

Public expenditure on social care services

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Institutional and financing mechanisms
in the social protection sector
at the central and local level
2016 - 2022

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Prepared by: Sabina Ymeri

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1. Introduction

This report presents an overview of the mix of financing in the social protection sector between 2020 and 2022, with special focus on funding for social care services at the central and local level. The review explores the trends in social protection budget as a percentage of GDP and central government expenditures; intergovernmental relations in funding for social services – including the Social Fund and other types of transfers; spending at the local level; management and administration activities, etc.

The main focus of this report are the current sources allocated to funding social care services in each municipality. The review extends to those social services that are financed directly through public funds (i.e. the national or the municipal budget); or social services that are supported or financed partially by public authorities, but delivered by the non-government sector. The scope extends to social care services managed fully or partially by municipalities, as defined in the Law 121/2016 “On social care services in the Republic of Albania”; including residential services, community - based services; family, counselling and alternative care services; para-social services as well as specialised services (i.e. shelters, centers for children with different abilities, etc.) and emergency services.

Budgets allocated for cash assistance to individuals and families in needs, such a social assistance (ndihma ekonomike); disability benefits; allowances for foster families or orphans; etc. are outside of the scope of this review. In addition, this review does not concentrate on expenditure incurred for social housing and/or employment programmes.

Methodology, source of data and limitations of the assessment

The scope of the budget review on social protection/social care service spending has included a review of financial commitments and allocations at the central and local level. At the central level, the Ministry of Health and Social Protection is the main institution that supports social care services, through its Social Protection budget programme, which includes the cash benefit programmes for individuals with disabilities and poor families, as well as social care services financed by the central government, in addition to management activities mainly performed under the Department for Social Inclusion and the Agency for the Protection of the Rights of Child in MoHSP.¹ At

¹ In 2019, the social inclusion budget programme was merged with the social care budget programme.

the local level, municipalities deploy financial support to social care activities through a number of budget programmes which vary in titles but have similar scope and objectives. The main budget programmes used at the local level include the social inclusion budget programme (with very limited activities); the social care budget programme, including social care facilities that have been transferred to the local government; transfers to households from the local governments (i.e. complementary assistance to the NE programme, etc.) and the social care service budget programme, which is used only by the local government. This budget programme includes mainly social care facilities established and operated by the local governments. However, in many cases local government record expenditures related to pre-school facilities (nurseries and kindergartens) under this programme.²

The Budget for social protection as indicated above does not include expenditures incurred for social services in the health sector, despite the relevance for social protection objectives. Some health activities that bear relevance with regard to social care services include services for people with disabilities (in particular mental health disorders) provided under the health management system; newborn and child health services and expenditures for the vaccination of young children from poor families.³ However, local governments in Albania do not have substantial expenditure assignments in the health sector, hence the exclusion from this analysis.

Two main sources of data were used for purposes of this assessment. The primary source is the Ministry of Finance and Economy Treasury database for 2020, 2021 and 2022. All data on spending at the central level and global data on local government spending is based on the treasury database, unless otherwise indicated. Additional data is retrieved from the Government of Albania's annual and medium-term budgets as well as MoHSP monitoring reports.

Valuable data has been retrieved from the mapping report of social care services, prepared during June 2023, which has helped shed light into the specifics of some of the services and cost comparability and identify extra-budgetary financing that is not captured through the unified treasury system. Nevertheless, in the majority of cases it has not been possible to carry out an

2 Where possible, expenditure in the pre-school education system have been identified and reported separately in this review.

3 As the immunisation programme in Albania is universal, it is not easy to single out the proportion of children from non-contributory families

exhaustive inventory of financial data on non-government contribution to social services at the municipal level; given that not all non-governmental organisations disclose such data.

Budget structure and programmes/institutions under review

According to the Law on Management of Budgetary System, the budgetary classification is harmonised with international standards and it includes minimally the following: ⁴

- a. an **administrative classification** which represents a classification of the general government units up to a spending unit level.
- b. an **economic classification** which represents the classification based on the nature of economic transaction.
- c. a **functional classification** which represents a detailed classification according to the functions or socio-economic objectives that the general government units aim to achieve.
- d. a **program based classification** which represents programs, subprograms and projects according to the objectives of the general government units.
- e. a classification by **source of financing**.

Budgetary classification, including codes and denominations are equal for all general government entities (central and local government entities as well as special funds). Functional classification splits budget data into ten functions/sectors, which are further disaggregated into subsectors. The functional classification is based on COFOG (Classification of Functions of Government, OECD) and GFS 2001 (Government Finance Statistics, IMF) standards. General Government Entities serve as the basis for budget (expenditure) planning and execution. The budget of each general government entity is divided into programme (policy) areas. The budgetary programme is a group of activities of the general government units that are managed effectively and together contribute in producing identifiable and measurable outputs which contribute directly or indirectly in achieving objectives and goals of its budgetary policy. Each budget programme is subdivided into activities (set of activities

⁴ Article 11, Law 9936

undertaken at the program level for the delivery of an output), and outputs (goods and services delivered by activities of a budgetary program).⁵

Budget management is based on institutions and policy areas (budget programmes) rather than sectors. Typically, the majority of programmes under a specific sector are managed by one central government institution (Ministry). Budget programmes are directly linked with policy goals and objectives; hence they can be linked with the sector policy/strategy by establishing the pertinence of the budget programme goals to the sector based approach. The budgetary structure of the central government applies equally and uniformly to local governments as well. Local governments manage all budget programmes in areas related with their own activities. Total expenditure incurred under the same budget programme may be identified across the public sector due to the uniform classification system.

In this regard, the social sector budget has been compiled by taking into consideration the following budget programmes and/or subprogrammes: i) MoHSP– Social protection; ii) MoHSP– Social Inclusion (Equal Opportunities – until 2019); Local governments - Social Care; Social Inclusion (Equal Opportunities); Social care services⁶ budget programmes.

5 Article 2, Law 9936

6 Some but not all outputs from the programme were considered relevant for the purpose of this analysis. From 2018 some changes to the budget structure at the municipal level have fragmented the social care funds into a handful of different programmes, which are named differently and the method for allocating costs to each programme varied between municipalities. The team will make an effort to unify the methodology and avoid errors as much as possible.

2. Social protection spending at the central and local level

2.1. Financing for social care services

The Albanian social care system provides services to **individuals, families and communities to help reduce poverty, mitigate risks, improve inclusion and integration, and to live full and satisfying lives**. Social care services are designed to serve adults and children with disabilities; frail old and elderly people; people with long-term and chronic illness, children and adults at risk of physical or sexual abuse; youth and adults with drugs and substance abuse problems; children deprived of parental care, mistreated by their families, or in conflict with the law, families with marital difficulties; and reduce impediments to the labour market, among others. The vision and reform priorities of the Government of Albania on social care reform are embedded in the Social Protection Strategy (2020 – 2023), which lays out the governance systems for social care services as well as linkages between the cash and care social protection instruments. A new Strategy for Social Protection 2024- 2030 is currently being developed under the leadership of the Ministry of Health and Social Protection.

Responsibility for planning and delivering social care services is decentralised to municipalities. Public social services are provided mainly through residential and day care centres and financed by the state and municipal budgets but other forms of community-based services including outreach and mobile services are being established by a number of municipalities. The principle of deinstitutionalisation underpins efforts to improve and expand the social care service system.

The law on local self-government⁷ sets out the functions and authorities of local governments. In the area of social services, municipalities have the responsibility for the establishment and management of local social care services; building and administration of social care centres and social housing. The 2015 local government law also sets out the responsibility of municipalities to establish a “social fund for financing social services”, in cooperation with the Ministry in charge of social affairs.

⁷ Law 139/2015 “On Local Self-Government”.

These responsibilities are further clarified in the Law on Social Care Services⁸, which defines the types of social care services; eligibility criteria for beneficiaries; as well as roles and responsibilities of institutions in charge, including municipalities. The law also regulates financing of social care services, which may originate through i) funding from the state budget (delegated funds); ii) funding from the local budget; iii) ring-fenced revenues/sources; and iv) service fees from beneficiaries. This law also regulates the main features of the social care service system, prescribing needs assessment and planning through local social plans, delivery of a minimum basket of services at local level, as well as provision of specialised services at the regional and/or central level. Social care services and the roles and responsibilities of the various institutions involved are closely interlinked with the regulatory framework on child protection⁹, which determines the responsible authorities and mechanisms to guarantee special protection for children; as well as specific legislation on measures on domestic violence. The reform of child protection services is being given higher priority in the face of emigration and economic factors which have had a significant impact on informal coping mechanisms, as well as undermining the Albanian custom of family members or relatives of children assuming guardianship and care. In this regard, creating substitute families to provide adoption and foster care is a pressing priority as is the establishment of preventive measures that address child poverty, social insecurity, family violence, drug and alcohol abuse, family breakdown, care for the elderly, and rehabilitation services for people with disabilities.

Municipalities perform a number of functions in relation with the management of the central government's cash benefit programmes. They act on behalf of the central government to receive applications and pay out benefits and no longer have oversight of the social assistance programme, or discretion in decision-making over eligibility (run through a computerised system based on a proxy-means tested scoring formula); nor the size of benefits once eligibility is established.¹⁰ Local governments, however, have a series of administrative responsibilities to manage the process of applications as well as follow-up with applicants and/or beneficiaries through spot checks. Furthermore, the legal framework as well as practice of case management in social care services recognizes an important interface between the cash benefits and in-kind services provided by the municipalities.

8 Law 121/2016, "On Social Care Services in the Republic of Albania"

9 Law 18/2017 "On the rights and protection of the child"

10 The criteria for eligibility, as well as size of benefits are determined through a Council of Ministers Decision.

The lack of legacy in the area of social care services leads to incomplete regulatory frameworks and standards in social service delivery; as well as services that remain few in number vis-à-vis the needs, and varying in quality. De-institutionalisation of residential care remains a challenge, and it is gradually being pursued through the establishment of a network of territorial alternative services; a re-structuring of processes and procedures for case management, family strengthening and community based programs and increasing capacities of the professionals in rights based approaches models.

The local government and social care service law requires municipalities to establish a “Social Fund” composed of all the above-mentioned sources of financing, as well as funding from non-public contributors (i.e. non-governmental organisations, development programmes or private donors). In the current legal framework, the concept of local Social Fund essentially earmarks funding for social care services. The concept of a national **Social Fund** to support local care services was introduced in 2005, but never implemented. In 2018, and for the first time, the Council of Ministers passed a decision to establish a national Social Fund¹¹, and the first – competitive - call for proposals to the fund was opened in mid-2019, managed by the Ministry of Health and Social Protection (MoHSP). Since 2020, MoHSP has issued annual call for proposals under the Social Fund, and has financed a handful of local services every year, but the impact and sustainability of these interventions is undermined by the small size of funds allocated as well as sustainability and predictability of financing horizons. In 2023 the Ministry of Health and Social Protection has undertaken a review of the performance of the Social Fund mechanism and a revision of the concept and procedures for its governance and delivery.

Overall, in terms of mandates, the legal framework appears to assign clear responsibilities to municipalities in planning, budgeting and managing social services. Nevertheless, the instruments for delivery need to be further developed and validated in the context of different local communities and their socio-economic realities. The concept of a minimum, mandatory set of services at the local level was actively embraced – and endorsed – by the central government, but financing social care services remains a challenge both at the central as well as local government level. The Ministry of Health and Social Protection is currently working on developing social care service standards for a number of services, alongside general guidance for unit cost and

¹¹ Decision of Council of Ministers “for the Establishment and functioning of the Social Fund”, No. 111, date 23.02.2018

financing of services. The establishment of the **Agency for Quality Assurance of Health and Social Care Services**¹² in 2021 is expected to enhance the quality of health and social services based on standards through education, certification, accreditation and control of the security of services for structures and professionals; and govern the licensing and continuing education of professionals in the field of social services.

