

External Assistance and Albanian Citizens Perceptions about Effectiveness of Coordination

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Abstract

During the period 1991-2000 Albania has received an amount of 4.86 mld USD of external assistance. The total of external assistance during 2000-2008 has been 2.93 mld Euro of which 1.79 mld Euro has been grant and 1.13 mld Euro has been loan. Since 2000, the ratio of external assistance to gross domestic product (GDP) has declined. This is mainly due to increased GDP (which has grown to 8.7 million in 2008 compared with 4.6 million in 2001), than by lowering the levels of external assistance. Over the years in Albania, the nature of the assistance and donors have changed, in particular has changed the nature of the assistance being dominated by technical assistance, development assistance, etc. The assistance referring to development benefiting from multiple sources may create problems regarding management and coordinating from beneficiary country and there by threaten the effectiveness of assistance. In this context it is most possible that different donors develop conflicting programs or overlapping projects reducing the effectiveness of the assistance. Other data suggest that the more the beneficiary country government will be included in the direction and coordination of assistance programs, the more effective and integrated these programs will be in promoting development in the long run period. However, some development experts believe that the presence of numerous donors in one country is not necessarily a bad thing. Competition among donors could resolve development problems and getting results quickly. Referring to the above, in this article we would like to present the following subjects: - How is coordinating external assistance in Albania. Importance, advantages and disadvantages of external assistance coordination. - We will try to identify the «favorite» sectors of donors financing, by analyzing reason of their preferences and distribution of external assistance by region analyzing the fact of concentration of many donors in the same county. - Finally, will try to analyze which is citizen perception about external assistance in Albania.

Keywords: assistance, economic growth, donors financing, effectiveness, grant, credit.

1. Introduction

This paper is composed of three main parts. The first part is a literature review and there are given the main concepts about external assistance. In the second part it is shortly described the external assistance situation in Albania and how it has evolved during years. Also ongoing is described the consolidation of coordination process pointing out the difficulties faced during the process, level of regional distribution of external assistance, evidencing and analyzing the fact that biggest part of external assistance is focused at the same region.

In the third part it is analyzed the citizens perception of external assistance, highlighting their opinion about external assistance effectiveness, which sectors are more supported, what is their opinion about the main factors to be improved for an effective external assistance act.

2. Literature Review

External assistance that flows from developed countries to developing countries, are hailed as the solution for the poverty on world. However, the theory that says that any help is useful for any country, no matter the circumstances,

requires a further inspection. Influx of massive amounts of external assistance can have no positive effects for the governments of host countries, and can do more harm than good in different circumstances.

However, discrimination by donor countries on the basis of standards of governance creates new complications. The current foreign aid paradigm should be overhauled, and the new system should take a more nuanced view of international development (referring to Stanford journal of international relation, by Farah Abizeid).

The average amount of external assistance that is transferred to developing countries in over the entire world is small compared to the size of their economies, about 2 % or 3 % of their gross national product. In special cases may be that external assistance exceed 60 % of their GNP in a given year. But if it is seen in an overall implication we say that a great amount of assistance is not always effective. A lot of external assistance received can confuse the absorption capacity of that country and can damage all the assistance effectiveness. External assistance may be more effective if it is consistent with the purpose for which it is taken and it is more effective in achieving results depending on how it is spent, no matter how small the amount of external assistance would be.

Essentially, external assistance given to developing countries reinforces what it finds there. If the governance and economic policies of the county are good, it is likely that the result is a better governance and better economic policies. If it is a corrupt political country and follow counterproductive economic policies, the result will be more for this subject.

The way how the donors provide their external assistance may influence its usages in promoting economic and social development. Assistance may be provided to facilitate the effects of a natural disaster, to protect national donor policies and its strategic interests or to increase donor's exports. But when the assistance is given to achieve more than one objective, may not be so effective for the growth and developing of recipient country.

2.1 Definition of External Assistance

A common tool for the definition and measurement of external assistance is official development assistance which is used by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). Official development assistance consists on grants and loans that a government or multilateral organizations provide a developing country to promote economic development and welfare. This assistance is given on concessional terms, which in loans case means at least its 25% ought to be in grant form. The data on official development assistance also includes technical cooperation, counseling in making economic reforms; they exclude military assistance, development policy programs, export credit and debt remission for military loans.

