DANUBE • 17(3) • pp. 243–264
DOI: 10.2478/danb-2026-0016
Received: Apr 22, 2026 • Revised: Jun 24, 2026 • Accepted: Jul 10, 2026

Danube

The Reform of Performance-Based Budgeting in Albania: Convergence With European Union Practices

Jona Gashi *[1]

Abstract

The qualitative synthesis study aimed to analyse the impact of legal reforms on improving the efficiency of performance-based budgeting in Albania. Accordingly, the study addressed the following research question: to what extent have legal reforms in Albania improved the efficiency of performance-based budgeting and ensured its convergence with core European Union standards of transparency, accountability, and medium-term budgetary planning. The methodology was based on a qualitative research design, including qualitative content analysis, document analysis, and the formulation of practical recommendations. The study found that EU institutions, including the European Commission, SIGMA/OECD, and the Council of the European Union, guided Albania's alignment with EU budgeting standards. Since 2005, Albania has worked on medium-term budgeting, institutionalizing performance-based budgeting, and improving digitalization and transparency. Progress was limited by administrative capacity, weak coordination, and a developing performance measurement culture. Recommendations include training, enhanced cooperation, legislative alignment, and revised public investment rules to strengthen EU integration.

Keywords

Legislation, Investment, Transparency, Sustainable Development, Alignment

I. Introduction

The reform of performance-based budgeting in Albania is highly relevant in the context of public finance modernization and the country's ongoing European integration process. As Albania seeks to align its administrative and financial practices with the European Union standards, adopting performance-oriented budgeting is crucial for enhancing transparency, accountability, and efficiency in public resource management. The selected topic highlights how legislative reforms, institutional capacity-building, and the use of performance indicators can improve policy outcomes and service delivery. Moreover, examining

* Corresponding author
[1] University of Tirana, Department of Public Law, 1010 Tirana, Albania.
E-mail: jgashi458@gmail.com.

Albania's convergence with the European Union's practices provides insights into the challenges and opportunities of implementing modern budgeting systems in emerging economies, offering lessons for policymakers, researchers, and international development actors.

Previous research, including the work of Kashanipour et al. (2024), suggests that performance-based budgeting has become an integral part of economic advancement in both developed and developing countries. The expediency of performance-based budgeting was further confirmed by Abbasov (2025) who studied data from 75 governmental institutions over a period of 2010–2020 across the jurisdictions of the United States, Australia, and the United Kingdom. The mentioned researcher discovered that agencies adopting performance-based budgeting achieved a 15.7% improvement in reducing budget variance and an 11% improvement in the reduction of the cost per service unit. The effectiveness of performance-based budgeting was examined by Yasir (2025) who reported an up to 8.3% variance reductions in countries that have adopted performance-based budgeting systems. The indicated researcher further emphasized the significance of performance-based budgeting frameworks by connecting them to the accomplishment of Sustainable Development goals. Alkhuzaie et al. (2025) stressed that the potential benefits of performance-based budgeting were the reason why emerging economies like Iraq sought to implement it as an alternative to the traditional budgeting. Shopina et al. (2024), in turn, emphasized that the process of replacing traditional budgeting with performance-based one in emerging economies implied overcoming several barriers, including the uncertainty of existing methodology and inconsistency of legal norms.