2.2. Share in GDP and total public spending: central government level

Spending on social protection in Albania remains among the lowest in Europe, at around 9,6% of GDP in 2022¹³, significantly lower than the EU average of 20.5% (2021)¹⁴. Spending is dominated by social insurance outlays (contributory program), which account for over 80% of total spending between 2015 and 2022.

The main non-contributory social programmes in Albania are cash payments to support the poor and persons with disabilities, managed by the Ministry of Health and Social Protection, which account on average for 13% of total public social spending in the country. Both programmes have undergone significant reforms in the last decade, aiming at improving targeting, equity and effectiveness. The remainder of spending in the social protection sector is dedicated to as social care services (under MoHSP and local governments) and active and passive employment programmes, currently managed by the Ministry of Finance and Economy (about 1% of the total budget) as well. (Table 1).

¹² <http://asck.gov.al>

¹³ This includes contributory and non-contributory social protection schemes; employment programmes as well as emergency relief spending. It excludes social housing expenditure, which accounts for an additional less than 0,01% of GDP until 2021 and 0,026% of GDP in 2022.

¹⁴ Eurostat, General government expenditure by function (COFOG).

Table 1. Social Protection Spending in Albania 2015 - 2022

Budget programme <i>million ALL</i>	Year							
	2015	2016	2017	2018	2019*	2020*	2021*	2022
Social protection at local level (local budget discretionary spending)	493	545	684	842	1 135	1 285	1 555	2 212
Social Protection (central budget, MoHSP)	21 442	21 283	21 702	21 673	24 054	27 764	28 218	29 489
<i>Of which: cash assistance programmes</i>	17 662	20 026	20 714	20 671	20 190	23 900	23 543	25 094
<i>Of which: baby bonus at birth</i>					2 364	2 820	3 303	3 100
Social Inclusion	93	68	88	13				
Employment Services	1 623	1 807	1 486	1 228	1 535	13 705	2 484	2 003
Emergencies	1 419	1 266	1 109	1 542	1 503	854	432	1 342
Subtotal social sector spending (non-contributory)	24 977	24 901	24 981	25 285	28 227	43 609	32 689	35 046
Social Insurance	107 309	114 276	119 081	125 364	130 927	134 151	148 030	163 037
Total social protection spending	132 286	139 177	144 062	150 649	159 154	177 759	180 719	198 083
GDP	1 434 307	1 475 251	1 552 886	1 647 625	1 705 246	1 644 077	1 889 839	2 058 155
Total General Government (GG) Budget	433 697	440 241	461 410	476 147	519 577	536 279	596 279	660 693
Social protection (without social insurance)								
In % of GDP	1,74%	1,69%	1,61%	1,54%	1,66%	2,65%	1,73%	1,70%
In % of GG budget	5,8%	5,7%	5,4%	5,3%	5,4%	8,1%	5,5%	5,3%
Social protection cash programmes								
In % of GG budget	4,1%	4,5%	4,5%	4,3%	4,3%	5,0%	4,5%	4,3%
In % of social spending (non contr.)	70,7%	80,4%	82,9%	81,8%	79,9%	61,3%	82,1%	80,4%
In % of social care budget programme (central)	82,4%	94,1%	95,4%	95,4%	93,8%	96,2%	95,1%	95,6%
Local government (discretionary) social spending								
In % of total social spending (non contributory)	2,0%	2,2%	2,7%	3,3%	4,0%	2,9%	4,8%	6,3%
In % of social protection budget programme (central)	2,3%	2,6%	3,2%	3,9%	4,7%	4,6%	5,5%	7,5%
In % of non-cash social protection budget programme (central)	13,1%	43,4%	69,3%	84,0%	75,6%	123,1%	113,4%	170,8%

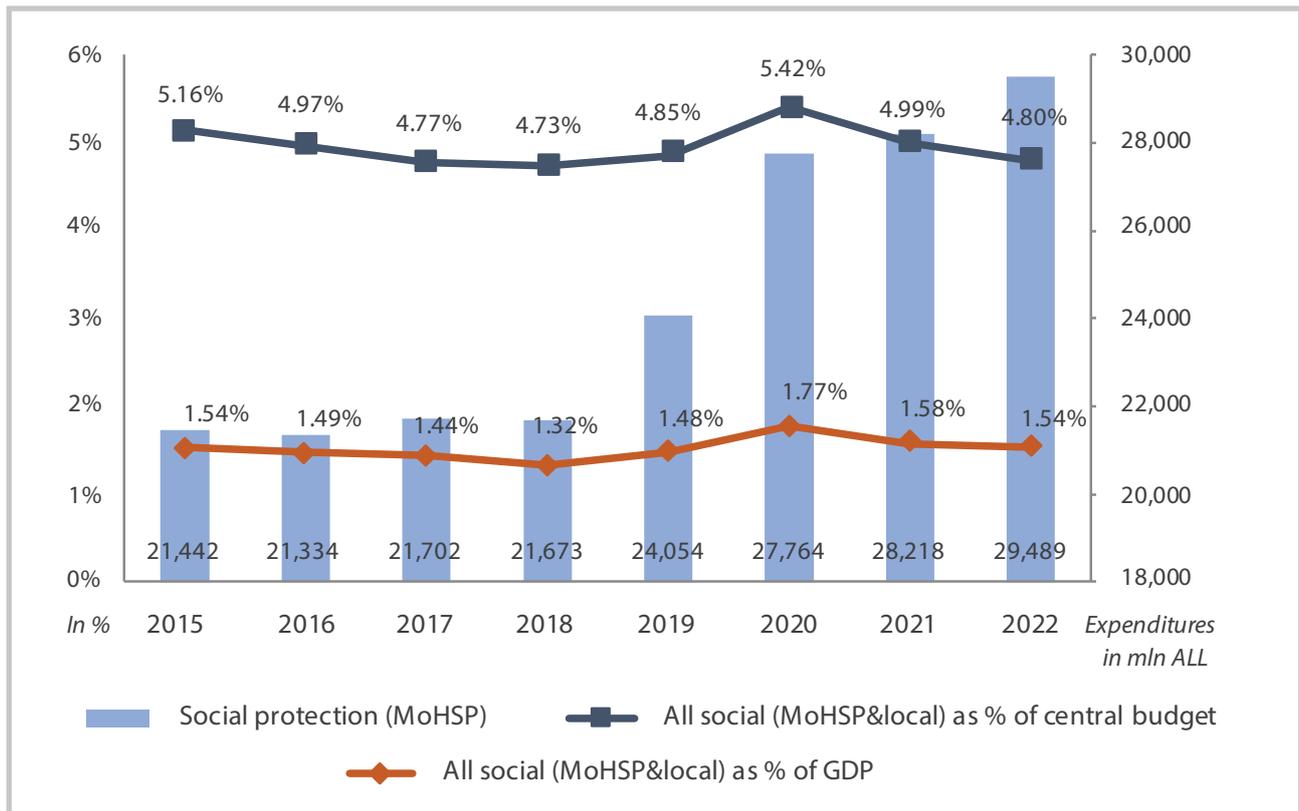
Source: Ministry of Finance Treasury data and Budget 2023.

The onset of the pandemic led to an unprecedented expansion in spending for social policy programmes during 2020, following the horizontal expansion of the social assistance programme and temporary increase in benefit size; as well as temporary income support for those out of work during the lockdown in 2020 (employment budget programme). As a result, the structure and composition of social spending in 2020 differs from the other years. The social protection budget programme, underpinning implementation of the National Social Protection Strategy, increased to 27,8 and 29,5 billion Lek respectively in 2020 and 2022, up from 24,7 billion in 2018. The share of the sector budget¹⁵ to the Gross Domestic Product (GDP) surged to 2.65% in 2020 and stabilised back to approximately 1.7% of the GDP by 2022. Prior to 2020, the weight of the spending in the social protection budget programme to overall public spending had been in decline, as sector expenditures grew at a slower pace than the overall budget. (Figure 1).

In summary, social protection budgets at the central level have steadily increased in nominal terms, but have decreased in relative terms. The pace of growth of general government expenditures has been faster than the increase in social protection expenditures during the recent years, with the exception of 2020.

¹⁵ Excluding social insurance outlays and social housing. This refers to social policy under the domain of MoHSP, including non-contributory programmes (social assistance, other cash benefits), social care services, employment programmes under the Ministry of Finance, local government spending (including social housing) and emergency protection.

Figure 1. Share of social protection budget (central government) in GDP and central government expenditures



Composition of sector expenditures

At the central government level, social protection is the main budget programme for social protection related expenditures. The sector budget continues to be heavily dominated by cash benefit outlays, which account for more than 95% of the overall budget in all years and have been projected to remain at similar levels in the medium term¹⁶. The cash benefit programme is composed of two main sub-programmes: cash benefit payments for poverty alleviation (social assistance – *ndihma ekonomike NE*); and cash payment benefits for people with disabilities to help with their care costs and/or to compensate them for inability to work.¹⁷ Since 2019, a third cash benefit programme was introduced, a one-time baby bonus awarded to families, which has increased from 2.3 billion in 2019, to 3.1 billion ALL by 2022. Non-cash social protection

¹⁶ Budget 2023, Fiscal table 4.

¹⁷ These include benefits for people with disability as well as caretakers.

expenditure, including delivery of social care services as well as administration and management activities linked with the State Social Service and Agency for the Protection of Children Rights, have slightly increased in nominal terms (1.3 billion ALL in 2022 versus 988 million Lek in 2019), however their relative weight to the overall programme budget remains very modest.

The means-tested social assistance programme is the only poverty alleviation programme in the country. The programme's design was thoroughly overhauled in 2012 and rolled out nationally since 2018, based on a proxy-means tested formula for eligibility assessment. Social assistance spending remains significantly low at 0,33% of GDP in both 2021 and 2022, despite its increase since pre-pandemic levels (0.25% of GDP in 2019). In response to the Covid crisis, the government temporarily doubled the amount of social assistance benefit for all households eligible for the programme during March to May 2020 and again during January to June 2021¹⁸. As of January 2022, the level of benefits was permanently increased for several eligible categories¹⁹. Following the introduction of additional social protection measures in the spring of 2022 to mitigate the effects of the war in Ukraine, new and permanent increases to social benefits amounts were enforced in September 2022. The NE programme catered to about 80,000 households in 2018. By 2022 the number of households supported by the programme had decreased to more about 64,000.

Concerns have been raised increasingly with regard to the adequacy of social assistance benefits and the role of the programme in lifting people out of poverty. In 2022, approximately 64 thousand households were eligible for the social assistance scheme, although at-risk-of poverty levels before social benefits (excluding pensions) were estimated at 24.8% of the population in 2020 (SILC), or over 150,000 households. The social assistance programme is effective in reaching the poorest quintiles of the population: 45% of benefits in 2019 were received by the poorest 10% of households (WB, 2022), but coverage remains very limited. Moreover, the purchasing power of social assistance benefits has eroded over time. Even following the recent increases, the maximum amount of benefit would hardly exceed ALL 12,000 (EUR 100) for a household with three or more dependent children, whereas the poverty threshold for a household with two dependent children was of a monthly amount of ALL 33,563 in 2021 (SILC 2021).