OECD also uses a border concept called official finance for development, which combine the official development with other official flows assistance – which are financial flows from government organization to the development country and multilateral organizations to developing countries. Other official flows include loans in or near market interest rate.

Any money that benefits a country in grant form, concessional loans or unconcessional loans by governmental organization or non-governmental organization is considered as external assistance. The usage of the loan from International Monetary Found is excluded from the study

2.2 External Assistance in Albania

In accordance with the above, the Council of Ministers dates on 24.9.2010 approved decision no 775 on "External Funding Management". According to this decision Albanian Government considers as foreign financial any loans, credits and grants obtained by the Council of Ministers of the Republic of Albania and by the Republic of Albania from foreign countries, international bodies, international financial institutions, foreign banks, non-for-profit organizations, etc.

As noted and mentioned above the external assistance in general is the same concept and purpose for developing country but we judge that the differences between countries is the effective usages of external assistance considering this as an important aspect.

3. Methodology

Seeing the process of coordination as an important factor of increasing the effectivity of external assistance, in this paper we are based on coordination process analyses. Two are the sources of data used for analyses in the second part of paper: - data published on webpage of DEBASKON (Department of Strategy and Donor Coordination in Albania), - data from Ministry of Finance and different reports about surveys on monitoring the Paris Declaration.

Referring to the third part, the research methodology employed is a quantitative one, where data are collected

through the conducted surveys and analyzed by the statistical program SPSS. Quantitative research methods are based on numerical data introduced in the form of statistics and collection through the designed questionnaire and define the measurement accuracy. It is based on figures and concise statistics, both objective and deductive. Data is collected from the surveys carried out through the questionnaires. The sample population is selected according to probability selection method, giving the same chance to be interviewed to the elements of population.

The third part is drafted to identify what is citizen's perception about the effectivity of external assistance. Every government is interested to grow up the economy of the country, and to improve the welfare of citizens. Based on that, besides the analyses on government level we are attempted to analyse also the opinion of citizens referring to effectivity of external assistance. According to above we think that this observation will serve to the government to see the reflection of its policies on people side.

The limitations are related to the fact that interview process is located on Tirana city, because the biggest part of population lives there (the resident population in Tirana on year 2011 referring to the INSTAT data is 763.634 inhabitants). Also we have included in our observation the people over 20 years old. This constrain is based on the specific concept of effectivity and external assistance; these concepts need a level of knowledge or/and experiences.

4. Discussion and Analyses

4.1 External assistance coordination and its challenges in Albania. The performance of External assistance in Albania, actual status.

4.1.1 Foreign assistance during the years 1991-2000

Albania is known as one of the country with the fastest progress among transition economies. Growth of Gross Domestic Product (GDP) since 1992 was highest from all Central and Eastern European Countries including and those countries joined European Union in the recent years. The economic development model along the transition period is characterized by a resources redistribution, dedicating them to efficient activities.

After the fall of communism in 1991, Albania has experienced a lot of economic problems and difficulties. In 1992 originated a series of serious reforms. Thanks to economic reforms during 1996 inflation fell to 13% and GDP growth marked a sustainable growth of 9% since 1993. But in 1996-1997 the banking system was shocked by pyramid schemes. Due to monetary and fiscal policies undertaken since 1998, the economic growth reached 8.1% and inflation in 2003 fell at 1%.

If we refer to Albanian INSTAT data's, we will note that Albanian economy during the years 1999- 2010 has noticed a sustainable growth. It is important to notice that Albanian economy despite the global economic situation has recognized a modest growth in the last years and concretely the annual growth rate on real GDP referring to the year 2009 was 3.3% and for the year 2010 was 3.8%(www.instat.gov.al). Also referring to the Ministry of Finance, the real GDP on year 2011 was 5%(Ministry of Finance, MFF 2012-2014). Despite economic growth that Albania has known during the transition years it is clearly identified the withdrawal of foreign aid from multilateral and bilateral donors.

