented as follows:

- **PART A** identifies the priority areas that need to be addressed for the development of pre-university education in Albania. For these areas, it outlines the strengths and weaknesses within the MoES and indicates possible actions designed to enhance the strengths and eliminate the weaknesses. These discussions are guided by international best principles and practices in education development as exemplified in Organization for Economic Co-operation and Development (OECD) and EU countries. There are four key or priority issues identified in PART A, focusing on (1) the governance and management of education, (2) improving the quality of teaching and learning, (3) financing education, and (3) developing the capacity to implement the NES.
- **PART B** operationalises the key or priority issues in PART A by specifying for each issue the objectives and their associated beneficiaries, monitoring indicators, risks and assumptions and general timelines in the form of policy matrices. This information is

extracted from the narrative descriptions of the respective priority areas in PART A and hence is summarized as four separate matrices. Because of this link, it is important to read each matrix in concert with and within the context of the corresponding narrative section. Each objective associated with the key issues is explored in some detail by identifying actions designed to achieve it, who shall benefit from it, possible constraints that may impede it, and monitoring indicators that can be used to evaluate its outcomes. There are also suggested timelines for completion of the major activities.

- PART C maps out the implementation plan and provides timelines and sequence of activities noted in sections A and B. The information is structured along the 4 priority areas and each area has been dealt with separately. It must be noted that the NES is a macro level document and hence is unable to deal with micro level details of all activities and associated procedure. Further operational plan with details for each activity will need to be developed when specific project designs are undertaken.
- PART D presents a summary of cost estimates for implementing the National Education Strategy. The estimates are based on units costs aggregated from a range of sources such as the MOES, the World Bank education sector project and NGO's.
- PART E present the Resource input matrix and the assumptions used to map and calculate in general the costs.

#### **4.1 Quality of Strategic Framework and Action Plan**

As an integrated part of the National Education Strategy, the strategic framework developed for the education sector is a comprehensive one. The strategic framework will aim to improve the quality of learning conditions for all students and increased enrollment in general secondary education, especially for the poor.

Leadership strengthening, management capacities, enhancing governance and accountability of the educational system are in the core of the strategy for education. This includes activities associated with decentralization, strengthening leadership, professional development of school principals, decision making and resource management at the school level, increasing the community's participation, introduction of a performance-based management system, and full utilization of the Education Management Information System (EMIS) for decision making. Building up such an information system is a must for tracking and monitoring needs and results by the Ministry of Education and Science in the future. The right sequencing of the Action Plan therefore becomes critical if implementation of the plan is to be smooth and make an impact on key education indicators.

The strategy paper lays out the importance of improving the quality of teaching and learning conditions in a holistic manner. It pays special attention to supporting teachers' professional development. It also addresses the issues of curriculum reform, including the development of a national curriculum framework, rationalization of subjects, integration and textbook development. To implement curriculum reform, teacher education policies and practices have to be closely aligned. The development of assessment and evaluation of education would continue through strengthening the capacity of the National Center for Evaluation and Assessment, development of a national plan for evaluation in education, and improving the transparency and integrity of the national *matura* examination system. This priority area

enables teachers and students to use a wider range of appropriate educational tools and methods in the teaching and learning process.

The strategy paper lays out the establishment of standards, both in terms of setting new standards and building autonomous institutions for managing this standard setting process on a sustainable basis, and gives these factors a high priority. The newly created institutions such as the Center for Teacher Development, the Institute of Curriculum and Standards, the National Center for Evaluation and Assessment, will need more support in terms of implementing their mission properly in the meanwhile the education reform is taking place. The Action Plan specifies processes of implementation and institution building capacity.

The strategic goal of ensuring access and equality in education is the most complex of the goals to achieve in the current context of Albania where a number of factors such as population growth rate, high rate of out-migration, low resource levels, rising poverty, internal migration and concentration of the population in coastal areas are all combined. The strategy paper, while disaggregating this issue in sub-goals (or objectives), suggests a variety of special programs to enhance access to those sections denied access. However this may be in itself inadequate to ensure universal access to education. Certain structural and other changes are required in the education economic and social sphere to address this issue that is new for Albania. The strategy plan is also much wider in its scope than the MDG goals and therefore needs a new kind of monitoring system that goes beyond the MDG plan. There is also a concern amongst the donors that the approach to decentralize the education system up to higher education will require more attention in terms of properly defining the responsibilities of central and local levels especially in pre-school and vocational training.

More efficient investment and (re)allocation of physical infrastructure and human resources especially at the basic and secondary education level is a priority area addressed in the strategy document. It supports the Ministry of Education and Sciences in making investment decisions based on school mapping, which takes into consideration the demographic changes in Albania. Science laboratories and ICT facilities will be provided to general secondary schools in line with the new curriculum and teacher training to be supported in priority area.