¹⁸ In addition to temporary relaxation of eligibility rules for households close to the eligibility threshold.

¹⁹ Benefit amounts were doubled for households with three or more minor children (23% of the beneficiaries in 2021) and orphan children; tripled for women and girls victims of trafficking or violence and increased by 10% for all other beneficiaries.

Spending on the disability benefit programme is estimated to reach 0.8% of GDP in 2023, following a downward trend since 2020 (in relative terms). Disability benefits steadily expanded between 2012 and 2015 and by 2017 spending on the disability programme constituted about 1% of GDP. However, its size decreased to 0,9% of GDP in 2021 and 2022, despite increases in the amounts of benefits in the last two years. The disability cash assistance system is currently undergoing a thorough reform aiming at improving the assessment model, based on the biopsychosocial assessment model as per international standards of disability classification, as well as combining the payment benefits scheme with integrated services to achieve social and economic integration. Reforming the disability scheme has entailed revising the assessment criteria and introducing various disability severity scales, as well as establishing a new multidisciplinary assessment process, a Management Information System and improving administrative and redress processes. The new scheme has been piloted in Tirana for over two years and was recently rolled out nationally.

The reform did not envisage an increase in the value of benefits, which are set at approximately ALL 10,653 monthly per individual²⁰, although some increases were adopted in the wake of other social protection measures in the aftermath of the pandemic. The challenge going forward will be to develop a cadre of trained professional to deliver assessment and administration on the new system of disability, as well as to increase the coverage of specialised services through the establishment of adequate services and facilities. The number of beneficiaries in the disability support scheme has remained stable over the years, with approximately 164,000 beneficiaries in 2018 and 162,000 beneficiaries in 2022 (SSS Annual Report 2021, 2022). The disability benefits scheme pays about three times more on average than NE.

Spending on social care services under the MoHSP is fairly insignificant at less than 3% of the overall social protection budget programme. Expenditure in social protection outside of the cash benefit programmes amounted to 1.3 billion lek in 2022, up from 1 billion in 2020 and 988 million in 2019. These include administration costs of the State Social Service, the activities of the Agency for the Protection of the Rights of Child, as well as awareness activities that are primarily centred on the topics of gender equality and domestic violence.²¹

²⁰ DCM 182, dated 26 February 2020

²¹ Other social inclusion activities are however included in other budget programmes, such as scholarships in primary education, subsidies for the price of textbooks, etc; but are not included in the scope of this review. The social inclusion budget programme was merged within the Social care budget programme since the financial year 2019.

State budget financing for central and local social care services channelled through the social protection budget programme has fluctuated around 800 million lek in recent years. (Table 2).

Table 2. Composition of social protection budget, Ministry of Health and Social Protection 2020 - 2022

<i>In mln Lek</i>	2020	2021	2022
Social Assistance cash benefits	5 435	6 464	6 663
Disability allowance	18 465	17 079	18 430
Baby Bonus	2 820	3 303	3 100
SSS State Social Service administrative expenditure	165	183	218
Agency for Children	13	10	12
World Bank Social Assistance Project	22	21	21
Other	4	323	200
Social care services			
Residential care	57	58	57
Children in care	242	235	238
Elderly in care	199	190	185
PwD in care	209	202	206
Total operating cost for social centres	706	686	685
Supplemental salaries social care (Covid)	33	-	-
Social Fund	94	148	159
Capital improvement social centres	4	-	-
Equipment for social centres	0,81	-	-
Total Social Protection (MoHSP)	27 764	28 218	29 489
<i>In % of social protection budget programme</i>			
Social care service expenditure (total)	3,0%	3,0%	2,9%
Of which: Operating costs for centres financed through SSS	2,5%	2,4%	2,3%
Of which: Social Fund	0,34%	0,52%	0,54%

A closer look at the budget spent in social care services, excluding the three cash benefit programmes, reveals that the weight of personnel related expenditure accounts for more than 50% of overall costs at the central level. In 2022, the central government through the State Social Service spent 302 million lek for the operation and maintenance of 13 centrally administered social care services; as well as 383 million lek for supporting some 17 social care institutions which have been de jure decentralised since 2006 (down from 444 million in 2019 for the same institutions). Capital expenditure in social care services continues to be low: only in 2020 expenditure in the amount of 5.2 million lek was made to finalise works for the Palase elderly centre and the Linza centre for trafficking victims, as well as to provide supplies to social care centres. Other investments in the programme between 2020 and 2022 were targeted to capital refurbishments of SSS offices and expenditure related with the World Bank Social Assistance Modernisation Programme (57 million lek in 2021 and 24 million lek in 2022).

2.3 Social spending at the local level

Local government spending in the social protection sector is dominantly concentrated on social care services. Local governments have the primary responsibility for social care services, but are not the only part of government to contribute to individuals' care costs. Local government financing for social care services has dramatically increased in the recent years, from 400 million in 2015 to 1,1 billion in 2019 and to more than 1.4 billion ALL by 2022. At an average annual growth of more 20%, financing from discretionary local budget funds has become the single most significant source of financing for social care services. Although local government financing for social care services is increasing at a rapid pace, it is, however, concentrated in a handful of relatively 'wealthier' municipalities.

Table 3. Spending in social service programmes between 2016 and 2022 at the central and local government level²²

<i>In ALL</i>		Capital expenditure	Personnel	O&M	Transfers to third parties	Cash programme	Total
2016	Central Government	334 677 928	495 476 287	478 520 813		20 025 542 386	21 334 217 414
	Local Government	31 630 692	297 473 441	124 317 074	74 399 620	16 862 832	544 683 659
2017	Central Government	75 754 523	583 762 050	328 192 875		20 713 818 061	21 701 527 509
	Local Government	79 804 381	365 645 500	104 606 815	111 691 561	22 647 066	684 395 323
2018	Central Government	146 033 633	534 482 920	327 149 365		20 670 947 462	21 678 613 380
	Local Government	134 970 831	447 249 376	140 205 545	26 782 071	92 620 769	841 828 592
2019	Central Government	100 499 519	545 620 851	342 144 368	79 907 218	22 474 024 563	23 542 196 519
	Local Government	61 064 620	665 619 045	179 955 286	22 211 830	206 133 039	1 134 983 819
2020	Central Government	32 127 335	606 216 925	309 172 695		26 816 202 398	27 763 719 353
	Local Government	109 305 626	738 987 813	228 126 644	42 666 195	166 099 458	1 285 185 736
2021	Central Government	56 909 801	557 270 156	319 787 632		27 283 852 528	28 217 820 116
	Local Government	284 633 647	772 220 750	279 483 865	39 274 803	179 385 418	1 554 998 483
2022	Central Government	24 193 502	599 291 782	300 978 324		28 564 250 046	29 488 713 654
	Local Government	234 491 374	890 683 510	272 954 152	40 657 152	771 037 896	2 211 928 537

Source: Ministry of Finance Treasury Data 2016 -2022 (Social Inclusion Social care, Social care services and social housing budget programmes)

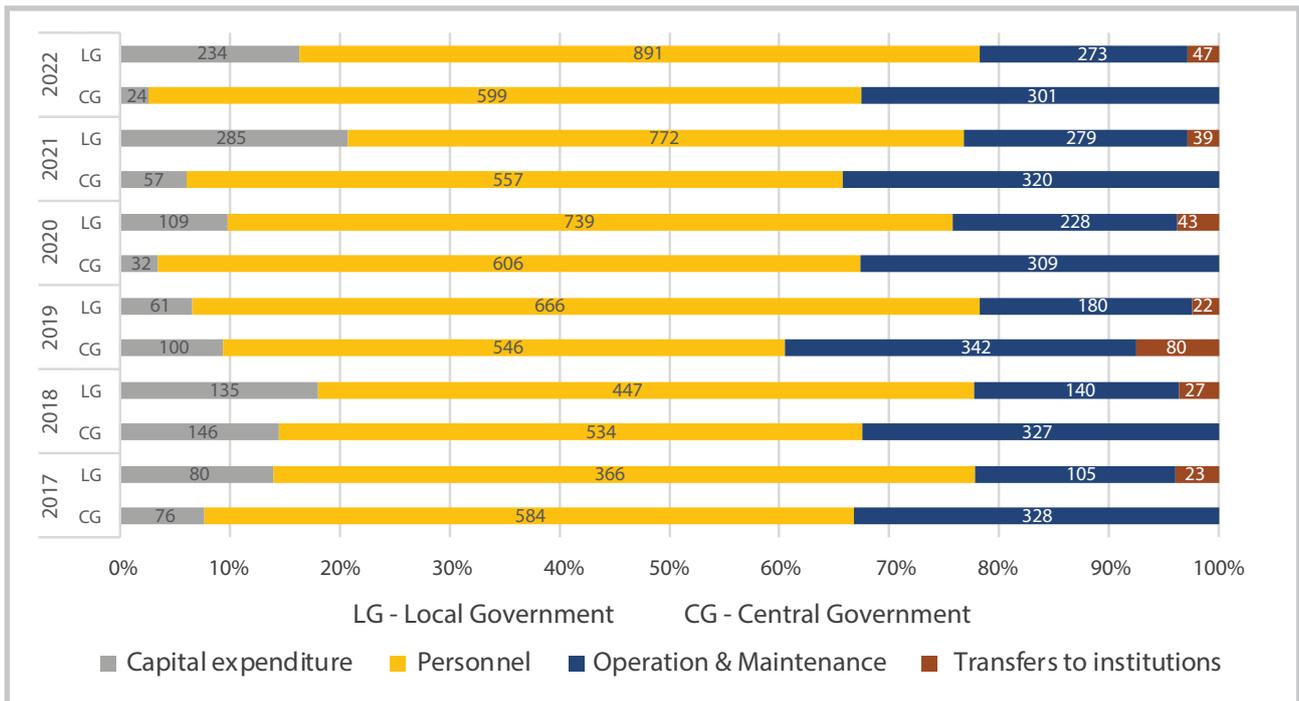
²² Spending at the local level is partially financed by the central government. Total spending on social services at the local level is equal to the sum of financing at the central and local level as shown in this table.

Personnel related expenditure accounted for 62% of overall costs at the local level (excluding cash assistance). In absolute terms, the wage bill in the social sector appears to have increased dramatically: from 297 million lek in 2016, to 665 million by 2019, and 891 million lek in 2022, thus surpassing the wage bill at the central level. It must be noted that a considerable share of these personnel costs appear to be linked with educational institutions – however the wage bill has increased sharply even when we control for education related expenditure. The increase may be attributed to both an increase in the numbers of staff linked with the establishment of new services; as well as the increase in labour costs during the recent years.

Operation and maintenance costs are relatively low at an average of 20% of total local costs in the last three years, but have increased from 180 million ALL in 2019 to 273 million ALL by 2022. Local governments also pay transfers to individuals and households (771 million ALL in 2022). These transfers include a small social assistance programme to compensate for poor households that have not benefitted from the NE cash benefit programme at the central level; compensations for funeral costs and other direct support to households.²³ Capital expenditure in the social care programme appear quite low at the local level (627 million lek between 2020 and 2022), but are however higher than investments carried out by the state budget. About 15% of capital expenditure from local financial resources is related with renovation projects for school nurseries in selected municipalities and is not directly related with social care services as defined in Law 121/2016.

²³ In some municipalities food packages and other direct support for beneficiaries of social care services may also be accounted for as transfers to individuals and households.