Albania has received a commitment of foreign aid for the period 1991 - 2004 of about 4.86 billion USD. These include various types of assistance, based on country needs and donor funding policies in different periods. In years before 90s, foreign aid to Albania was dominated by food aid and humanitarian support to the balance of payments. Over the years, the nature of the assistance has changed being dominated by technical assistance, development aid and goods in nature.

Humanitarian aid and food aid were initially offered in Albania between 1991 and 1993 and during the transition crisis and revolts in the country in 1997. After 1997 and the 1999 Kosovo crisis, humanitarian and food aid were interrupted. Support for development has been significant, constituting about 50% of the total commitment for many years. The peak was reached in 2004 when donors launched the major initiatives in the energy sector and infrastructure. During this period was received also assistance for balance of payments. Support for the balance of payments reached its peak during 1999, coupled with the Kosovo crisis. During 2000 and 2001 this kind of assistance fell so evidently, reaching the minimum in 2002 and zero in 2004.

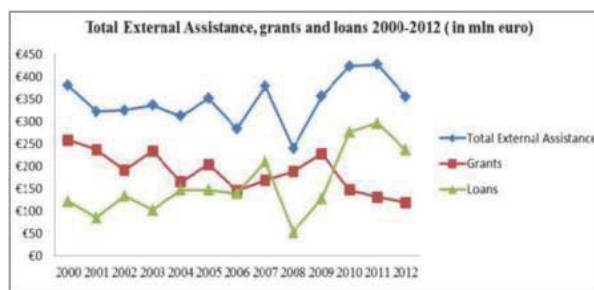
4.1.2 External assistance during years 2004-2012

As noted above, the form of external assistance has changed over years. Total External Assistance during 2000-2010

was 3.71 billion €, about 2.17 billion euro (about 58%) were grants and 1.54 billion € in loans (about 42%), (External Assistance in Albania, PR 2009-2010).

Since in 2000, external assistance levels have stayed within the limits of 240-405 million € in one year. Also during the year 2010-2012 external assistance amounted to 4.49 billion €, keeping an average value 300-400 million € per year. As regards the type of assistances, referring on OECD and DAC datas and on DSDC 2006-2010, 2010-2012 we have noticed that in the 3 last years to date, as shown in the figure below, an increase in non-concessional loans has compensated for a steady decline in grants.

Chart 1: Total external assistance, grants and loans 2000 – 2012 in million €



Source: www.km.gov.al

As shown in the figure above, in the last five years, an increase in non-concessional loans has compensated for a steady decline in grants. In 2010, the ratio of external assistance to gross domestic product (GDP) has increased. This is mainly due to the marked increase in external assistance levels, rather than a decline in GDP.

Referring to the donors during the year 2011-2012 Albania has benefited 783 million € (for two years) where 73% of total external assistance is provided by seven multilateral donors (the biggest are European Commission, IBD, WB, EBRD, EIB) and 27% by 11 bilateral donors (the biggest one are Germany, Italy, Austria, etc).

Referring to sector, the most supported sectors from donors over the past decade, as well as in the last two years has been transport and energy sector as they represent the highest government priorities. This is also reflected by the highest levels of external assistance allocations provided. Infrastructure sector is the sector that is most supported during the last 2 years 2011-2012. Nearly 330 million € of commitment are located on transport, nearly 104 million € are located on water supply and sewerage, nearly 23 million € are located on energy and nearly, etc. The percentage of total external assistance in supporting of infrastructure sector reaches about 62.5%

4.2 Coordination of External Assistance in Albania

Albania is one of the countries that have signed Paris Declaration on External Assistance effectiveness on March 2005. It was this year intensifying the work of responsible institution for external assistance coordination.

On May 2005 Albanian government launched "Integrated Planning System" (IPS), which was approved on December 2005. IPS is considered as a catalyst in the process of reviewing of common interests between government and donors on improving the coordination.

What is IPS and which are the launching reasons as a necessity in the coordination of external assistance process? As noted above the external assistance in Albania started since 1991. During the period 1991-2000, the involvement of external assistance in Albania in the absence of a consolidated coordination process and in the absence of coordinating instrument, was faced with various difficulties and problems. Since the External Assistance flow from developed countries to developing countries requires bilateral collaboration (donor and government), problems have been identified on both sides of the collaboration, both by the donor and the government of host country. Problems and difficulties have followed the historic and economic development and progress of the country, consequently during the period 1992-1999 have been identified the following problems.