The Strategic Plan and Action Plan documents take also into account the priority issues plaguing the education system in Albania. The strategies will require a substantial amount of fine tuning once the implementation process begins. The planners have recognized that there are substantial knowledge gaps and capacity constraints that characterize the education sector today in Albania. Close and systematic monitoring of the process of implementation through first setting up an effective monitoring system would therefore be essential. A first step in identifying indicators for monitoring the achievement of each goal and objective has been addressed in the strategy document and now needs investment in setting up a system of using them on a sustained basis.

The Strategy Plan and Action Plan also take into account the development of vocational education in the context of the overall pre university education. Vocational education encourages the acquisition of new knowledge and skills, bringing the school closer and closer to the world of work and combating the exclusion of youth from direct participation in the social and economic life of the country promoting lifelong learning.

One concern expressed by donors is that there is a need for continuous prioritization of goals and strategies both due to the risk of changing key personnel in the education system as well

as the changing situation on the ground and lack of financial resources. Hence while the strategic plan is comprehensive in its actual implementation, realistic year-to-year priorities may have to be set. Since the implementation capacities are still weak it will take some time to develop the right capacity in MoES as well in other collaborative institutions.

Another concern expressed by the donors is related to perceived corruption which is considered a major issue in the public sector. Successful initiatives such as the *state matura* help to put in place models against corruption and should be encouraged and assisted by donors.

## 4.2 Critical Knowledge and Data Gaps

Education is one of the fields where Albania has started to build its information capacity by creating databases in most sectors, including education. Even though many efforts have been made, there remains more to be done to have a complete database system. The culture of collecting and using data for planning and policy development is not well developed within the MoES. However, a Planning and Policy Development (PAPD) department has been established to act as the key MoES unit for data analysis and policymaking.

Some attempts have been undertaken to develop an Educational Management Information System (EMIS) to assist the PAPD department to complete its tasks. However, given the current capacity of the PAPD department, it is not able to fully utilise the EMIS to collect all available and relevant data which potentially could consist of disaggregated economic, infrastructure, social and educational data by rural/urban area and central, regional, district and municipal levels down to the school level. The first reason why EMIS is not active and updated is the lack of staff to maintain and further develop it. The second reason is that data on a variety of indicators of education are not collected on an annual basis. A periodic yearly survey which could collect information on the status of education in the country is not yet completed. Third, relevant data of a qualitative nature, such as reasons for dropping out of school, and the situation of children out of school has been collected only when international donors have supported the undertaking financially. Some information has been provided by LSMS and UNICEF studies; however, these are generally one-time surveys that do not provide regular time series data. Fourth, the budgetary process, at the central and regional level, is fairly rudimentary and ad hoc. The financial management capacity across the education sector is weak mirroring the weaknesses in public sector financial management in the country.

Currently in Albania there is a three year Medium –Term Budget Plan which is converted into annual budgets for implementation of programs. The annual planning will be focused on all country planning activities which includes the Education Program prepared by the Ministry of Education and Science. The Education Excellence and Equity Program will require from the Ministry of Education and Science an annual review of the project which will give details of the needed education reform as an integral part of the annual budget for the education sector. This exercise will help to introduce mechanisms for monitoring of inputs needed to achieve the planned outputs and outcomes, in general in the education system. As the overall education budget and Education Excellence and Equity Program (EEEP) will be reconciled with the overall government budget, the positive impact of EEE-P will be visible even on budgetary allocations.

The donors were concerned that the EMIS system proposed in the plan is highly dependent on the computerization of the MoES, but the capacity to use such systems is extremely

limited as of date. In light of this concern the donors felt that it is unlikely that a sophisticated EMIS system can be implemented to the school level very quickly. The critical challenge is to establish the culture of information based performance management among managers.

### **4.3 Capacity Development Issues**

The objective to increase student enrolment and to improve the quality of education requires considerable investment in a range of simultaneous interventions. That is why the strategy document has rightly placed substantial emphasis on capacity development at all levels of the education system. In addition to the training of pedagogical staff, the strategic plan has emphasized the need for significant capacity building in the area of management of education systems. This is necessary both at the central level in the Ministry of Education and Science and at the regional level because of the decentralized governance structures operating at the regional level.

The strategy plan and the action plan stated that the new curriculum implementation will require that a teacher professional development system is in place and all teachers should be engaged in lifelong professional development. Accelerating the implementation of such an objective intervention without sufficient local capacity building can be risky. In the strategic document it stated that PISA, (Program for International Student Assessment) will be implemented by 2009. It is a process that will require updating of the teachers' pedagogical knowledge level, necessary to be applied all over the country. This objective requires a very careful intervention of technical assistance especially at the newly created institution dealing with Teacher Training, Curriculum and Assessment.

According to INSTAT (2003), there are 12,000 disabled children in Albania. Government institutions are offering services to 1,140 of them through residential institutions, day care centers and special schools. Around 80-90 per cent of the demand for the specialized education of children with hearing or visual impairment is currently being met. Under the curriculum reform, consideration should be given to the adoption of an inclusive curriculum that not only integrates mildly disabled children into mainstream classes but also provides the necessary support services to achieve this successfully. This will have significant implications for the development of new knowledge and skills in teachers.