Figure 2. Composition of social expenditure by economic classification, excluding cash benefits (MoHSP Social Protection Programme; Local governments social protection and social housing)



Source: Ministry of Finance Treasury Data

2.4 Structure of municipal budgets on social protection

The structure of social spending within local governments in Albania is composed of transfers from the state budget and financing from the local budget’s discretionary revenues. In the period under review, local governments spent between 2.1% (2019) and 2.8% (2022) of their total discretionary budgets in the social sector.

Financing sources for the social sector at the local level are mixed. Multiple financing streams for social care services exist, following fuzzy lines of accountability, which mirror the different stages of policymaking in the delegation of social functions. Three different financing modalities are implemented within the Ministry in charge of social policy (MoHSP) alone. Other financing streams originate from the Ministry of Finance, alongside annual transfers to local governments; as well as financing from discretionary resources of the local budgets. (Table 4).

Table 4. Financing modalities for social care services

Institution in charge	Ministry in charge of social policy/ State Social Service	Ministry in charge of social policy/ State Social Service	Ministry in charge of social policy	Ministry in charge of social policy	Ministry of Finance and Economy	Local government discretionary budgets
Recipient	13 national social care services, mainly residential; not all are specialised services	17 <i>de jure</i> decentralised social care service institutions since 2006	At least 6 regional councils delivering specialised social care services in cooperation with NGOs	Local government with social care plans in place from 2019	6 local governments for day-care social service centres, typically locally established through NGO collaborations and transferred to municipalities	Local social services Matching funds for <i>de-jure</i> decentralised; <i>de-facto</i> central social care services Sporadic small contributions to NGOs
Modality	SSS allocates funding based on predetermined appropriations	SSS allocated funding based on predetermined appropriations, in the same fashion as for national social care centres. Funding is fully conditional and detailed to the line item level. Covers staff salaries and maintenance only.	Unclear – funds are transferred to the regional council in the form of a transfers for households and individuals. Since 2021, presented as part of Social Fund financing, but unclear if competition procedures are followed	Social Fund	Specific transfer/ loosely earmarked transfer topping up the state budget general purpose transfer to local governments	Depending on structure at LG level: either budget allocation to reporting budget institutions or centralised management at headquarters
Approximate budget 2018- 2022	2018: 242 million ALL 2019: 266,5 million ALL 2020: 306 mln ALL 2021: 301 mln ALL 2022: 302 million ALL	2018: 438 million ALL 2019: 443,8 million ALL 2020: 400 mln ALL 2021: 385 mln ALL 2022: 383 mln ALL	2018: 59 million ALL 2019: 72 million ALL 2020: 72 mln ALL 2021: 95 mln ALL 2022: 97 mln ALL	2018: N/A 2019: 6,7 million for 6 municipalities 2020: 22 mln to 10 municipalities 2021: 53 mln to 16 municipalities 2022: 62 million to 20 municipalities	2018: 89 million ALL 2019: 88,7 million ALL 2020: 131 mln to 7 services 2021: 131 mln to 7 services 2022: 134 million to 7 services	2018: 842 million ALL 2019: 1,13 billion ALL 2020: 927 million 2021: 1,14 billion 2022: 1.4 billion ALL

Source: Treasury and Budget Data, Ministry of Finance

The Ministry of Health and Social Protection provides funding to 30 social care institutions in the country, of which 13 are national social care institutions and 17 social care services that were *de jure* decentralised in 2006 but which *de facto* remain centrally managed. Of the 13 national level institutions, only three provide specialised services (emergency centre, and two centres for trafficking and domestic violence victims). Furthermore, the Ministry itself finances specialised social care services delivered at the regional level by the regional councils of Tirana, Gjirokaster, Vlora, Berat, Shkoder and Elbasan. The financing modalities for these services are based on ad-hoc Memoranda of Understanding entered into with the specific regions over the years. Since 2021, MoHSP reports funding to services at the regional council through the Social Fund.

A significant financing stream is channelled since 2015 through the Ministry of Finance and Economy, which allocates financing for seven social care service centres established locally; in the framework of the sectoral transfers²⁴ accompanying the (formula – based) general purpose transfer to the municipalities. It is unclear why a specific policy choice was made to fund seven of the 61 municipalities²⁵ through specific transfers for local social services; while a status-quo was maintained in the financing arrangements for seventeen local services in 13 municipalities that continue to be funded with conditional grants through the State Social Service.

A considerable share of outlays in the social sector at the local level originates from the state budget. Nevertheless, the lion share of these funds goes directly to social care institutions, bypassing local government authority (at least 17 *de jure* decentralised institutions).

24 The sectoral transfers are loosely earmarked transfers (i.e. conditional block grants) allocated to local government for newly transferred functions, for the first time in 2015. The concept of “sectoral transfer” was later defined in Law 68/2017 “On local government finance”. Sectoral unconditional transfers are earmarked by sectors, but local governments have some degree of discretion in how they choose to spend them within the given sector and can carry any unspent funds forward to following financial years.

25 A seventh service was added since 2020, between 2016 and 2019 6 services were funded through the sectoral transfer.

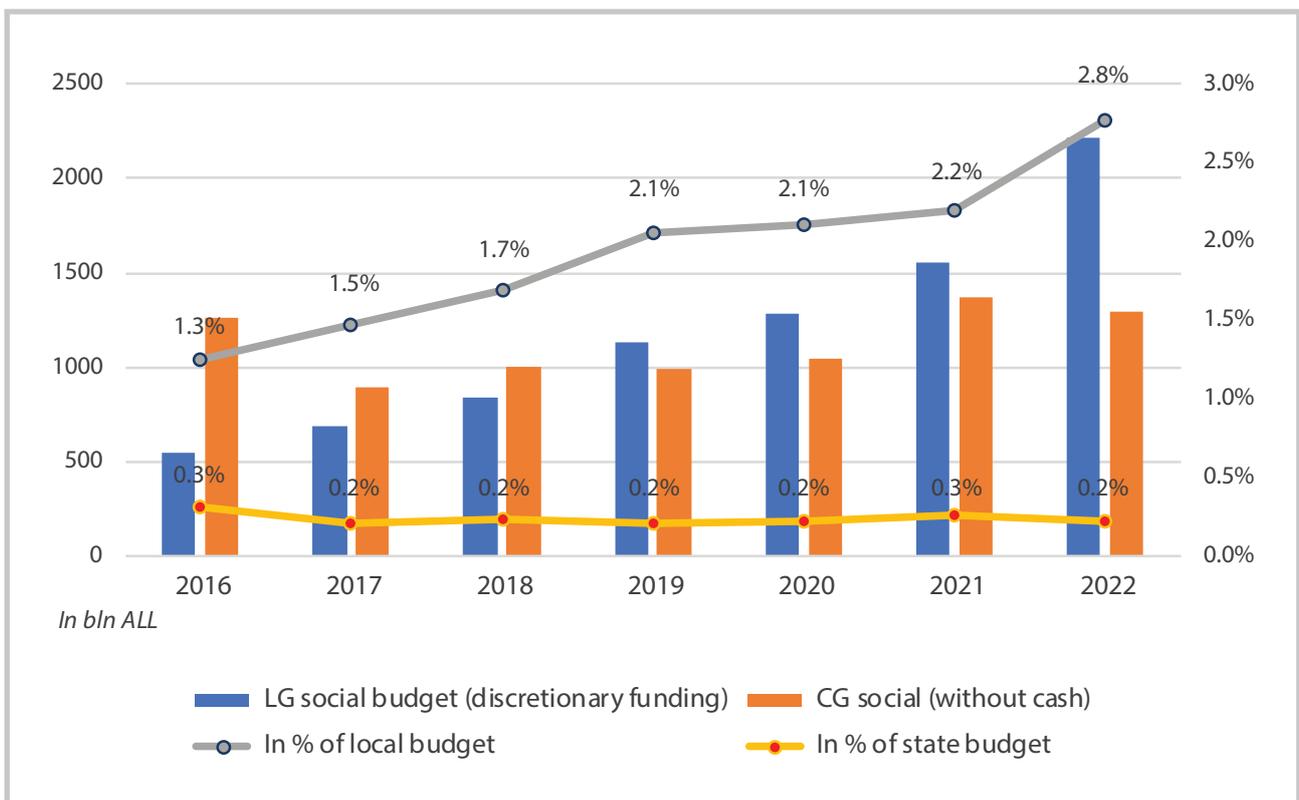
Table 5. Spending in social sector at central and local government level, 2016 - 2022

	2016	2017	2018	2019	2020	2021	2022
Total central government (CG) spending (mln ALL)	396 661	422 746	426 532	464 291	475 205	525 479	580 898
Total local government spending (discretionary sources) mln ALL	43 580	46 487	49 615	55 286	61 073	70 800	79 796
GDP Bln ALL	1 427 799	1 472 791	1 555 202	1 705 246	1 644 077	1 889 839	2 058 155
Central Govt: Social protection mln ALL	21 334	21 702	21 661	23 542	27 764	28 218	29 489
<i>In % of total state budget</i>	5,50%	5,1%	5,1%	5,1%	5,8%	5,4%	5,1%
<i>In % of GDP</i>	1,45%	1,40%	1,27%	1,31%	1,69%	1,49%	1,43%
LG social budget (discretionary funding) mln All	545	684	842	1 135	1 285	1 555	2 212
<i>In % of total local budget</i>	1,3%	1,5%	1,7%	2,1%	2,1%	2,2%	2,8%
Total CG financing for social services (without cash programme) mln All	1 257	988	1002	988	838,75	834	844
<i>In % of total state budget</i>	0,32%	0,23%	0,23%	0,21%	0,18%	0,16%	0,15%
LG social spending (without education and housing)	301	389	657	904	928	1 147	1 425
<i>In % of total local budget</i>	0,7%	0,8%	1,3%	1,6%	1,5%	1,6%	1,8%

Source: Ministry of Finance Treasury 2016 – 2022, and Ministry of Finance Budget Outturn data.

If we look closer at social care service related expenditure, excluding the cash programme which accounts for a considerable share of total expenditure in particular at the central level, the data for the six years reveals that the state budget spending on social care services has decreased to less than 0,2% of the overall central government budget. This downward trend is noticeable in both absolute and relative terms, including social care service financing for centrally managed and de jure decentralised centers. State Social Service operational costs have slightly increased during the period.

Figure 3. Spending on social care services from central and local governments



Source: Ministry of Finance and Economy/MFE treasury data, own calculations

Local governments spend a comparably larger share of their own resources on social sector functions than the central government. The size and relative weight of social spending is increasing from year to year at the local level. However, it must be noted that some of this expenditure is, in fact, allocated to the education sector (pre-school education) and social housing. However, even when accounting for non-education expenditure only, figures are encouraging: social spending has increased from 0,7% of the local budget in 2016, to 1,8% in 2022. (Figure 3)

3. Financing for social care services at the central level

Expenditure on social inclusion and social care services (i.e. non – cash benefits) in the social inclusion and social protection budget programmes at the central government level, amounted to 988 million lek in 2017 and 2019 and 1 billion lek in 2018. The main cost driver at the central level is personnel costs; jumping from 55% of total expenditure in 2019, to 65% in 2022. Supplementary wage costs linked with social care staff compensation for hardship and overtime during the Covid lockdown amount to only 5% of total labour costs during 2020. The relative shares of the different cost categories are very similar from year to year – indicating that the majority of costs are tied to fixed liabilities. Annual capital expenditure in the sector has significantly decreased since 2020 (Table 6).