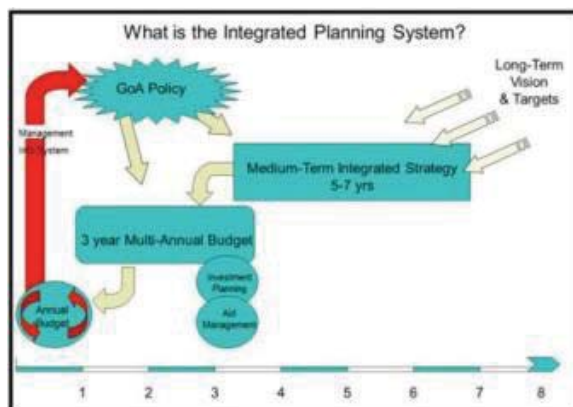
The main problems on Albanian part are: – (i) the lack of clear government priorities which has created gaps for overlapping for the same donors priority project or in the same sector; - (ii) non geographical armonized external

assistance distribution; - (iii) the lack of a body responsible on central level that could manage and coordinate the External Assistance (the assistance coordinated functions was focused on Ministry of Economy, Ministry of Finance or Ministry of Integration; - (vi) the lack of a coordination program for external assistance with Economic & Social development strategy of the country, as inclusive strategy, oriented them to regional strategies and national priorities.

The main problems identified by donors in that period are: - (i) the complexity of management and implemented scheme of project cycles funding by donors. Different donors have different budgets, different systems, different deadlines and different management cycle; - (ii) the accumulated delays in the project implementation financed by donor community; - (iii) the lack of periodic reports of commitment and disbursement levels donors in the assistance coordination process; - (vi) low budget reported levels (about 50% - 60% of external assistance is reported in the budget).

In this case where the decentralized external assistance management provided no relevant effects on the economic development was seen as a priority the effective utilization of external assistance through an efficient coordination process. In this framework was launched IPS, which is not a separated financial or planning process but provides functions in a coherent way, efficient and interegrated of financial processes and government policies.

IPS operation scheme:



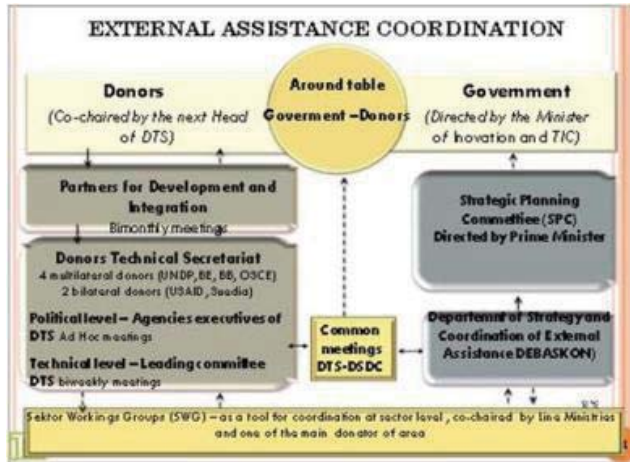
In December 2005 is created the Department of Strategy and Donor Coordination (DSDC) under the Council of Ministers (CM) as part of its organizational structure. The main purpose for setting up this department is to ensure coherence and effective management of government strategic processes on planning, budgeting and orientation of external assistance priorities. DSDC(www.keshilliministrave.gov.al) by its central role on IPS implementation is mandated to ensure the government active role in the external assistance effective coordination. The DSDC in collaboration with the Ministry of Finance lead donor's negotiations to complete the policies in getting the credit or loan also take part in the negotiations led by the Ministry of European Integration in IPA program.

The external assistance coordination as a process in itself is embedded in a number of government key processes such as the integrated planning system IPS, National Strategy for Development and Integration (NSDI) and mead-term budgetary program.

In order to improve coordination and monitoring of external assistance at sectorial level, DSDC has created a data base which contains over 1500 planned and ongoing projects providing the donors analyses activity in defferent sectors. Also 32 Sector Working Groups (SWG) and sub-groups are established for most of sectors and sub-sectors.