In its 'State of Albania's Children' and 'State of the World's Children' Reports 2006 UNICEF rates Albania's children with disabilities as 'excluded and invisible' although very little is provided on prospects. According to these reports Albania is estimated to provide economic support (at an average of 70 USD) to approximately 24,000 children with disabilities out 75,000 persons with disabilities in the country who receive such support annually. This figure represents only 20% of the estimated number of children with disabilities and only 2% of the total child population in the country. Apart for that not more than 500 children with disabilities attend special provision institutions including special schools and about 1,000 receive some NGO support of different kinds.

In Albania there are three major ethnic groups: Greeks, Macedonians and the remainder being Albanians. The current education policy is cognizant of the sensitivities of the above groups plus other ethnic minorities and provides equal opportunities to all. Compared to the above ethnic groups, the Roma and Evgjit children are more disadvantaged as these children only receive an average of 4.02 to 5.05 years of schooling. Moreover, these children constitute the majority of working children in the country. These circumstances will require more financial

support and sustainability that will take into consideration the integration of those vulnerable groups into Albanian society.

The capacity development is one of the key challenges to be addressed by the Ministry of Education and Science. Donors present in the country endorse the need for continuous external technical support, in addition to program financial resources during the implementation processes of the plan. Donor projects, inputs and support will be aligned and adjusted to complement and enhance the Ministry's implementation of the strategic plan.

The donor community, however, recognizes the latest development of the Ministry of Education and as very promising for building the managerial capacity of key personnel in the Ministry of Education and Science, affiliated educational institutes and educational administration at decentralized levels.

#### **4.4 Assessment of Results Monitoring Framework**

The main activities identified in the strategy document have been ranked according to their order of priority to measure the results of each of the objectives. They are accompanied by a set of monitoring indicators as well as a general deadline. However, much more work needs to be done to first make the indicators more rigorous and realistic, and second, to integrate these into a monitoring and EMIS system. It is important to set the indicators by following a set of criteria, which will help them to be more easily understood by professional and non-professionals. This system of indicators will help the Ministry of Education and Science to benchmark the development of the education system with the current situation in the EU and the South-East Europe region. The Strategy Document recommends assigning specific duties to Regional Education Directorates for monitoring the performance against each indicator.

While donors support increasing the Ministry's administrative capacity, the Ministry of Education and Science should ensure that the implementation capacities of Regional Education Directorates are following the new operational description and the needed training has been completed. Donors recognize the importance of technical assistance for the improvement of such a capacity in the Ministry of Education and Science. To install and implement such a monitoring framework would require technical assistance and training from outside the country. To ascertain whether the services planned are being delivered according to the decentralization policies, a proper baseline must be established.

#### **4.5 Assessment of Scale and Tradeoffs in Action Plan**

The National Strategy for Social and Economic Development, which incorporates annual MDG progress report, was used for planning quantitative targets. Financial resource estimates for General Education (grades 1-11) have also been made based on the MDG country commitments. The Ministry of Education and Science has already undertaken the decision to make compulsory education inclusive of grade 9, increasing average school expectancy of Albanian youth from 8 to 9 grades. A formal exercise in trading off between increasing the compulsory education from 8 to 9 grades and other investments in the system has not explicitly been made, even though these issues were generally discussed by field experts. To assess the achievement of the objectives so far, some estimations are done in the Action Plan. Making the compulsory education inclusive of grade 9 seems to be very ambitious, taking under consideration the limited budgetary resources available. Thus achieving the objective of scaling up without complementary investments in improving management and quality might not be achievable at this point in time.

Another dimension of the assessment in the action plan will be the involvement of the NGO sector. Their role in mobilizing community labor and increasing public accountability should be gradually increased. NGOs should be encouraged to provide some services in teacher training, extra curricula modules, and monitoring and evaluation of the implementation process. The donors also specified that scaling up from grade 8 to grade 9, can only be reached if adequate space is given to private education institutions and if alternative education systems, such as distance education and multi-grade systems are being introduced.

#### **4.6 Linkage of Education Plan with other sectors/plans**

The Government of the Republic of Albania, under the National Strategy for Socio-Economic Development (NSSSED) has declared the development of education and health as having the highest priority over the next 10 years. The Government in its long term NSSSED action plan proposes to double its per capita GDP, eliminate extreme poverty and reduce absolute poverty to half its current level by 2015. Critical means to achieving this is to meet the education and health objectives. The overall objectives for education in the NSSSED are:

- Total enrollment (100%) in basic education
- 90% in secondary education
- 13.5 years of education completed

Aligned with the NSSSED, the National Education Strategy identifies and discusses several issues that also have bearing on the EFA initiatives. The MoES has adopted a demand-driven approach to reforming the education system through a careful analysis of the demands and helping to identifying the priorities of alternative costs. In an attempt to increase the demand for education, the government also has taken the initiative to improve the quality and relevance of basic education. Through International Development Agency (IDA) credit the Ministry of Education and Science has already initiated activities for the enforcement of independent institutions, as a need to monitor the quality of reform implementation and education policy, such as the Institute of Teacher Training, Institute of Standard and Curricula, the Centre for Assessment, and the Agency for Accreditation of Higher Education.