Between 2020 and 2022 no new capital projects in social care centers were initiated at the central level. During the period MoHSP finalised the reconstruction of the Elderly Home in Palase and the Linza shelter, which had been carried over from previous years. Minor equipment was supplied to social care service centers during 2020. Between 2020 and 2022, 57% of capital investment is directly linked with the implementation of the World Bank SAMP project in social assistance and disability reform (Management Information Systems and studies, technical assistance); and 38% of capital expenditure is linked with the rehabilitation of State Social Services and MoHSP facilities.

Table 6. Spending in social care and social inclusion by the ministry in charge of social affairs, 2019 - 2022 (excluding transfers)

	2019		2020		2021		2022	
	Spending (000 ALL)	% of total						
Personnel	545 621	55%	606 217	64%	557 270	60%	599 292	65%
O&M	342 144	35%	309 173	33%	319 788	34%	300 978	33%
Investment	100 499	10%	32 127	3%	56 910	6%	24 193	3%
Total	988 264		947 517		933 968		924 464	

Source: Ministry of Finance Treasury Data

Table 7 below shows total spending at the central government level by type of activities. In total, management costs by the Ministry in charge of social affairs and its subordinate institutions (State Social Services central and regional directorates, Agency for the Protection of the Rights of Child) have drastically decreased over the years – from 55% and 35% of total outlays in the social protection programme in 2016 and 2017 (excluding transfers), to 12% by 2019. It is worth noting, however, that fixed operation costs of the administration have remained steady over these years, with insignificant increases over the period. The difference over the years is attributable to changes in the management costs – notably, investments linked with the modernisation of the social assistance and disability schemes seem to have slowed down.

Total financing for social care centres amounted to 675 million lek in 2022 and has been on a slight decline during the recent years. The ministry finances directly 10 child homes (a new child home has been established since 2020, but financing levels have remained constant at 35% of total care center spending); 8 development centres (30%); 6 elderly institutions (22%), 3 emergency centres and 3 daycare centres (8% and 5% respectively).

Table 7. Spending in social care and social inclusion by the ministry in charge of social affairs, by type of activities (excluding transfers to individuals)

	2019 % of total		2020 % of total		2021 % of total		2022 % of total	
	Spending (mln ALL)	% of total						
Management activities	278	12%	241	25,5%	248	26,6%	249	26,9%
Social services	710	88%	706	74,5%	686	73,4%	675	73,1%
<i>of which</i>	<i>Spending (mln ALL)</i>	<i>In % of social center spending</i>						
Elderly (6 institutions)	16	23%	161	22,8%	154	22,5%	149	22,1%
Development centres (8 institutions)	212	30%	209	29,6%	202	29,5%	203	30,1%
Children homes (10 institutions)	238	34%	242	34,3%	235	34,3%	234	34,6%
Emergency shelters	56	8%	57	8,0%	58	8,5%	56	8,3%
Daycare and Multifunct. (3 institution)	38	5%	37	5,3%	36	5,2%	33	4,9%

Source: Ministry of Finance Treasury Data

3.1 The Social Fund: A competitive grant mechanism

The Social Fund is expected to underpin financing for social care services at the local level, and support establishing of new services, in line with the approved social plans, ensuring their sustainability over time through a gradual shift in the mix of financing towards locally mobilised resources. Financing from the state budget may support up to 90% of the costs for the first year of the service provision; up to 60% of costs during the second year of the service provision; and 30% of the costs thereafter²⁶. It is worth noting that funding allocated for the Social Fund for the first year of its operation is quite modest.

The criteria for the allocation of the Social Fund are primarily based on the criterion of the highest need²⁷ followed by the availability of funds within the SF; percentage of matching funds from sources other than the state budget, as well as the financial sustainability of the service delivery model. The judgment criteria for each of the above are unclear and do not ensure predictability of financing for local governments. Furthermore, SF appropriations under the general Social Protection budget programme is only notional. This means that SF funds are fungible and may easily be reallocated for other purposes in this budget programme – indeed, the national government has not made a clear legal commitment towards financing social care services at the local level.

Since the operationalisation of the Social Fund in 2019, its impact on funding new social care services at the local level has been modest. The Social Fund was first enacted in 2019, when a fund of 150 million ALL was allocated within the Social Protection budget programme for the Social Fund in the 2019 budget. This was complemented by a ministerial instruction outlining a competitive procedure for allocating the fund to municipalities. The first call for proposals from municipalities was opened in April 2019 and 9 municipal proposals were selected for funding in 2019. Only a very small disbursement of

²⁶ DCM 150, dated 20.03.2019, “On the methodology for the calculation of funds for financing social care services”. Services which have contractual agreement with the responsible ministry/MoHSP, such as the National Centres for social care services, centres offering specialised services at regional level, and Counselling Lines for Children and Victims of Domestic Violence are not subject to the above financing limitations.

²⁷ This is broken down into 9 criteria of different weights, such as population size (10%); unemployment rate (15%); number of economic aid recipients (15%); number of people with disabilities (20%); number of requests for social housing (10%); number of existing social services (10%); number of clients from existing social services (10%); number of organisations providing social services (5%); as well as delivery of new services in line with the basket of services (5%). It is unclear whether these criteria are going to be used for positive or negative discrimination.

7 million ALL was made in 2019 and this to only six municipalities. MTBP 2019 – 2021 projections estimated the Social Fund allocations to increase to 200 and 250 million ALL for 2020 and 2021 respectively. However, actual funding through the Social Fund mechanism has fallen short of projections in all years, amounting to only a total of 137 million lek between 2020 and 2022 (excluding funding to regional services). Disbursement of funds from the Social Fund does not appear to be systematic in terms of number of instalments for the allocation of funds to municipalities and the time period within the financial year when funds are disbursed.

The envisaged mechanism for state budget support, at decreasing levels of financing for new services over three years is intended to equalise funding across the majority of local government over the longer term, without creating an unsustainable burden on the state budget. Nevertheless, bigger and wealthier local governments are better equipped to absorb funding from a competitive mechanism. On the other hand, where the Social Fund will finance new services in relatively poorer local governments, the arbitrary and uniform financing cap may undermine longer-term sustainability of services and/or create future liabilities for the state budget.

4. Financing for social service centres at the local level

Funding for social care services at the local level has more than it is, however, concentrated in a handful of relatively wealthier municipalities. There are marked disparities in the distribution of discretionary spending across municipalities. In 2022, over 70% of total discretionary spending on social care services was concentrated in ten out of 61 municipalities. During 2022 spending in the social sector was exceptionally high in Shijak and Kamez. These municipalities were both affected by the 2019 earthquake. It is likely that social expenditure recorded in Shijak is linked with the programme of post-earthquake support, which are funded through the state budget but erroneously recorded as own expenditures. In Kamez, capital improvement project were undertaken in 2021 and 2022 (Table 8).

Table 8. Expenditure on social care services in 2022, by source of financing and municipalities

Municipality	Discretionary spending on social care services in 2019 ²⁸	<i>Of which: Sectoral transfers</i>	Social Fund transfer	State budget transfers for social care centres	Total funds	Population*	Total spending per capital	Discretionary spending per capital
Shijak	285 029	-		-	285 029	33 518	8 504	8 504
Tirane	237 077	-		-	237 077	638 716	371	371
Kamez	185 391	-		7 172	192 563	113 657	1 694	1 631
Elbasan	54 298	21 333	4 444	-	58 742	163 000	360	333
Shkoder	53 381	36 651	3 553	86 489	143 424	157 532	910	339
Lezhe	53 137	-	1 172	10 553	64 862	79 648	814	667
Vlore	45 475		9 081	38 434	92 990	133 941	694	340
Kavaja	43 867	-		29 280	73 146	53 145	1 376	825
Durres	40 207	-	3 495	30 854	74 556	219 604	340	183
Berat	39 130	23 984	3 087	24 063	66 280	71 983	921	544
Korce	31 996	-	4 695	53 377	90 068	92 269	976	347
Bulqize	23 397	-		-	23 397	33974	689	689
Kruje	22 438	-		-	22 438	66641	337	337
Diber	21 690	-		-	21 690	66322	327	327
Librazhd	20 499	-	2 147	-	22 647	35 444	639	578

²⁸ Discretionary spending refers to funds originating from the general-purpose transfers and specific transfer or own revenues of municipalities. Some municipalities include expenditures on creches and kindergartens under the social service budget programmes, so discretionary spending on social services may be inflated in some cases.

Public expenditure on social care services

Municipality	Discretionary spending on social care services in 2019 ²⁸	Of which: Sectoral transfers	Social Fund transfer	State budget transfers for social care centres	Total funds	Population*	Total spending per capital	Discretionary spending per capital
Sarande	20 396	-	2 024	33 634	56 055	32 963	1 701	619
Mirdite	18 354	-		-	18 354	26 410	695	695
Ura Vajgurore	16 752	-		-	16 752	49 887	336	336
Vau I dejes	16 184	19 958		-	16 184	36 767	440	440
Fier	14 916	27 040		30 711	45 627	145 823	313	102
Gjirokaster	14 454	-	1 951	30 729	47 135	35 680	1 321	405
Mat	14 010	-		-	14 010	30 551	459	459
Lushnje	13 649	-		-	13 649	97 656	140	140
Peqin	13 246	-		-	13 246	30 169	439	439
Cerrik	11 925	-		-	11 925	33 503	356	356
Devoll	11 468	-	2 653	-	14 121	31 275	452	367
Malesi e madhe	11 004	-	1 954	-	12 958	38 249	339	288
Skrapar	10 959	-		-	10 959	13 880	790	790
Kurbin	9 430	-		-	9 430	54 853	172	172
Kucove	6 919	2 650		-	6 919	38 614	179	179
Kolonje	6 067	-	1 123	-	7 190	13 413	536	452
Polican	4 892	-		18 704	23 596	12 817	1 841	382
Kukes	2 013	2 525	1 968	-		51 585		
Roskovec	-	-		-	-	25 035	-	-
27 other municipalities	70 298		20 809	-	91 107	552 708	165	127

Source: Ministry of Finance, Treasury. Figures are in 000 ALL. Population data is based on the weighted average between census and administrative data used for the unconditional formula (MFE,).

Smaller municipalities will continue to depend on state budget resources to finance social care services. This does not only include existing centres of social care services, but the often overlooked – and substantial – costs related to the management of services – including personnel costs associated with hiring social workers at the local level²⁹.

Expenditure in the social inclusion and social protection budget programmes incurred by local governments, excluding transfers to individuals, amounted to above 1.3 billion ALL in 2022. The main cost driver at the local level is personnel costs; accounting for 65% of total outlays in 2020. Personnel cost has remained stable between 2019 and 2021 (at an average of 640 million ALL), but increased by 15% in 2022. Operation and maintenance costs have increased at a faster pace than wage costs, at 265 million lek or 16% of total outturns in 2022, or almost 50% higher than in 2019. Municipalities transfer around 3% of total funding to other institutions for the implementation of social service related activities (39 and 40 million lek respectively in 2021 and 2022).³⁰ (Table 9).

Investment by local governments is relatively low and fluctuates in years (44 million ALL in 2020, 229 million in 2021 and 154 million ALL in 2022). This is also linked with the fact that the majority of capital expenditure in the sector at the local level is linked with minor-scale facility renovations as well as provision of equipment and supplies. (Table 7).