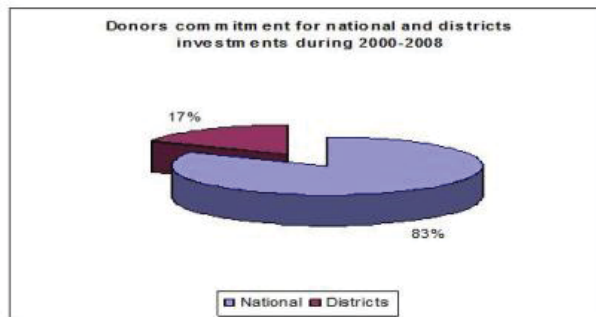
The Government in collaboration with donors in November 2009(www.km.gov.al) has approved the Harmonisation Action Plan (HAP) which sets out clear tasks for donors and government to the five principles of assistance efficacy: ownership, alignment, harmonization, management the results and the mutual accountability. These principles set obligations for both the Albanian institutions and the donor's community to strengthen their mutual partnership and to implement aid initiatives in line with the National Strategy for Development and Integration.

Approval of HAP is followed by Understanding Memorandum signed in May 2010 for the Initiative "Fast Track Initiative on Labour Division" between Albanian Government and six European countries, making another step toward improvement of coordination and increase of assistance efficiency. The keywords coordination of external assistance is realized according to the follow scheme.



4.3 Distribution of External Assistance in the National Level and by Regions

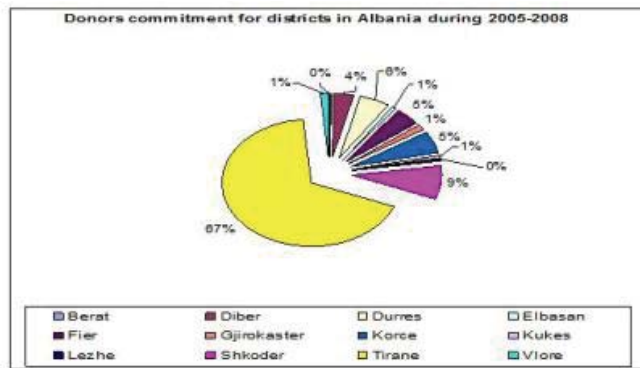
Data shows that 83% (of total donor commitments) are in the national level versus 17% in the regional level (12 districts) for the period 2000-2008. The high percentage of financing toward national level is related to investments linked to national projects such as roads, infrastructure (national roads); ports infrastructure (the main ports in the country); energy; environmental protection; education; health; and support to cross border initiatives.



Source: www.keshilliministrave.gv.al

Based on data obtained from projects, whose main beneficiary are the districts, it is shown that **Tirana** district is the biggest beneficiary of foreign assistance from all others in the country. During the period 2000-2005, Tirana has benefited 41% of donors' commitments, at districts level. During 2005-2008, Tirana increases its donor assistance to 67% of total commitments. The biggest investments in Tirana are focused in public works sector, including construction and reconstruction of road axis, water and sanitation, improving communal service, reconstruction of schools, primary health service centers and hospitals, as well as the promotion of business and economic development.

Some of other districts such as **Shkodra** (from 3% in 2000-2005 has received 9% in 2005-2008), **Fieri**, **Korça** have had an increased donors commitments for the period 2005-2008. Worth mentioning is the fact that districts benefit also directly or indirectly from the big national projects as well, for example Durres port, Durrës-Kukës road, Vlora thermo-central and even future projects for national industrial parks, improvement of the national network of energy distribution, etc.