In response to a lack of participation by children from poor families, the Government through its Ministry of Labour, Social Affairs and Equal Opportunities has developed mechanisms to identify and support families in need of assistance so that their children can be encouraged to attend school and complete at least their basic education. The process is managed by municipalities/communes through scholarships and social welfare funding for families in desperate conditions. Moreover, this Ministry with the Technical assistance of ILO-IPEC has put in place since 2001 the child Labour Unit and chairs as well the Committee against child labour. The Gender strategy, which is in the process of being prepared by MOLSA and UNIFEM, has a separate working group on education and is trying to respond to the challenges of stereotypes in the program and textbooks.

The National Strategy for HIV/AIDS prevention and control has set the integration of school-based HIV/AIDS programs as a priority objective and the operational plan for the strategy has outlined specific activities to be undertaken by the National AIDS Programme and Ministry of Education and Science.

The National Youth Strategy that was recently finalized includes concrete objectives for the education of Albanian youth:

- Integration of civic education and life skills methodology in secondary curriculum, and
- Reform of vocational education by improving curricula and training teachers.

#### **4.7 Groundwork for Long Term System Reform**

The education System in Albania has passed through several phases. For sustainable progress in the education system it is vital that the Ministry of Education and Science builds on previous experience and continues to progress. The first education project, the School Rehabilitation and Capacity Building Project (1994 – 2000), aimed to support the enabling of basic education services during the difficult initial transition period and focused on school rehabilitation and capacity building of key sector institutes. The objective of the subsequent Education Reform Project (2000 – 2004) was to assist the Ministry of Education and Science in planning and managing the delivery of educational services and strengthening its accountability to stakeholders for results.

The designing of National Education Strategy and the approval of it by the Government had created a mechanism to coordinate all the partners involved in the supporting of education system in Albania. The process of preparation of a national education strategy has been positive and has contributed towards openness and dialogue in Albania. The donors therefore are collectively of the opinion that there exist a strong willingness for a long term system reform in the education sector by the Albanian Government.

### **5. Financial Appraisal of Education Sector Plan**

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#### **5.1 Financial Allocations and Strategy**

Impeding factors such as limited capacities to manage comprehensive reform programs and policy formulation and implementation, are being addressed by the national Strategy of Education and by the Education Excellence and Equity Program of Ministry of Education and Science, which has adopted the Medium Term capacity building plan for strengthening of financial management and procurement of the education system in all levels.

To ensure that all children's right to education is realized, proper planning and allocation of financial resources will need to be take demographic shifts into account. The issues of financial management have been pointed correctly out in the National Education Strategy, taking under consideration that the education system is embodied in a transition economy. That is why the education system needs to be assisted through adequate investment in human resources and educational facilities. Such investments would increase the demand for education by a growing student population, and initiatives of the private sector.

Increased government attention and investments are shown in the financial flows provided in the plan. The financial flows show that the education sector budget financing as a share of GDP has increased to 3.4 per cent in 2005 from 2.3 per cent in 2000. The education share of the budget has increased steadily to 12.4 per cent of overall expenditure (not including external funding) and the total planned expenditure for 2005 is \$82.3 million compared with \$17.5 million in 2000. General education expenditure is in line with international norms as it

is approximately 78 per cent of the total education sector public spending. The increase in capital investments has been spurred by various donor projects mainly sponsored by the World Bank. In addition, other donors are having an important role in supporting the education reform. The European Investment Bank (EIB) and the Council of Europe Development Bank (CEDB) have agreed to co-finance the EEE-P through pooled financing. The European Union will continue its ongoing Community Assistance for Reconstruction, Development and Stabilization (CARDS) program within the framework of the overall education strategy. UNICEF, the European Training Foundation, Save the Children and other bilateral donors will continue to support the implementation of the education strategy.

**Table 1. Education Sector Financial Resources 2002-2005**

Year	2002	2003	2004	2005
Real GDP ( millions of LCU)	658,063	718,864	794,579	874,310
GDP (official rate US\$ millions)	4,589	5,013	5,541	6,097
GDP per Capita (LCU)	212,362	230,447	253,041	276,606
GDP per Capita (US\$)	1,481	1,607	1,765	1,929
Total Budget Expenditure (millions of LCU)	191,857	211,156	235,135	260,643
Total Budget Expenditure (millions of USD)	1,338	1,472	1,640	1,818
Budget Expenditure Growth (%)		10.0	11.3	10.7
Government Expenditure as GDP%	29.2	29.4	29.6	29.8
Education Budget as GDP Share (%)	2.87	2.88	3.51	3.56
Education Share of Budget (%)	9.8	9.9	10.1	10.2
Education Sector Funding (LCU)	18,861	21,043	23,750	26,679
Recurrent	17,816	19,887	22,456	25,236
Capital & Reform/Development Funds	1,045	1,156	1,294	1,442
Education Sector Funding (US\$ million)	131.5	146.7	165.6	186.0
Recurrent	124.2	138.7	156.6	176.0
Capital & Reform/Development Funds	7.3	8.1	9.0	10.1
Percent Change in Allocation		11.5	12.8	12.3
External Financing (committed \$USD millions)				
General Education (1-12) Share of Total Education Recurrent Spending)	63	56.4	63.1	62.4
Average Annual Wage Bill Per Teacher (US\$)	155.1	181.3	199.8	219.3
Source: Ministry of Finance, Ministry of Education and Science				

While increases have occurred for the General Education category, as shown in the table above, allocations have also increased in other sectors.