Ismaili (2025) examined the peculiarities of overcoming existing challenges and supporting an integration of performance-based budgeting in individual geographic and economic regions, such as Western Balkans. The researcher examined the expediency of performance-based budgeting by assessing the extent to which Western Balkan countries integrated evidence, taking the form of performance measurement and benchmarking, into the budgeting process for the upcoming budgetary year. The comparative analysis, involving the developed economies of Sweden and the USA and the developing economy of Romania, allowed Manta (2020) to conclude that the adoption of performance-based budgeting should be treated as necessity, rather than an option in emerging economies. This conclusion was based on acknowledging the correlation between structured budgeting and performance effectiveness across all segments of economy. Mahyudin and Nasir (2025), in their research, further stressed that small and medium enterprises (SMEs) have acknowledged the benefits of performance-based budgeting and strive to make it an integral element of their strategic planning. In the analysed SMEs, there was a statistically significant correlation between structured budgeting and improved financial outcomes. Kokorovic Jukan and Nadzakovic (2022) pointed out that despite existing benefits, the South East Europe countries, including Albania, have not accomplished the full transition to performance-based budgeting. The cited researchers argued that such transition might be facilitated by adopting experience of the developed economies of the United States, Australia, and the European Union that have achieved major progress in establishing working performance budgeting ecosystems. The analysis of existing evidence suggests that acknowledging the benefits of performance-

based budgeting might not bring emerging economies closer to integrating this model into their economic development. Furthermore, little is known about the legal perspective of adopting performance-based budgeting strategies to national economies. Considering the detected gap, it was decided to study the impact of legal reforms on improving the efficiency of performance-based budgeting in Albanian context. The central research question was formulated as follows: to what extent have legal reforms in Albania strengthened the efficiency of performance-based budgeting and brought the national framework closer to European Union standards on transparency, accountability, and medium-term budgetary planning. This question was addressed through two objectives: first, to examine how legal reforms have influenced the practical strengthening of performance-based budgeting in Albania; and second, to assess the extent to which these reforms correspond to relevant European Union standards.

II. Materials and Methods

This research study followed a qualitative document-based design and involved a review of existing evidence to examine the New Public Management framework as a theoretical foundation for performance-based budgeting (PBB) in the European Union and Albania. No quantitative measurement, survey data, statistical testing, or frequency-based content analysis was applied; therefore, the findings are interpreted as qualitative evidence of legal and institutional convergence rather than as statistically generalisable results. The New Public Management model (Lapsley and Miller, 2024) was examined in terms of its core elements and provisions, as well as their relevance to PBB initiatives across European Union.

The content analysis was further carried out to explore European Union Directives for PBB and assess their relevance to Albania's context. The content analysis incorporated the following legislative documents and initiatives: Multiannual Financial Framework (MFF) (European Commission, 2025a), The EU Commission's Better Regulation Toolbox (European Commission, 2025b), Stability and Growth Pact (European Commission, 2024b), National Fiscal Frameworks in the EU Member States (European Commission, 2024a), OECD-SIGMA initiative (Sigma 2025). Besides these documents, European Union's regulations were studied, including European Transparency Initiative (European Union, 2008), Directive 2011/85/EU (European Union, 2011), Compendium of the Public Internal Control Systems in the EU Member States (European Union, 2014) and Regulation 2018/1046 of the European Parliament and of the Council (2018). The selected documents and initiatives were analysed in terms of their main objectives, key provisions related to performance and transparency, as well as their potential impact on and significance for PBB.

Document analysis was conducted to examine how Albania is progressing in adopting Performance-Based Budgeting (PBB) and aligning its legal framework with EU requirements. This method was used because it enabled a systematic assessment of legislative and policy developments based on verified official sources. The analysis drew upon key Albanian legal and strategic documents, including the Public Financial and State Asset Management Law (Albanian Institute of Science, 2022), and the Law on Strategic Investments in the Republic of Albania (2016). These documents were also reviewed to determine

the roles of principal institutional actors and to evaluate the extent to which Albania's national legislation corresponds to EU standards. The analysis from traditional budgeting to results-oriented budgeting was rooted in industry reports and peer-reviewed articles, including Lami (2022), Rama and Polo (2024), and Republic of Albania Ministry of Finance (2014). The existing evidence was further analysed to identify major hindrances to Albania's adoption of PBB and develop recommendations for Albania to align its legislation with EU requirements for PBB. Since the empirical basis of the study relied primarily on official legal, governmental, and strategic documents, the analysis captures formal institutional and regulatory convergence rather than the full practical implementation of PBB in everyday administrative practice. Therefore, the findings should be interpreted as evidence of declared and legally institutionalized reform progress, while the actual effectiveness of implementation requires further verification through independent audit data, interviews with public officials, and field-based research.