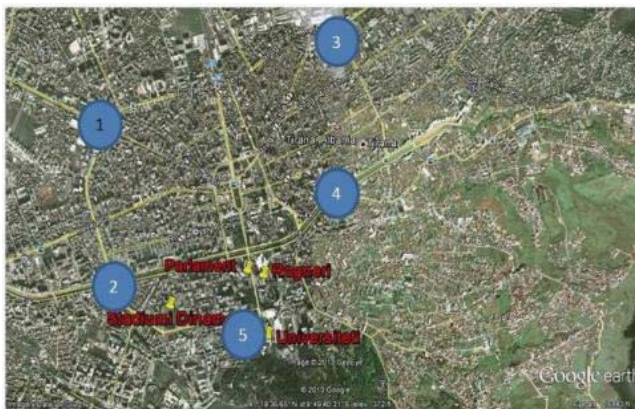


Source: www.keshilliministrave.gov.al

4.4 Analyses of citizens perception about external assistance in albania.

Due to the failure to conduct for long interviews and for the purpose of study convenience the survey used for the interviewing of selected respondents included 20 alternative questions. The questionnaire was structured where the same questions were applied for the whole sample population. The first questions were of demographic character being further expanded with main questions of our study such as: How important is the external assistance? How effective was external assistance during the period of consolidation process of coordination? Which sector is more supported by external assistance? What kind of external assistance is most probable to be overlapped (grant or loan)? Etc.

Our survey is carried out on Monday and it is performed on 5 points in small ring (a circle road) in Tirana for the simple reason to give the chance of being interviewed also the people from other district (this 5 points are the main arteries that connect Tirana with other district and where are setted the main institution in Tirana).



As we already mentioned on methodology, we aimed to carry out 190 surveys with the sample population specified above. During the implementation of surveys with 190 subjects selected for our study sample, only 173 surveys/interviews were made available for the purpose of analysis.

According to a previously reached agreement, a prerequisite for data analysis included only data obtained from the surveys with subjects/persons who did not interrupted the interview until the end of the questionnaire and persons who refused this survey would definitely not be part of data analysis. Accordingly, out of 173 planned surveys, 17 others were not realized due to refusal of the selected subjects in terms of data collection process. Meanwhile, data obtained from another subject were not taken into consideration due to their low rate of validity.

-Referring to the data processing by SPSS program we conclude that the 59% of samples are male and 41% are female.

Table 1:

Sex					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	102	59.0	59.0	59.0
	female	71	41.0	41.0	100.0
Total		173	100.0	100.0	

Also 33.5% are in group-ages 45-55 years old and nearly 30.1% are in group-ages 20-34 years old, only 2.3% are over 65 years old.

Table 2:

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-34	52	30.1	30.1	30.1
	35-45	32	18.5	18.5	48.6
	46-55	58	33.5	33.5	82.1
	56-65	27	15.6	15.6	97.7
	>65	4	2.3	2.3	100.0
Total		173	100.0	100.0	

Referring to the employment composition of samples, we conclude that 75.5% are employed and the others are unemployed, 32.9 % are employed in the private sector, 30.1% are employed on public sector and the others are self-employed.

Table 3:

Employed					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	131	75.7	77.5	77.5
	No	38	22.0	22.5	100.0
	Total	169	97.7	100.0	
Missing	System	4	2.3		
Total		173	100.0		

It is known that the concept of foreign assistance is difficult to understand from all social strata of society. Preliminary interviews conducted with randomly selected citizens have realized that the majority of respondents conceive foreign aid as "donor projects". In order to enable successfully the attraction of citizen's opinion on the effectiveness of foreign aid after general demographic questions we have involved also the question about which term was more accommodate to the term foreign assistance and projects of donors. Through this question we tried to explain the respondent the following questions.

As we had predicted approximately 72% of respondents are comfortable with the concept "the projects with donors" and only 28% of them are familiar with the term and concept of "foreign aid".

Table 4:

Concept					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Foreign aid	37	21.4	22.0	22.0
	Donor projects	131	75.7	78.0	100.0
	Total	168	97.1	100.0	
Missing	System	5	2.9		
Total		173	100.0		

Referring to the question “Which sector is the most supported by external assistance”, the answer is the “transport sector” with mean 3.35 that means over than average level, knowing that the highest value of valuation was 5 (=maximum support).

Table 5:

		Statistics				
		Financ Business	Financ Trasport	FinancAgricul	FinancEnergy	FinancJustic
N	Valid	169	171	169	169	171
	Missing	4	2	4	4	2
	Mean	2.51	3.3509	2.5917	3.0769	2.0643
	Std. Deviation	1.555	1.55856	1.39904	1.36713	1.44770

During the data processing we noted that the opinion of observer referring to the reason in the case of answer to questions “If the external assistance is not effective who is responsible for this?” is that 66% of them thought that the reason is the coordination between government and donors.