**Table 2. Education Sector Spending by Categories, (LCU millions)**

Year	2001	2002	2003	2004	2005
MOE	1,323	1,442	1,582	1,729	1,822
Preschool <sup>1</sup>	926	1,167	1,585	1,751	1,868

<sup>1</sup>The budget for preschool is reported within the budget of basic education. The percentage of the Basic Education Budget going to preschool education is as follows: 7.8% in 2001, 10% in 2002, 8% in 2003, 8% in 2004 and 8% in 2005.

Basic Education	10,954	10,512	16,017	17,699	21,480
Upper Secondary Education	2,814	3,676	4,423	5,138	4,369
Tertiary Education	2,844	3,899	4,305	4,842	5,499
Capital/Reform funds	1,045	4,838	4,838	4,838	4,838
<b>Total</b>	<b>18,861</b>	<b>20,699</b>	<b>27,912</b>	<b>31,158</b>	<b>35,037</b>
<b>Total (US\$ millions)</b>	131.2	144.7	195.1	217.8	245.1
Source: Ministry of Finance & Education					

In addition to the need for greater financial resources, the National Education Strategy has laid an equal stress on the need to improve the sector's financial management. This is especially important given the fact that improvements are taking place in the system of education planning and management to the district and institution level. There is a need for more of a results-based management orientation to show actual results of increased investments yearly, as well as, the devolution to non-government sources of funding to supplement specific education categories.

## 5.2 Simulation Models of Alternative Scenarios

In each of the scenarios designed below are considered the following assumptions

- allocations to the education sector,
- projections of GDP rate of growth 6 per cent per year since 2003
- domestically generated revenues is 26.5 per cent against 22.9 per cent since 2001.

Recurrent spending on education as a share of public recurrent discretionary spending is a high estimate when taking into consideration historical trends. The benchmark for the share of public recurrent spending on basic education relative to the total recurrent spending on education is 56.9 per cent when the length of basic education is 8 years. In the case of Albania, this share will reach 59.7 per cent in 2015 with 9 years of schooling in basic education. Even these significant increases will not be sufficient to fund the finance gaps as identified in the National Education Strategy.

The scenarios designed were built to achieve primary education completion, based on high case, middle case and base case scenario. The three models take into consideration:

- Albania's specific demographic, economic and educational contexts;
- The economic forecast made by the Government of Albania and other international organization;
- Sensitivity analysis to assess the impact of changes in key parameters on financing requirements and other key output variables.

The use of the 2001 census data; the population projection derived from the dataset; the minimum economic growth scenario with an assumption up to 3.5 per cent on low growth, 5 on middle growth, and 6 % on high growth, were accompanied with information at the regional level related to the number of schools, construction/refurbishment, teachers and students and the optimum ratio, as well as with the improvement of the performance of the independent intuitions of the Ministry of Education and Science

The below assumptions were as well made.

1. Ministry of Finance reports on sector budget is used up to 2006.

2. Distribution of the education budgets by level of education is based on trends between 2002 and 2005 and data from MoES. About 60 per cent to basic education, 17 per cent upper secondary education, 16 per cent to higher education. The remaining amount, 7 per cent is for capital and special reform/development activities. Most of this funding is targeted to basic and secondary general education (about 77 per cent).
3. The scenarios for calculation of the finance flows include: 1) public sector flows (recurrent and capital) to each category, 2) donor funding 3) existing and potential of private sector participation. Donor funds for the period 2006 – 2010 were estimated by canvassing donors regarding committed and pipeline projects for the 2006 – 2010 period, such as the Education Excellence and Equity Project. Private sector participation as well as community participation were determined from some trend data and were equally distributed for the entire period.
4. The financial gap was calculated based on the priority activities of the National Education Strategy and Action Plan and the Government proposal of EFA. The gap for preschool is not included in the gap of the basic education.

### 5.3 Assessment of Financial Needs and Gaps

Financing for the reform and development of Albania's education system will cost \$1,339 million for the 5-year period 2006 – 2010. A majority of the costs are for Strategic Goals 3 and 5 to achieve the MDGs and the *Education for All* commitments.

With a 6 per cent economic growth scenario and a gradual increase of public spending on education to 3.96 per cent of GDP in 2010 from the 3.8 per cent targeted by the government in 2006, the public resource envelope will grow proportionally, increasing by almost 48 per cent in 2010 compared to 2005.