Table 9. Spending in social care and social inclusion by all local governments, 2019 – 2022 (excluding transfers to individuals and social housing)

	2019		2020		2021		2022	
	Spending (mIn ALL)	% of total						
Personnel	666	58,6%	739	57,5%	772	49,7%	891	40,3%
Operation & Maintenance	180	15,9%	228	17,8%	279	18,0%	273	12,4%
Transfers to institutions	22	2,0%	43	3,3%	39	2,5%	41	1,8%
Investment	61	5,4%	109	8,5%	285	18,3%	234	10,6%

Source: Ministry of Finance Treasury Data

²⁹ Municipalities are mandated to hire one social worker per at least every 10,000 inhabitants, at least one child protection officer in each administrative unit; one or more social administrators to manage the social assistance and disability cash benefits; as well as child gender and domestic violence officers. These costs are typically not included in the social care budget programmes, but in the general public services budget programmes.

³⁰ These are typically transfers to non-governmental social service providers, to complement funding for their activities. See Annex 1 for further detail.

In total costs incurred in the social budget programmes, education related costs amount to 20% in 2020 and 18% respectively, in 2021 and 2022. Other unspecified expenditure at the municipal administration level takes up 60% of total spending in 2018. This expenditure is related with social services in municipalities where the service is delivered directly through the municipality (i.e. the social service centre/facility is not a budgetary institution distinct from the municipal headquarters); as well as staff and other administration costs.

Table 10. Spending in social care and social protection by local governments by type of activities (excluding transfers to individuals)

	2020		2021		2022	
	<i>Spending (ALL)</i>	<i>% of total</i>	<i>Spending (ALL)</i>	<i>% of total</i>	<i>Spending (ALL)</i>	<i>% of total</i>
Education (nurseries)	213 438 904	20,5%	239 286 094	18,3%	244 637 601	18,3%
Social care centres (19 institutions)	244 159 547	23,5%	274 298 778	21,0%	293 337 302	22,0%
<i>of which in Tirana (6 centres)</i>	122 716 977	50,3%	147 636 510	53,8%	161 074 181	54,9%
Other municipal expenditure	583 561 731	56,0%	792 812 827	60,7%	798 213 554	59,7%

4.1 Structure of municipal budget

In terms of the source of financing, transfers from the central government are the main source of funding for municipalities. Conditional transfers from the state budget typically dominate the structure of spending in all municipalities ranging from over 75% of outturns in smaller municipalities; to 40% in bigger municipalities. Tirana is the obvious outlier: Conditional funding accounted for only 16% of its overall budget in 2022. Discretionary sources of financing, composed of the unconditional transfer (from the state budget) and own revenues account for 84% of the budget in Tirana; while for the other municipalities the values vary greatly. The unconditional transfer, a general-purpose transfer from the state budget is a key financing source for all local governments.

A review of the budget allocated for the social sector, reveals that the ratio of discretionary/central government financing is even more skewed towards conditional funding than for the general budget (Table 8).

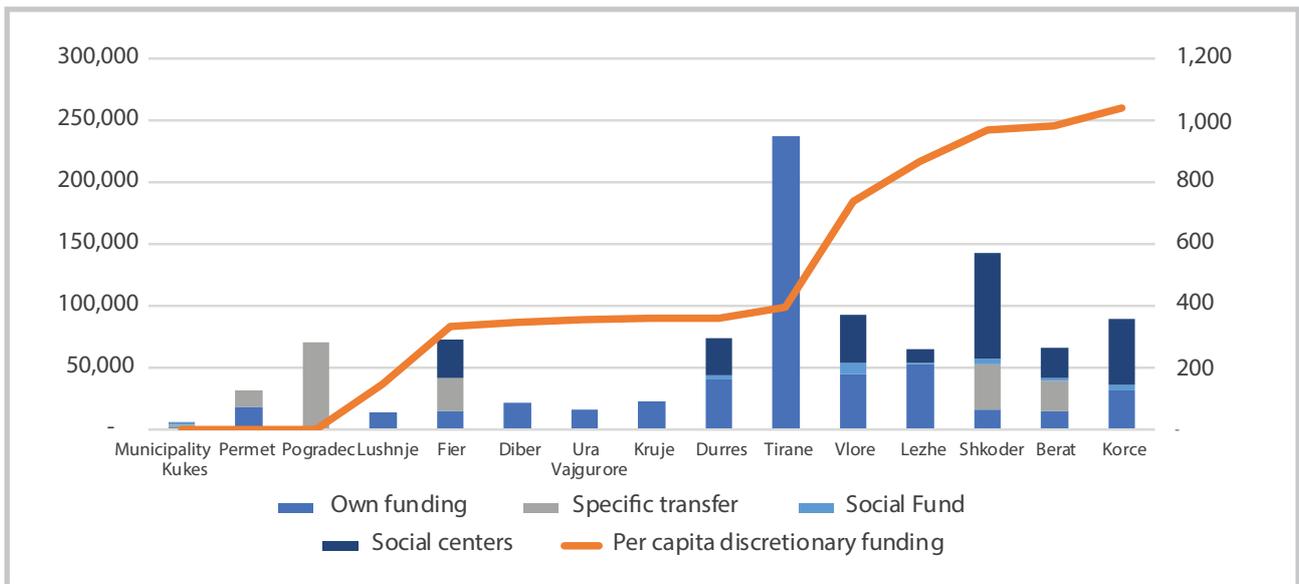
In 2022, the 8 biggest local governments spent a total of 1.4 billion ALL from their discretionary funding (unconditional transfer and own source revenue) in the social protection sector (including social housing, or 61% of total municipal social spending.³¹ This is a marked increase compared with a total of 775 million and 1 billion respectively in 2020 and 2021.

The group of 15 municipalities (Figure 5) spent a total of 791 million ALL in the social sector during 2022, less than the previous year, but comparable with pre-pandemic levels. If cash benefit transfers are excluded, it is noticeable that the lionshare of funding for social services in these municipalities comes from discretionary sources of the municipalities, such as in Berat 95%; and Tirana (100%). In Durrës and Shkodër, which operate a number of social service centres in cooperation with the State Social Service, conditional funding for these institutions amounts to 46% and 37% of social budgets, respectively in 2022. The other municipalities do not receive any state budget funds outside of the cash transfer.³²

31 Tiranë, Durrës, Elbasan, Fier, Kamëz, Korçë, Lezhë, Vlorë,

32 Specific transfers are grants transferred to local governments by the state budget to cover essential running costs for functions that were transferred in 2015, with the revised law on local governance (139/2015). The transfer is discretionary in theory but it is linked with indispensable financing needs of newly transferred institutions. In the social area, specific transfers cover costs for the municipalities of Berat, Elbasan, Shkodër, Vau i Dejës, Kuçovë and Kukës to cover personnel and operation and maintenance costs for the centers "Lira", Berat, "Balash", Elbasan, "Shpresa" Shkodër, Vau i Dejës and the daycare centers for children with disabilities in the municipalities of Kuçovë and Kukës. In other sectors, specific transfers cover costs associated with dormitories for pre-university schools; fire protection services; irrigation and drainage, forest administration; support staff in pre-university education and teaching staff in pre-school facilities. Please note that specific transfers have been accounted for as discretionary spending, which skews results a little.

Figure 4. Relative weights of social spending outturns in 2022 by source of financing, excluding cash benefits and social housing



Source: MFE Treasury

Caution must be used when interpreting these figures: on the one hand, the lack of national government financing is not necessarily a good thing in terms of development and increased coverage of social care services. Hence, a higher relative weight of own spending in the sector does not necessarily lead to higher spending or ownership of the local government. On the other hand, where spending within a programme budget is relatively low, or limited to administration and management costs, municipalities tend to not disaggregate costs and do not allocate them to the specific budget programme. In this case, social spending is embedded in general administration costs and is not possible to identify from the budget structure. This is likely the case in Fier, where it appears that the municipality does not spend anything on social services – however each municipality employs at least a handful of personnel in charge of managing social functions due to statutory requirements.

In kind contributions to social service delivery similarly do not appear in the budget structure, despite their high relevance towards covering for costs. Municipalities often enter into agreements with non-public service providers, where the municipality provides the main facilities and utility costs, and the non-public providers operate the services. Furthermore, outside donations which are not channelled through the state budget do not explicitly feature in the financial data.

Incomes from social care services in the form of user fees are extremely low. This is an area to explore further, towards partial recovery of service costs and financial sustainability. Not all service beneficiaries are poor and unable to pay; this should be taken into account in particular for services for the elderly; or people with disabilities.

4.2 Service financing

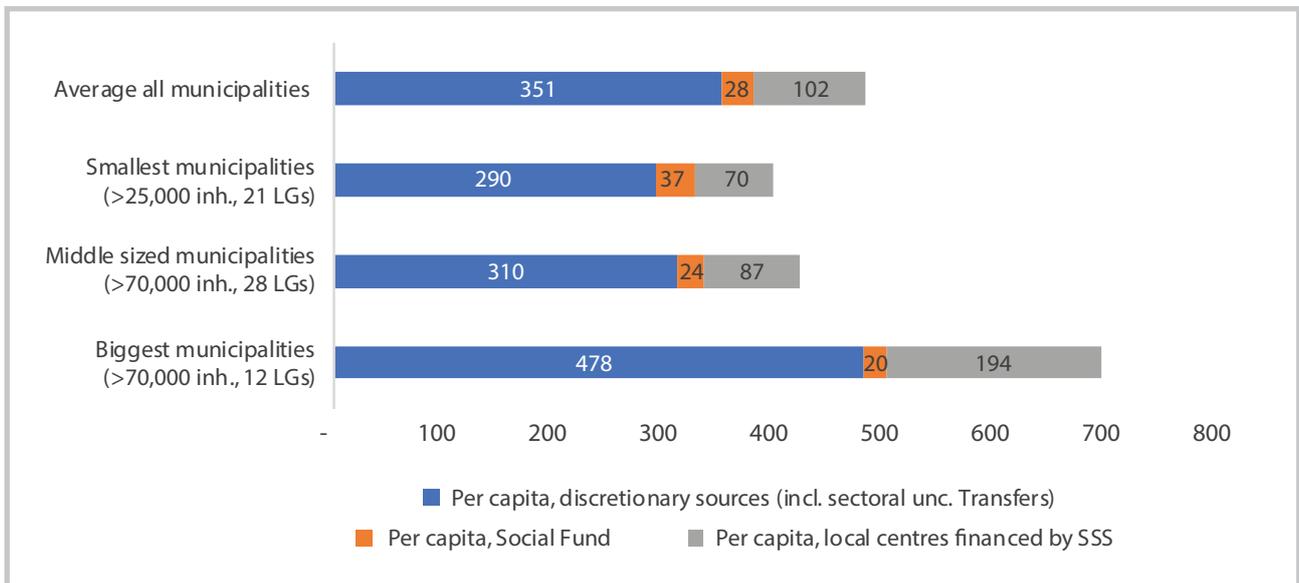
The types and financing mix for social services vary largely within the municipalities. The bigger municipalities spend on average 1.6 times more than the smallest municipalities on social care services from their own discretionary resources. The impact of the Social Fund in the financing mix of social care services is quite modest. It has, however benefitted smaller municipalities to a slightly more significant effect than medium and big sized municipalities, at 30% more on a per capita basis than the national average. Of the total public funding on social care services, beneficiaries are likely to receive 73% of social care funding from local budget resources; 21% from national funding channelled directly to social care centres (concentrated in larger municipalities), and only 6% from Social Fund resources.

Nationally funded services are typically set up in larger municipalities and regional centers, but provide services at a regional level (people with disabilities, elderly) or national scale (children homes). The national social service centers are financed through conditional transfers and are located in the following municipalities: Municipality of Shkodër (two residential services for people with disabilities, one for elderly and three children homes); municipality of Lezhe (one regional center for people with disabilities); municipality of Fier (residential center for elderly); municipality of Korçë (one daycare and one residential centre for people with disabilities and one children home); municipality of Berat (one daycare and one residential center for people with disabilities); municipality of Kukes (1 day-care center for people with disabilities) and municipality of Tirana (1 elderly home; 2 children homes and one residential center for children with disabilities). The municipality of Berat also operates one service for people with disabilities, which is financed by the regional council.

