



The Brookings Institution

1775 MASSACHUSETTS AVENUE, NW WASHINGTON, DC 20036

WWW.BROOKINGS.EDU



Results for Development Institute

1718 M St NW #364, Washington DC 20036-4504

**“IMPROVING PUBLIC EXPENDITURE
EFFECTIVENESS IN HEALTH SECTOR
(*Case of Albania*)”**

**The Albanian Center for Economic Research (ACER)
The Albanian Socio-Economic Think Tank (ASET)**



PUBLIC EXPENDITURE TRACKING SURVEY (PETS) IN ALBANIA

1. Main hypothesis
2. Key issues to be addressed
3. PETS Methodology
4. Summary of PETS and its major findings in Albania
5. General recommendations
6. Specific project policy recommendations



1. Main hypothesis

- A sizeable share of the funds intended for health care services/facilities do not reach their intended destination.
- There is corruption that accompanies the mismanagement of the sector at all levels. There is no transparency in financing the Health Sector in Albania.
- There is no harmony in operation of different levels of the Health Care System.
- Public investment priorities in the Health Sector do not match sector and national strategies and not consider economic and social trends.

2. Key issues to be addressed

- The difficulty of understanding the budget harms the transparency of the legislative and procedural budget formulation.
- The role of the Local Government has declined.
- Budget allocation follows historical trends.
- There is a bad time allocation of funds.
- Policy changes are needed to increase transparency.
- The monitoring mechanisms need to be enhanced.
- The civil society should be more active.
- A set of benchmarks of public expenditure is needed.
- MoH devotes most of its efforts for administration rather than to policy and planning.



3. PETS Methodology

A nation-wide survey of 47 primary health care service, hospital services, and local government units.

The survey covered 6 from a total of 12 prefectures by selecting:

- 31 primary health care centers,
- 6 hospital services,
- 10 local government units,

Random exit interviews were conducted for 124 clients at the selected health institution.

4. Summary of PETS and its major findings in Albania

- Over 2/3 of funding comes from general tax revenues, only 40% of population benefit from health insurance coverage
- Albanian Poverty Assessment has shown that health expenditures increase poverty, with the poverty incidence increasing from 25 to 34% if out-of-pocket health expenditure is subtracted from household income
- There are a number of initiatives directed to the consolidation of the health system there are no governmental initiatives to measure the Health System's performance



5. General recommendations

- Albania needs to develop its Annual Transparency Budget Index;

A citizens' budget document that focuses on explaining the health and education systems is crucial for improving public transparency and building bridges between tax contributions and the respective benefits for the Albanian citizens.

6. Specific project policy recommendations

- The public funds should be an increasing source of financing for the health sector.
Expanding the number of contributors and reducing informality is more desirable than increasing individual social insurance and health contributions.
- Budget planning should be strategic and take into account analysis of priorities in the health sector. It should be based on health sector strategy implementation/efficacy and efficiency cost/benefit analyses.
- Deepening of decentralization accompanied by building the management capacities of local authorities will improve the services and reduce the corruption in health sector.



6. Specific project policy recommendations

- Reducing the number regional hospital needs can improve efficacy of the public funds and improve the performance of the remaining regional hospitals.
 - *Privatization of some health sector services needs improvements of monitoring mechanisms'.*
 - *Outsourcing of non-clinical services is required.*
 - *Public investments in health sector needs to be more transparent and strongly motivated by community needs and long-term demographic trends.*



6. Specific project policy recommendations

- A National Health Committee is needed;
A National Unit for Developing Health Sector Technology Standards is an emergent need;
- A donors' conference has started and we need more frequent meetings of this kind to exchange views with the governmental authorities.



Thank you for your attention!