**Table 4. Macroeconomic and education Sector Budget Scenario, 6 Percent Growth**

Years	2002	2005	2006	2007	2008	2009	2010
GDP (millions of US\$)	4,589	6,097	6,463	6,851	7,262	7,697	8,159
GDP (millions of LCU)	658,063	874,310	926,768	982,374	1,041,317	1,103,796	1,170,024
GDP growth rate (% per annum)	6	6	6	6	6	6	6
GDP per capita (US\$)	1,481	1,929	2,031	2,139	2,253	2,373	2,499
GDP per capita (LCU)	212,362	276,606	291,289	306,762	323,066	340,247	358,353
Total Budget Expenditure (US\$ millions)	1,338	1,818	1,941	2,072	2,212	2,362	2,522
Total Budget Expenditure (LCU millions)	191,856	260,643	278,310	297,159	317,268	338,719	361,603
Budget Expenditure Growth (%)		3.6	6.7	6.7	6.7	6.7	6.7
Government Expenditure as GDP %	29.2	29.8	30.0	30.2	30.5	30.7	30.9
Education Budget as GDP share %	2.87	3.56	3.78	3.82	3.85	3.91	3.96
Education share of budget %	9.8	10.3	10.5	10.7	10.9	11.0	11.1
Education Funding	18,861	26,678	28,863	31,220	33,763	36,505	39,462

LCU(millions)							
Recurrent expenditure	17,816	25,236	27,316	29,560	31,981	34,594	37,413
Capital Expenditure	1,045	1,442	1,547	1,660	1,781	1,911	2,050
Education Funding (US\$ millions)	131.5	186.1	201.3	217.7	235.4	254.6	275.2
Recurrent expenditure	124.2	176.0	190.5	206.1	223.4	241.2	260.9
Capital expenditure	7.3	10.1	10.8	11.6	12.4	13.3	14.3
Percent Change in allocation		41.7	8.2	8.2	8.4	7.9	8.2
External Finance Commitment (US\$ million)		7.5	10.5	12	12	12	12
Envelope for the basic education	11,880	19,450	23,348	24,832	25,596	27,141	28,754
Basic Education in % of sector expenditures	63.3	60.5	65.7	65.2	64.2	63.2	62.2

In addition to the public resource there are as well private sector contributions such as tuition, fees for service, etc.

External funding is estimated for the period 2006 – 2010 based on the formal agreements that the Albanian Government already signed with financing agencies such as The World Bank, Council of Europe Development Bank and European Investment Bank amounting US\$45millions. For the 5 year period 2006 – 2010 it is estimated that donors will contribute approximately US\$12 million annually for reform and development. The current and planned activities will be linked to the first phase of NES. The table below helps to understand the financial gaps for the forthcoming years. The cumulative financial gap for overall education programs is estimated to be US\$96.5 millions million for the period 2006-2010. The basic education the gap alone is estimated at US\$63.9 million for the period 2006-2010.

**Table 5. Table Education Sector Finance Needs (US\$ millions)**

Years	2006	2007	2008	2009	2010
<b>Total Public, Private and Donor Resource</b>	<b>211,78</b>	<b>229,71</b>	<b>247,44</b>	<b>266,57</b>	<b>287,19</b>
Basic Education <sup>2</sup>	148,83	160,31	166,62	176,84	187,71
Secondary Education	29,62	31,79	36,77	40,83	44,44
Higher Education	33,32	37,61	44,05	48,90	55,05
<b>Total Recurrent and Capital/ Reform needs</b>	<b>231,63</b>	<b>248,17</b>	<b>265,61</b>	<b>286,06</b>	<b>307,74</b>
Basic Education	162,81	173,16	178,49	189,27	200,52
Secondary Education	30,46	32,13	37,42	41,83	45,67
Higher Education	38,35	42,87	49,70	54,95	61,56
<b>Total Finance gap</b>	<b>19,85</b>	<b>18,45</b>	<b>18,16</b>	<b>19,49</b>	<b>20,55</b>

<sup>2</sup> During 2006, the Ministry of Education and Science approved the Preschool Strategy to be an integral part of the Pre-University Strategy requiring cross sectoral consideration. This step among others is expected to increase the budget allocations for the 3 to 6 year old age group and influence the donor agenda for more funds for preschool. Using the estimation done by MoES for cost of the preschool child/year which is assumed to be 18,000lek/child it results that to implement the Strategy, a cost of US\$35 million is required in the next five years to provide preschool services to children 5 – 6 years of age. The funding gap for each year to provide these is approximately US\$7 million. This does not include the capital investment costs of building kindergartens as these will be provided by the local government. MoES will put in place a better system to plan the cost of preschool services.