Bigger municipalities, with higher population have established a larger number of services relative to smaller municipalities. Nevertheless, it must be noted that it is likely that the need in larger municipalities is of a much higher magnitude than in smaller ones; hence this may not lead to any assumption on coverage of social services.

Bigger municipalities have allocated more resources from their own budgets to funding social care services. In the majority of cases however, municipalities only fund services partially from their own resources and operate services in cooperation with non-public service providers. The typical model is where the municipality covers facilities and utility costs and auxiliary staff (security and cleaning), while the non-public service providers cover costs related with staff and other current expenditure needed (food, clothing, equipment and other materials³³). Not all service providers are transparent on costs incurred for provision of services. This model of co-financing has been applied largely in the municipality of Shkoder (10 of the 11 locally operated services); municipality of Lezha (3 of the 5 services); municipality of Korça (10 of 12 services operated locally), municipality of Fier (2 of three services).

Figure 5. Per capita funding for social protection and social care at local level (excluding emergencies and housing) by population size and source of financing, in ALL



The municipality of Tirana is the only municipality in the sample which contributes a substantial share of social sector spending from its own resources. Tirana has established six major multifunctional centres, which are financed fully from its own budget, with ad-hoc support by the non-government sector. Other municipalities may also provide direct support or contributions to non-

³³ The direct contributions of municipalities towards services provided by non-public providers have been identified where these appear in the budget. Costs for in-kind contributions have not been quantified, as costs vary largely across municipalities and the type of facilities offered.

governmental organisations in the social service area, although this was not explicitly reported in the data shared with the team.

4.3 Cost structure of social service delivery

The cost of operation and maintenance of different types of institutions vary greatly in accordance with the types and models of services provided. Services established and funded by the Social State Service (including those later transferred under municipal administration) have a comparatively higher number of staff (for both residential and daycare services) than services that have been first established at the municipal level. At the municipal level, services are often first established directly or through cooperation with non-public organisations and charities. In various cases, full transfer of management and administration responsibility under municipal authority has resulted in the reduction of the number of staff and/or services provided.

The monthly costs per client are lowest in elderly daycare centres. The average annual cost per beneficiary in elderly daycare institutions was 30,5 thousand lek in 2019, of which more than half was allocated to staff costs. The ratio of personnel to number of beneficiaries is also highly variable. In 2022, a number of reports indicate that the quality and range of services in day-care elderly centres is highly fluctuating, with many centres in need of substantial investment and others having reduced staff to a bare minimum and/or closed services.

Daycare and residential services for children and adults with disabilities are the most costly services, most likely due to the need for various types of therapy for beneficiaries. The average cost of providing day-care services for people with disabilities is annually 281 thousand lek per beneficiary, but varies greatly among different municipalities. The number of beneficiaries in the selected services has not changed substantially between 2019 and 2022 as the majority of services operate close or above maximum capacity. However, personnel costs have increased slightly, most likely due to the increase in wage costs since 2020. An important observation concerns services funded through the Social Fund, which appear to have a lower per capita cost than traditional daycare services. In the case of mobile services for children with disabilities, a flagship programme developed by World Vision in cooperation with several municipalities, the service model envisages provision of services on average

once weekly per beneficiary, due to cost and logistical constraints; whereas day care centre services are typically more regular (daily or several times a week) and comprehensive.

Table 11. Daycare services for people with disabilities: cost structure

Municipality	Exp. per capital		Personnel cost per beneficiary		Current exp. per beneficiary		Capacity	Beneficiaries	No. of staff	
	(data in lek)	2019	2022	2019	2022	2019				2022
Lezhe		334 286	325 793	220 000	254 544	114 286	71 249	35	30	12
Fier		693 407		474 222		219 185		27	27	20
Korce			420 163		288 570		131 593	18	18	7
Pogradec		87 067		79 000		7 467		30	45	6
Lezhe mobile service (SF)			71 030		71 030		no info	50	50	5
Librazhd daycare and mobile service (SF)			87 847		87 847		no info	95	10+85	11
Average:		280 885		209 202		107 373				
Median		206 820		171 195		101 421				

Cost for the provision of residential services, especially for adults and people with disabilities are highest, at an average of 756 thousand lek annually per beneficiary (Table 12). In this type of service, the cost structure is heavily skewed towards personnel expenditure. The service model demands high staff numbers relative to beneficiaries. with Berat employing 23 staff for a total capacity of 30 occupants; and Tirana employing 20 staff for a maximum capacity of 35 occupants. It is worth noting that in several cases, centres financed by the national government tend to adopt a much bigger personnel structure as opposed to services run by private organizations. Whether this is related with standards of service delivery, it remains to be explored. Since 2022, specific support packages to service beneficiaries are provided in both daycare and residential centres, which has caused a modest increase in operational cost (other than salaries).

Table 12. Residential services for people with disabilities

Municipality	Exp. per capital		Personnel cost per beneficiary		Current exp. per beneficiary		Capacity	Beneficiaries	No. of staff	
	(data in lek)	2019	2022	2019	2022	2019				2022
Berat		703 333	802 115	470 000	553 115	73 333	249 000	30	26	23
Berat (Lira) residential and daycare		549 511	536 320	372 133	383 509	54 867	166 000	45	16+52	22
Shkoder		289 750	779 931	269 083	505 430	-	274 501	60	60	
Tiranë (residential and daycare)		591 714	906 991	406 000	514 566	63 143	392 425	35	14	20
Average:		533 577	756 339	379 304	489 155	47 836	270 481	43	33	22
Median		570 613	791 023	389 067	509 998	59 005	261 750	40	26	22

The cost of operating multifunctional centres is relatively lower than day-care and residential services for people with disabilities. The average annual cost of providing services in a multifunctional centre was 154 thousand lek in 2022 (Table 13). The variation in costs is not too remarkable in this case, with the exception of the municipality of Shkodra, which reports lower costs due to the fact that non-public service providers make major contributions to the service. Shkodra manages the community centers through its central department for social services. Tirana has established a model with five large multifunctional community centres serving various territories in the city. The majority of services are funded by the municipality itself, with project-based contributions by donors. The ratio of personnel and operational expenditure to service beneficiaries as well as the model of service is worth exploring also in this case. Service standards are not within the scope of this report; however, note must be taken on the need to explore the types and standards of service vis-à-vis the working hours and number of beneficiaries and performance monitoring against quality standards in general.

Table 13. Multifunctional centers cost structure

Municipality	Exp. per capital		Personnel cost per beneficiary		Current exp. per beneficiary		Capacity	Beneficiaries	No. of staff	
	(data in lek)	2019	2022	2019	2022	2019				2022
Tiranë (QKM Shkoze)		160 565	158 011	86 680	107 216	49 420	46 331	50	200	18
Tiranë Multi-disciplinary centre		191 000	153 250	142 815	106 970	32 475	46 280	170	200	21
Tiranë Gonxhe Bojaxhi		206 293	215 089	95 653	137 561	67 147	71 959	320	150	15
Tiranë (QKM te qendrojme se bashku)		352 220	306 360	186 890	205 515	83 780	99 035	160	100	22
Tirana community center (at street situation)			43 938		38 248		5 691	500		
Shkoder (13 centers/ 7 in 2019)		45 914	43 035	20 210		24 548		400	400	12
Korçë		139 956		28 333		111 622		90	90	8
Pogradec		8 833		2 167		6 667		20	18	1
Average		157 826	153 281	80 393	119 102	53 666	53 859			
Median		160 565	155 631	86 680	107 216	49 420	46 331			

5. Conclusions

Since the onset of the pandemic, social protection budgets in the country have increased significantly, driven by the temporary expansion of cash benefit and income-support programmes, followed by the upward revision of the amounts of benefits of social assistance and disability allowance. During the last two years, social protection expenditure of the state budget has amounted to 28.2 and 29.5 billion Lek respectively in 2021 and 2022, up from 24 billion in 2019. State budget expenditure in the social sector is dominated by the two programmes of cash benefits (social assistance and disability benefits). Since 2019, a third cash benefit programme was introduced, a one-time baby bonus awarded to families. Cash benefits continue to take up more than 95% of social protection expenditure at the central level.

Non-cash social protection expenditure, including administration of social care services as well as management activities, has slightly increased in nominal terms (1,3 billion Lek and 1 billion lek in 2022 and 2021 respectively, as opposed to 988 million Lek in 2019). Overall, social protection expenditure has increased in nominal terms, the relative share to GDP and the general government budget has not changed substantially, with the exception of 2020. Central government expenditure on non-contributory social protection programmes constituted about 4,3% of total central government expenditure in 2022, down from 4.5% in 2021.

Central government support for local social care services has not changed much in nature. The lion-share of central government transfers to the local level in the social sector continues to be allocated to expenditure for cash payments (poverty assistance and disability benefits) – more than 95% of total expenditure. Total central government financing on non-cash social protection activities remains steady over the 2017 – 2019 period, at less than 1 billion lek and has slightly increased during 2020 – 2022 to an average of 1.2 billion lek. However, total funding for social care services from the MoHSP's budget appears to have however remained steady at less than 840 million lek annually (including the Social Fund) and it is limited to covering basic operational expenditures, with very limited capital improvements. The Social Fund, a

competitive grant mechanism to support development of local social care services, managed by the Ministry of Health and Social Protection, became operational for the first time in 2019. Since 2019, an average of between 150 and 200 million Lek have been appropriated annually in the budget of the Ministry of Health and Social Protection, but less than 140 million lek were allocated to municipal budgets over three years, between 2019/2020 and 2022.

In contrast, local government expenditure on social care services has increased dramatically. In 2021 and 2022, local governments spent 2,2% and 2,8% of their total budget in the social sector (1,5% in 2017). Local spending from discretionary resources (unconditional transfer and own-source revenues) is bigger than central government spending on social care services. Local governments continue to depend on state budgets to be able to fund services in a sustainable and predictable manner. Despite significant attention given to social issues at the local level, there is still need to develop a functioning network of services and case management practices, including inter-alia through transparent and effective financing mechanisms. Financial support for smaller and/or remote municipalities with limited financial and human capacities is a pressing issue.

Municipalities allocate their own-source budget to social services to different extent: bigger (and richer) municipalities have established an array of different social care services as well as appear to be able to attract more donor funding to support their services. During the last two years some smaller municipalities have managed to establish services, including through the Social Fund, non-public partners and LNB support.

Municipalities are making efforts to sustain the provision of social care services, while expanding their coverage. Several municipalities provide services in cooperation with non-governmental partners, which prove instrumental in securing financial sustainability and human capacities for the services.

Annex 1.