III. Results

New public management approach to performance-based budgeting

The evolution of performance-based management in Albania was examined through the theoretical lens of New Public Management (NPM) (Lapsley and Miller, 2024). Based on managerialism and market-oriented reform, NPM applies private-sector techniques to public administration to improve efficiency, accountability, and responsiveness (Farah, 2023; Dan et al., 2024). It emphasizes performance, results, and competition as alternatives to rigid bureaucratic procedures. One of its foundations is Public Choice Theory, which views political actors as rational and self-interested and explains public-sector inefficiencies as a consequence of bureaucrats and politicians pursuing institutional or personal interests (Chohan, 2024). NPM therefore introduces market mechanisms, performance incentives, and competition to encourage more effective governance.

Performance-based budgeting is also associated with Agency Theory and the principal-agent problem, particularly the need to ensure that public managers act in the interests of citizens and elected officials (Hendrastuti and Harahap, 2023; Perbawa et al., 2024). Contractual relationships, performance targets, and monitoring mechanisms are used to align incentives and reduce information asymmetries. Managerialism further assumes that strategic planning, output measurement, and quality control can be applied across public and private organizations (Verma and Mishra, 2024). Consequently, attention shifts from procedural compliance to measurable results (Maley et al., 2024). Performance-based budgeting operationalizes this logic by requiring institutions to demonstrate not only how resources were spent but also what results were achieved.

In Albania, these principles are reflected in the transition from traditional expenditure control to programme-based assessment. Programme objectives, measurable indicators, medium-term budget planning, and strengthened reporting obligations seek to connect resource allocations with policy outcomes and increase the accountability of line ministries. From a neo-institutional perspective, however, such reforms are shaped by domestic political and administrative conditions as well as by international standards promoted by

organizations such as the OECD and the World Bank (Markoff-Legrand et al., 2024). Performance management translates these standards into objectives, key performance indicators, monitoring, and reporting systems. When incorporated into budgeting, performance information can support transparency, institutional learning, and outcome-oriented funding decisions (Blikhar et al., 2023; Yesimov and Borovikova, 2022).

The study also examined the influence of legislation on fiscal efficiency and performance management. Legal frameworks institutionalize NPM reforms by regulating the collection, reporting, and use of performance information during budget preparation, execution, and evaluation (Nshimyimana and Rabie, 2024). Nevertheless, legislation may create rigidity when formal compliance becomes more important than actual outcomes (Issa et al., 2025). This problem is particularly relevant in transitional administrative systems, where performance indicators may become procedural requirements rather than tools for budgetary learning. Weak analytical capacity, unreliable data, and limited inter-institutional coordination may therefore produce extensive reporting without improving the use of evidence. Effective legislation must consequently combine accountability with sufficient managerial flexibility (Jiang and Chi, 2024).

NPM theory, performance management, and legislation together provide an integrated framework for modernizing public administration. NPM establishes the focus on results and efficiency, performance management supplies measurement and implementation tools, and legislation ensures institutional continuity, transparency, and enforcement (Guliyev et al., 2025). In the subsequent analysis, Public Choice Theory is used to assess institutional self-interest and resource preservation; Agency Theory examines relations between the Ministry of Finance and Economy and implementing institutions; managerialism evaluates programme classification, indicators, training, AFMIS, dashboards, and internal audit; and neo-institutional theory explains the influence of EU accession requirements and OECD-SIGMA standards on Albania's reforms.