We were trying to find any correlation between needs and effectivity, that means the need for assistance make the host country to use it by efficiency. Referring to the table 6, 7 (as below) we found a moderate correlation between needs and effectivity. What seems clearly is that the relation between needs and effectivity has positive direction but the correlation is moderated since the Pearson's R is 0.398.

Table 6:

		From0612forein * From0612effect Crosstabulation						
Count		From0612effect						Total
		less	enough	everage	good	very good	maximum	
From0612forein	less	0	0	4	8	2	0	14
	enough	0	4	3	0	0	0	7
	everage	4	2	14	6	6	2	34
	good	0	0	8	10	4	0	22
	very good	0	6	4	6	28	14	58
	maximum	0	0	4	10	6	8	28
Total		4	12	37	40	46	24	163

(Effectivity during period 2006-2012 =from1012effect): (Needed for assistance during period 2006-2012=from0612forein)

Table 7:

		Symmetric Measures			
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig. ^c
Interval by Interval	Pearson's R	.398	.057	5.506	.000 ^c
Ordinal by Ordinal	Spearman Correlation	.430	.062	6.046	.000 ^c
N of Valid Cases		163			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

During the period 1991-2000 it was noticed that exist a probability for overlapping the projects. Referring to the data collected we conclude that the opinion of observers is that the grant is most probable for overlapping (54% of observed people). (Table 8)

Table 8:

		Probabil			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Grande	87	54.0	54.0	54.0
	Loan	74	46.0	46.0	100.0
	Total	161	100.0	100.0	

Missing 9

Also during the analyses notice that 74(table 9) observed people think that the lack of information is the main reason of

overlapping; from this 48 persons (64.9%) think that overlapping is most probable for grand than for loan. The second reason is corruption, 21% or 34 other persons think that the main reason is corruption. As noted in the questionnaire the reason "lack of information" is an indirect question which leads directly to another reason corruption. This thing is made to be given the opportunity to respond to those respondents who are employed in the public sector and the answer "why overlapping projects is corruption" will come under pressure.

Table 9:

Probabil * Youropinion Crosstabulation

		Youropinion				Total
		The lack of information on previous projects	Lack of coordination between the Government and Donor	Corruption	Lack of policies disks for donors	
Probabil	Grande	48	16	22	1	87
	Loan	26	14	12	22	74
Total		74	30	34	23	161

But the main aim of our observation is how effective is the external assistance during the consolidation process of coordination. To attract the citizens' opinion on this issue, the question "How effective was the foreign aid" is made for the period 2006-2012, which is considered as a period of consolidation of foreign aid. Based on the above conditions we have formulated the hypothesis: "The external assistance during the year 2006-2012 was effective"

Given that this indicator we measured quantitatively by 1-5, (respectively 1 – low and 5 – much higher) the above hypothesis is equivalent to the following hypothesis:

Ho: The level of effectivity ≤ 3

Ha: The level of effectivity > 3

Referring to the data on table 10 and 11 and Graf 1 (test for normality), since the p-value is smaller than significant level $\alpha=0.05$ there is no evidence for accepted the null hypotheses, so we conclude that the perception of citizen is that the external assistance is effective.

Figure 1:

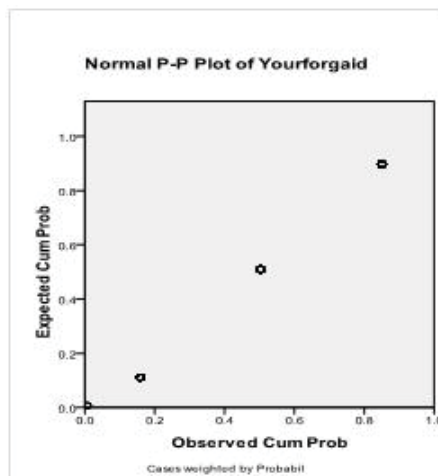


Table 10:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Yourforgaid	161	3.9814	.80212	.06322