Discretionary social expenditure by municipality and institution – excluding transfers to individuals

	2020	2021	2022	In % of total non education social expenditure (2022)
00	1 035 183 982	1 300 037 759	1 329 533 053	
Municipality Tirana	166 825 518	343 607 121	227 095 387	20,9%
Bashkia Tirana	44 108 541	195 970 611	66 021 206	
Qendra Komunitare “Te qendrojme se bashku”	24 838 049	27 024 641	30 245 963	
Qendra Sociale Multidisiplinare	26 375 008	28 300 143	30 260 027	
Qendra Komunitare Shkoze	27 776 817	29 965 120	31 222 275	
Qendra Komunitare “Gonxhe Bojaxhi”	28 616 140	29 913 923	31 893 281	
Qendra Sociale “Strehëza Tiranë”	12 083 566	12 758 598	15 773 392	
Qendra Komunitare e Terrenit	3 027 397	19 674 085	21 679 243	
Municipality Berat	60 149 328	70 602 751	67 734 212	3,4%
Bashkia Berat	11 722 841	13 239 276	13 008 549	
Qendra Ekonomike Arsimit (edu)	24 726 597	34 940 181	31 041 263	
Qendra Lira	23 699 890	22 423 294	23 684 400	
Municipality Bulqize	36 417 338	22 614 428	23 396 600	2,2%
Bashkia Bulqize	36 417 338	22 614 428	23 396 600	
Municipality Delvine	3 135 990	2 766 349	2 941 997	0,3%
Bashkia Delvine	3 135 990	2 766 349	2 941 997	
Municipality Devoll	4 893 883	8 935 199	9 112 236	0,8%
Bashkia Bilisht	4 893 883	8 935 199	9 112 236	

Municipality Diber	27 061 729	21 090 685	21 690 442	2,0%
Bashkia Peshkopi	27 061 729	21 090 685	21 690 442	
Municipality Durres	142 789 293	100 207 149	107 437 529	3,3%
Bashkia Durres	47 598 830	1 526 557	2 629 500	
Qendra Ekonomike e Arsimit (edu)	69 418 843	67 877 267	71 339 658	
Qendra Ditore Moshuarve	25 771 620	30 803 325	33 468 371	
Municipality Shijak	9 381 706	12 337 038	9 710 373	0,9%
Bashkia Shijak	9 381 706	12 337 038	9 710 373	
Municipality Elbasan	76 292 015	80 888 395	86 735 520	4,3%
Bashkia Elbasan				
Administrata Kopshte Cerdhe (edu)	34 311 380	37 829 361	39 727 735	
Qendra Sociale Balashe Elbasan	41 980 635	43 059 034	47 007 785	
Municipality Cerrik	5 950 000	7 146 521	7 842 775	0,7%
Bashkia Cerrik	5 950 000	7 146 521	7 842 775	
Municipality Fier	12 106 418	17 430 602	14 916 484	1,4%
Bashkia Fier	12 106 418	17 430 602	14 916 484	
Municipality Roskovec	2 315 556	757 717		0,0%
Bashkia Roskovec	2 315 556	757 717		
Municipality Gjirokaster	9 455 733	9 544 880	13 089 044	1,2%
Bashkia Gjirokaster	9 455 733	9 544 880	13 089 044	
Municipality Libohove		843 929	105 379	0,0%
Bashkia Libohove		843 929	105 379	
Municipality Has	2 715 130	9 344 416	10 400 924	1,0%
Bashkia Krume	2 715 130	9 344 416	10 400 924	
Municipality Kavaja	37 461 859	37 608 052	38 776 574	3,6%
Bashkia Kavaja	37 461 859	37 608 052	38 776 574	
Municipality Kolonje	5 624 790	4 638 249	5 849 445	0,5%
Bashkia Erseke	5 624 790	4 638 249	5 849 445	

Municipality Korce	38 011 023	43 652 885	50 907 886	2,8%
Bashkia Korce	19 077 231	19 539 427	27 706 998	
Shtepia e Foshnjes Korce	2 615 088	2 654 995	1 817 957	
Drejtoria Mbeshtetese e Arsimit Bashkia Korce (edu)	15 491 339	19 659 155	20 496 183	
Qendra e Zhvillimit Korce	643 369	1 446 538	411 904	
Qendra e zhvillimit Korce nr.	183 996	352 770	474 844	
Municipality Kruje	21 635 478	20 276 349	22 387 658	2,1%
Bashkia Kruje	21 635 478	20 276 349	22 387 658	
Municipality Kucove	18 928 203	25 375 242	23 620 588	0,5%
Bashkia Kucove	5 413 719	6 513 664	5 664 694	
Qendra Ekonomike Arsimit (edu)	13 514 484	18 861 578	17 955 894	
Municipality Kukes	5 190 369	3 964 719	2 012 589	0,2%
Bashkia Kukes	5 190 369	3 964 719	2 012 589	
Municipality Kurbin	6 059 393	8 168 740	9 429 970	0,9%
Bashkia Lac	6 059 393	8 168 740	9 429 970	
Municipality Lezhe	35 642 913	27 424 114	52 166 768	4,8%
Bashkia Lezhe	34 191 297	26 975 218	51 705 284	
Qendra e Zhvillimit Ditor Lezhe	1 451 616	448 896	461 484	
Municipality Librazhd	21 154 285	20 574 085	19 859 358	1,8%
Bashkia Librazhd	21 154 285	20 574 085	19 859 358	
Municipality Lushnje	13 149 110	13 334 067	13 249 200	0,1%
Bashkia Lushnje	910 726	1 899 297	971 700	
Qendra e Arsimit Lushnje (edu)	12 238 384	11 434 769	12 277 500	
Municipality Malesi e Madhe	8 804 468	11 584 811	10 694 271	1,0%
Bashkia Koplík	8 804 468	11 584 811	10 694 271	
Municipality Mallakaster				0,0%
Bashkia Mallakaster				
Municipality Mat	12 874 561	14 914 013	13 579 670	1,3%
Bashkia Mat	12 874 561	14 914 013	13 579 670	

Municipality Mirdite	9 107 670	8 356 437	18 126 140	1,7%
Bashkia Rreshen	9 107 670	8 356 437	18 126 140	
Municipality Peqin	9 641 012	11 079 173	13 246 050	1,2%
Bashkia Peqin	9 641 012	11 079 173	13 246 050	
Municipality Permet	7 637 972	8 793 902	16 879 307	1,6%
Bashkia Permet	7 637 972	8 793 902	16 879 307	
Municipality Pogradec	5 976 200	6 359 939	6 655 403	0,0%
Qendra Arsimore Pogradec (edu)	5 976 200	6 359 939	6 655 403	
Municipality Puke	5 085 154	7 750 070	6 676 044	0,6%
Bashkia Puke	5 085 154	7 750 070	6 676 044	
Municipality Sarande	3 233 857	2 751 002	17 410 131	1,6%
Qendra Ekonomike Kultures				
Bashkia-Seksioni Ekonomik			14 749 181	
Qendra polivalente Sarande	2 417 700	2 151 002	2 081 165	
Shtepia e Femijeve Shkollor Sarande	816 157	600 000	579 785	
Municipality Skrapar	10 407 251	10 650 783	10 959 301	1,0%
Bashkia Corovode	10 407 251	10 650 783	10 959 301	
Municipality Polican	7 229 655	4 902 677	4 811 678	0,4%
Bashkia Polican	7 229 655	4 902 677	4 811 678	
Municipality Shkoder	90 113 221	90 314 531	97 705 262	4,8%
Bashkia Shkoder	52 351 544	47 970 688	52 561 297	
Drejtoria e Çerdheve dhe Kopshteve (edu)	37 761 677	42 323 843	45 143 965	
Shtepia e foshnjes Shkoder		20 000		
Municipality Tepelene	3 249 602	3 445 507	4 690 297	0,4%
Bashkia Tepelene	3 249 602	3 445 507	4 690 297	
Municipality Tropoje	6 201 047	4 989 199	5 245 948	0,5%
Bashkia Bajram Curri	6 201 047	4 989 199	5 245 948	
Municipality Vlore	39 070 513	44 607 195	44 678 053	4,1%
Bashkia Vlore	17 208 014	21 904 782	22 402 627	
Shtepia e Foshnjes Vlore	8 804 973	8 834 958	8 195 738	
Qendra e Zhvillimit Vlore	13 057 526	13 867 455	14 079 688	

Municipality Divjake	656 673	4 276 003	2 047 938	0,2%
Bashkia Divjake	656 673	4 276 003	2 047 938	
Municipality Belsh		1 548 612	210 060	0,0%
Bashkia Belsh		1 548 612	210 060	
Municipality Prenjas			1 028 710	0,1%
Bashkia Prenjas			1 028 710	
Municipality Fushe-Arrez	3 589 538	4 008 595	3 150 498	0,3%
Bashkia Fushe-Arrez	3 589 538	4 008 595	3 150 498	
Municipality Vau-Dejes	14 633 915	14 265 686	15 853 602	1,5%
Bashkia Vau Dejes	14 633 915	14 265 686	15 853 602	
Municipality Selenice	2 520 636	2 200 000	2 400 000	0,2%
Bashkia Selenice	2 520 636	2 200 000	2 400 000	
Municipality Himare	661 764	388 440	299 384	0,0%
Bashkia Himare	661 764	388 440	299 384	
Municipality Kamez	17 096 823	116 028 497	177 748 639	16,4%
Bashkia Kamez	17 096 823	116 028 497	177 748 639	
Municipality Ura Vajguore	11 637 733	12 892 991	13 361 311	1,2%
Bashkia Ura Vajguore	11 637 733	12 892 991	13 361 311	
Municipality Dropull	3 407 657	796 014	1 606 419	0,1%
Bashkia Dropull	3 407 657	796 014	1 606 419	
Municipality Klos				0,0%
Bashkia Klos				
				In % of total LG social (excl. cash transfers and housing) 2022
Education (creches, kindergartens)	213 438 904	239 286 094	244 637 601	18,4%
Social care centres	827 721 278	1 067 111 604	1 091 550 855	81,6%

Source: Treasury, Ministry of Finance

Table 14. Baseline data

	2016	2017	2018	2019	2020	2021	2022
In %							
CG social in % of central budget (without cash programme)	0,32%	0,23%	0,23%	0,21%	0,18%	0,16%	0,15%
LG in % of local budget (all sources, incl. cash at local level)	1,3%	1,5%	1,7%	2,1%	2,1%	2,2%	2,8%
LG in % of Local Budget (all sources, excl. cash programme and housing)	1,1%	1,2%	1,5%	1,7%	1,7%	1,8%	1,7%
LG in % of Local Budget (own sources, excl. cash programme and housing)	0,54%	0,59%	0,72%	0,70%	0,65%	0,64%	0,60%
LG social, discretionary non-edu from all sources in % of local budget	0,7%	0,8%	1,1%	1,3%	1,4%	1,5%	1,4%
LG social, discretionary non-edu from own sources in % of local budget	0,3%	0,5%	0,6%	0,7%	0,54%	0,53%	0,52%
In mln ALL							
Social LG (without cash programme and housing)	470	573	749,2	928,9	1 035	1 300	1 330
SOC LG own sources (without cash programme and housing)	237	276	356	389	398	456	476
Social LG from unc. Transfer (state budget) (without cash programme and housing)	234	297	393	540	637	815	835
Social CG (without cash programme, includes admin and social service exp.)	1.309	988	1 002	988	1 044	1 371	1 295
Local government: Non - education social expenditure (excluding cash programmes)	301	389	566	698	828	1 067	1 092
Budget transfer (non edu)	162	169	262	385	492,1	659,8	651,3
Own sources (non-edu)	139	219	304	312	329,7	372,4	415,5
LG total budget (discretionary sources)	43 580	46 487	49 615	55 286	61 073	70 800	79 796
CG total budget	396 661	422 746	426 532	464 291	475 205	525 479	580 898

Data excludes civil emergencies budget programme at the local level.

Data includes the Social Protection budget programme for the central level.

Public expenditure _{on} social care services

Institutional and financing mechanisms
in the social protection sector
at the central and local level
2016 - 2022