

### Motivation

Public spending on education as a share of GDP declined by one third from 5% in 1991 to 3.4% in 2002. Albania had achieved universal basic education, but it had one of the poorest indicators in enrollment rates in secondary and tertiary education and in education quality in the region. At this time, the Ministry of Education was not structured to design, implement and sustain improvement.

### Objectives

The study aimed to contribute to the overall Government/WB assessment of public spending on education and poverty. In particular, the study assessed how municipalities and communes were funding education activities from their block grants; what share of Municipality-Commune (MC) allocations for education intended for schools were reaching these schools; and how these funds were used at school level and the effectiveness of MC funding for educational purposes. The survey gives an overview of administration and management levels (e.g., MOE, regional level, districts, and schools), levels of funding and resource distribution.

### Main findings

The main problem in the financing mechanism of schools in Albania is that schools have no say on resource distribution. There are three different and uncoordinated allocation processes and none of the decision makers in each process is informed on the criteria used for distribution and the amount allocated per school. Credits for supplies and teaching materials are the first to be cut when there is a need to reduce MOES budget. MCs are very unequal in their funding capacity, big municipalities benefit from significant resources and a clear potential for economies of scale, small communes have much less resources.

### Sample

202 schools, out of which 158 basic education schools, 19 secondary schools, 11 comprehensive schools, 8 vocational schools and 6 boarding institutions.

### Sample design

In total, 20 MCs were selected in 8 regions and 9 districts. All schools were selected in the 16 smaller MCs, while only 30% of the schools were sampled in the 4 biggest MCs.

### Resources monitored

Recurrent and capital expenditures (grants, wages, operation and maintenance and materials)

### Recommendations

-A funding formula is needed to budget and receive resources based on the number of pupils, type of school, and eventually a limited number of additional criteria such as poverty level in the MC and school present assets.

-One option is to regroup small communes into bigger territorial entities so that they get a larger block grant.

-Regions and districts should have access to the list of education personnel paid by MCs and the salaries received, as well as O&M expenses funded by MCs out of the Block Grant and local resources; they should in turn report to MOES in order for the Ministry to be able to get a full view of education expenditure.

### Implementation problems

Schools did not record data on O&M since bills were paid directly by MC, making it impossible to compare O&M expenses. No financial records kept by schools. Access to MCs and their expenditure records was difficult. Impossible to get O&M expenses by individual schools, since information was only available globally for the center and satellites. Many basic education schools have multiple locations and buildings, with a center school and satellites in various-MCs.

### Main report

Tibi, Claude (2004) "Public expenditure Tracking Survey: Education," second draft, September.