<b>Finance Gap Basic Education<sup>3</sup></b>	<b>13,98</b>	<b>12,85</b>	<b>11,87</b>	<b>12,44</b>	<b>12,81</b>
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**Table 6. Basic Education, type of expenditure (US\$ millions)**

<b>Years</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Total expenditure</b>	<b>162,81</b>	<b>173,16</b>	<b>178,49</b>	<b>189,27</b>	<b>200,52</b>
Total Salaries	111,8	119,2	126,3	133,8	141,5
Non Salary Recurrent Expenses	30,3	33,2	35,8	39,0	42,6
Other	20,5	20,5	16,1	16,2	16,2
% of Salaries	68,8	68,9	70,9	70,8	70,6

Despite the increased resource envelope, consisting of additional public funding, a gradual increasing share of private sector participation and stable donor funding at current levels, there is still a substantial finance gap that continues to grow during the 5-year period. Given the amount of resources available and the finance requirements, there is a need for additional funding, preferably from external or private resources since domestic public resource flows are estimated in the model to already be at a maximum unless a higher growth scenario occurs.

According to the figures from Ministry of Education and Science, the budget includes support to provide education services for children with disabilities. As such, the gap for the basic education includes as well the participation in education of children with disabilities.

## **Annexes**

- Annex 1: Catalogue of Main Documents for the Technical Appraisal**
- Annex 2: Population and Education Indicators Selected from the Appraisal Documents**
- Annex 3. Number of children 0-6 years old, 2005-2010 (projected figures)**
- Annex 4: Selected Cost and Financing Simulation Results for Assessing Strategic Directions**
- Annex 5: Selected Quantitative Targets in the 3 to 5 Year Action Plan**

**Annex 1: Catalogue of Main Documents for the Technical Appraisal**

<b>Document</b>	<b>Date of draft/Base Year Data</b>	<b>Authorship/sponsorship</b>	<b>Document Length</b>
Decree of the GoA on NES “Implementation Plan of education system reform for 2004-2009” issued on 30 June, 2004	August, 2004	MOES	
National Education Strategy,	December, 2005	MOES	61 pages
Mid-term Plan for the development of the education system (2006-2015)	September, 2005	MOES	16 pages
Education Excellence and Equity Project (Draft)	May 2006	MOES	<100 pages
Education Cost and Finance Simulation Model	2004- 2005	MOES	
Education for all fast track initiative/ Proposal	February 2005		40pages
List of relevant education sector analyses a) Preschool education b) secondary education c) vocational (primary, basic, higher)	September, 2005	MOES	
MDG Report of Albania	2004		71 pages
Personal Research on the web on the data regarding the information requested	Ongoing		

## Annex 2: Population and Education Indicators Selected from the Appraisal Documents

<b>Annexure 2: Population and Education Indicators Selected from the Appraisal Documents</b>							
Domain/Indicator	1999	2000	2001	2002	2003	2004	2005
<b>Selected population characteristics</b>							
Total size of population of Albania (million)	3,049.165	3,058.497	3,063.318	3,084.148	3,102.781	3,119.544	3,134.982
% of population below the poverty line			30			25	
HIV prevalence rates among adults/ Rate per million					6.6		HIV Reported cases 172
% orphans among children ages 7-14							
<b>Gross enrollment ratios (%)</b>							
Enrollment in primary education ( %) (6-13 years old)	91	110.3	110.6	110.2	108.3	106.6	105.6
Primary school (%)		110.3	110.6	110.2	108.3	106.6	105.6
Secondary (%)		45.4	45.7	46.5	47.5	49.2	109
Tertiary school (%)		16.1	15		16.4	16.4	
<b>Primary education enrollments and student</b>							
Total amount of students of primary education	553,411	543,967	535,238	526,619	524,550	520,643	546,255
% in privately financed and managed schools			0.025	0.020	0.020	0.021	0.021
<b>Net enrolment ratio</b>							
Primary level		86.7	86.4	87.1	87.8	87.8	85.3
Secondary level		25.4	25.2	25.5	27.2	27.6	21
Net enrolment ratio of the poorest quintile							
<b>Entry rate to Grade 1 (%)</b>							
Cross-sectional measure		103.3	107.4	105.9	104.2	102.2	100
Cohort measure							
Primary education completion rate (%)	105	102.0	106.4	106.5	106.2	104.3	102.6
Cross-sectional measure							
Cohort measure							
Repeaters as % of enrollments, primary		3.9	3.77	3.95	3.82	3.81	3.78
Repeaters as % of enrollments, secondary		4.8	5.33	5.35	5.09	4.85	4.32
Girls as % of total enrollments/completions, primary		48.31	47.4			48.1	
Girls as % of total enrollments/completions, secondary		48.82	47.8			48.3	
Girls Entry rate to Grade 1 out of total number (%)							
Girls' primary education completion rate (%)	105	103	104.4	104.8	103.9	102.5	101.6
Primary Completion rate (%)	105.0	102.0	106.4	106.5	106.2	104.3	102.6