Table 11:

One-Sample Test							
	Test Value = 3					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper	
	Yourforgaid	15.524	160	.000	.98137	.8565	1.1062

"Yourforgaid= Your opinion how effective is external assistance"

During the data analyses, we find that exist a correlation between effectivity of external assistance as depended variable and 2 other independent variable (1- compatibility with needs; 2- at the right time). Regarding the data on table 12,13we conclude that exist a correlation between 3 over mentioned variables since the correlation coefficient R=0.696. (table 12, 13)

Table 12:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 ^a	.485	.477	.56395

a. Predictors: (Constant), Righttime, Needscount

Table 13:

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.908	2	20.954	65.885	.000 ^a
	Residual	44.525	140	.318		
	Total	86.434	142			

a. Predictors: (Constant), Righttime, Needscount

b. Dependent Variable: Yourforgaid

5. Conclusions and Recommendations

In this second part of paper which is based mainly on annual raports of external assistance coordination and data from donors, in chronological order we described how is setup and how function the coordination of external assistance system in Albania. So short, we have described the way towards consolidation of coordination system in Albania, because each step undertaken in this process has fundamentally improved and avoid shortcomings and deficiencies encountered in years.

Referred to the description above we have concluded and recommend as follow:

- Government leadership on external assistance coordination is the main factor on external assistance effectivity growth. But for the government to play his proper role on assistance coordination process is needed an adequate coordination.
- The establishment and functioning of the system of coordination should be made in coherence with the benefits of foreign assistance.
- Clear identification of priorities and coordination of government budgeting priorities enables an efficient use of foreign aid.
- As noted above, Albania has met targets for 5 of the 15 indicators and has significant process for 3 other indicators. Albania improved assessment (property) from C on 2005 and 2007 to B on 2012. Rating is 5 letters from A (highest score) to E (lower grades). The Paris Declaration is intended that 75% of partner countries achieve A or B assessment by 2010. National Strategy for Development and Integration (NSDI) 2007-2013 provided broad participation and consultation including working groups and represented government consulent, donors, academics and civil society.
- Given that the transparency is an important indicator for recognition problems, weak points and gapes on various areas of economic development we recommend increasing the range of interest actors on drafting important strategy and policy.

- Themes of donor fragmentation have been in focus of much academic and politic debate (Acharya et al. 2006; frot dhe Santiso 2010, 2011). Last searches have shown negative effects of fragmentation in assistance effectivity (Djankov et al. 2009) and help to destabilize the recipient country's institutions (Knack and Rahman 2007). Seen in this context despite the difficulties that may be encountered in this process we think that for Albania this is the time for a better coordination between donors.
- Also in the literature review it is noted that external assistance in host countries supports the economic development of the country. Seen in this perspective in the context of research for the realization of the paper we note that do not have a genuine study on the impact of external assistance on the economic development of Albania. Our judgment is that the main factor is the lake of data availability coordinated (between donors and government) on external assistance over the years.
- As is such noted above, despite the improvement of database and the information management, external assistance information requires more clarification and consistency as well as the work have to address regarding the fulfillment of state statistics for incoming assistance.
- Referring to the data about the distribution of external assistance in national level we notice that the biggest part of external assistance support national level. These figures include all projects in support of institutional capacities in the central level that considered national projects. Regarding regions, main investments support increasing local capacities, regional and rural development, local infrastructure, promotion of cultural values, regional reconstruction of schools and hospitals, etc. Also we note that the most of the foreign funding is concentrated in the district of Tirana. It is understandable that donors find it easier to implement a project in a field or in a region previously implemented, for the simple reason that in this case the implementation costs are lower when operating in terrain and areas known before. The governments of host countries should examine in detail the needs of the country and should orientate donors towards existing needs of the country which they can not meet with their own budgets and not towards donor facility.
- Referring to citizen's perception all conclusions are interferers into the analyses of citizens perception but in general we conclude that despite the difficult understanding concept of foreign assistance, the citizens are able to show the affectivities of external assistance under coordination process. This result is evident regardless of social and economic level of citizens, regardless of their location, regardless of their level of educations.

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