<b>Primary student learning outcomes</b>							
Average national score on an international student assessment							
Percent correct answers on national standardized tests							
<b>Attendance Rate %</b>							
Attendance rate among girls							
<b>Govt. primary school service delivery indicators</b>							
Years in cycle (primary school)							
Pupil-teacher ratio (1-4 grades)			22.8	22.3	22.1	22.0	21.8
In rural schools			21.3	21.00	20.8	20.6	20.3
Pupil-classroom ratio (1-4 grades)			29.8	29.2	29.0	28.8	28.6
In rural schools			29.4	29.2	29.0	28.8	28.5
Pupil textbook ratio (math and language books)							
Number of teachers in primary education (thousand), including females (%)	29,420	29,055	11,717	11,843	11,770	11,492	11,183
Civil servants as % of total, including females							
Average annual wage bill per teacher (including benefits) as a % of GDP per capita				155.1	181.3	199.3	219.3
Civil servants			1022	1024	1026	1028	1031
Number of teachers of private schools							
Non-civil service teachers							
Instructional hours and teaching loads							
Annual instructional hours for pupils							
Average pupils' instructional hours per week							
Average teachers' teaching load per week (hours)							
<b>Public spending on education</b>							
Public spending on education as a share of GDP	2.63	2.74	2.78	2.87	2.88	3.51	3.56
Total spending as a % of GDP		2.8	2.87	2.96	3.58	3.63	3.56
Public expenditure on education as a share of total public expenditure	9.6	10.1	10.5	9.9	10.6	10.1	10.2
Recurrent spending on education (all levels) as % of GDP	3	3	3	3	3	3	3
Basic education's share of total education recurrent spending			63.3	60.5	65.7	65.2	64.2
Share of recurrent primary education spending used on inputs other than teachers (%)			16.3	36.7	24.3	24.3	24.1

Share of expenditure received by the poorest quintile							
<b>Current spending per student</b> (% of p.c. GDP)							
Primary Level		7.7				7.7	
Secondary Level		11.9				11.9	
Tertiary Level		36.3				36.3	

**Annex 3. Number of children 0-6 years old, 2005-2010 (projected figures)**

<b>Years</b>	<b>Boys</b>	<b>Girls</b>	<b>Total</b>	<b>Age Group 5-6</b>
2006	115,516	109,317	224,833	55,803
2007	116,128	109,514	225,642	55,842
2008	116,674	110,029	226,704	56,106
2009	117,223	110,547	227,769	56,371
2010	117,223	110,547	227,769	56,636

## Annex 4: Selected Cost and Financing Simulation Results for Assessing Strategic Directions

Template for Assessing EFA/Sector Development Plans Relative to the “Indicative Framework”					
Indicator	Value in 2001	Indicative benchmark by 2015	Targets, Rationale and Implementation		
			Targets		Rationale/Plan to get there
			Value	Date	
<b>Resource mobilization</b>					
Public domestically-generated revenues as % of GDP	22.9%	14-18	<b>26.5%</b>	<b>2015</b>	
Public recurrent spending on education as % of public recurrent discretionary spending	11.8%	20	<b>13.3%</b>	<b>2015</b>	
Public recurrent spending on basic education as % of total recurrent spending on education	56.9%	42-64	<b>60,1%</b>	<b>2015</b>	
<b>Student flow indicators</b>					
% of age-group entering Grade 1 in basic cycle	107	100	<b>100</b>	<b>2005</b>	
% of age-group reaching Grade 8 in basic cycle	91	100	<b>100</b>	<b>2012</b>	
% repeaters among primary school pupils	4.3	10	<b>3.8</b>	<b>2010</b>	
<b>Service delivery indicators</b>					
Pupil–teacher ratio in publicly-financed basic schools	19.1	40:1	<b>15.7</b>	<b>2015</b>	
Average annual remuneration of basic school teachers:(a)					
Teachers with university education	1.34	3.5	<b>1.63</b>	<b>2015</b>	
Teachers with secondary education	1.16		<b>1.31</b>	<b>2015</b>	
Weighted average of teachers	1.25		<b>1.59</b>	<b>2015</b>	
Recurrent spending on items other than teacher remuneration as % of total recurrent spending on basic education	18.5	33	<b>28.3</b>	<b>2015</b>	
Annual instructional hours for pupils in publicly-financed basic schools (indicate actual hours, not maximum)	714 to 1,020	850 --1,000	<b>770 to 1,050</b>	<b>2015</b>	
% of pupils enrolled in privately-financed basic schools	2.5	10	<b>2.5</b>	<b>2015</b>	
Construction cost per basic school classroom (furnished & ) US\$ (rate used for EFA/FTI costing is \$8,000)	16,040	-	<b>16 040</b>	<b>2015</b>	

**Annex 5: Selected Quantitative Targets in the 3 to 5 Year Action Plan**

	Base year	Projections			
		2006	2007	2008	Cumulative 2006-08
Number of students in government schools	619	673	665	663	2001
Primary (Total/Girls)	535/259	568/272	562/270	554/267	1684/809
Secondary (Total/Girls)	84/42	105/51	103/50	109/53	317154
Number of new teachers in government schools	1.0	1.13	1.13	1.14	3.4
Primary	31.6	26.7	25.9	25.2	25.9
Secondary	58.4	63.9	64.6	65.0	64.5
Number of textbooks to be produced & distributed					
Primary grades		148			
Secondary grades+ vocational		166			
Number of classrooms to be built		3576	3576	2681	10014
Primary schools		543	543	543	1629
Secondary schools		2840	2840	2125	7805