International perspective of legislative regulation of performance-based budgeting

The EU approach was examined because the European Commission promotes performance-based budgeting (PBB) as a means of linking financial resources to measurable outcomes and strategic priorities. The EU Budget Focused on Results initiative, launched in 2015, aligned financial planning with objectives such as sustainable growth, digitalization, and the Green Deal (ERA Portal Austria, 2016). Programmes financed under the Multiannual Financial Framework (MFF) must establish measurable objectives, indicators, and targets to assess expenditure efficiency and effectiveness (European Commission, 2025a). The Better Regulation Toolbox provides standards for results-oriented management, evidence-based evaluation, and transparent reporting (European Commission, 2025b), while the Compendium of the Public Internal Control Systems requires integrated performance monitoring, internal control, and audit mechanisms (European Union, 2014). Annual management plans, performance frameworks, the Annual Management and Performance Report, digital tools, and dashboards are used to monitor progress and strengthen accountability (Kerimkhulle et al., 2025b; Miniaci et al., 2014).

For Albania, these instruments establish a substantive standard extending beyond formal budget transparency. EU convergence requires a complete performance cycle in which strategic objectives are translated into programme expenditures, connected to output and outcome indicators, monitored through reliable reporting systems, and used to adjust subsequent budget decisions. Albania should therefore be assessed according to how effectively budget allocations, indicators, monitoring, evaluation, and corrective actions are integrated.

The European Commission coordinates the harmonization of national budgeting practices and methodological standards through DG BUDG, the Secretariat-General, policy guidance, fiscal reviews, and technical assistance (Arachi et al., 2012). The European Parliament reviews performance reports and exercises budgetary control through the discharge procedure. The Council ensures consistency with the Stability and Growth Pact and EU fiscal rules (European Commission, 2024b), while the European Court of Auditors conducts performance audits assessing the economy, efficiency, and effectiveness of EU expenditure. The European Fiscal Board and the European Semester further connect national budget planning with EU priorities and performance criteria.

These institutions oversee the National Fiscal Frameworks, which combine fiscal sustainability with policy effectiveness and encourage evidence-based rather than incremental resource allocation (European Commission, 2024a). Within these frameworks, the MFF applies performance-informed budgeting over a seven-year cycle through predefined objectives, indicators, milestones, annual evaluations, and mid-term reviews. The Performance Framework for EU Funds assesses the contribution of individual programmes to EU priorities (European Commission, 2025a).

The OECD-SIGMA initiative provides analytical and methodological support by benchmarking EU member and candidate countries against international performance-budgeting standards (Sigma, 2025). It emphasizes programme classification, the use of performance evidence in budget decisions, and accountability for policy results. At the operational level, ministries and agencies define output and outcome indicators, conduct ex ante and ex post evaluations, and use the findings to inform future resource allocations, thereby creating a continuous feedback loop between performance assessment and budget planning.

The legal framework for performance-based and transparent budgeting within the EU is grounded in several directives and regulations setting common standards for fiscal governance. The major directives and regulations are introduced in the Table 1.

According to Table 1, EU's framework for performance-based and transparent budgeting represents a multi-layered system combining legislative mandates and institutional transparency mechanisms.

Directive 2011/85/EU establishes the foundations of national fiscal governance through standardized rules, transparent reporting, and fiscal discipline, while Regulation (EU) 2018/1046 embeds performance monitoring, evaluation, and reporting within EU programmes. The European Transparency Initiative, EU Open Data Portal, and Financial Transparency System extend accountability by providing public access to financial and performance data, thereby supporting citizen oversight, research, media scrutiny, and trust in EU governance (Mostovenko et al., 2025).

Table 1: EU directives and regulations for performance-based budgeting

Legal/institutional instrument	Year & reference	Main objectives	Key provisions related to performance & transparency	Impact/significance
Directive 2011/85/EU on Requirements for Budgetary Frameworks of Member States	2011 (Directive 2011/85/EU)	To strengthen fiscal governance and ensure sustainable public finances across EU Member States.	Mandates reliable accounting and reporting systems. Requires medium-term budgetary frameworks. Introduces fiscal rules supporting sustainability. Promotes performance-oriented budgeting and independent fiscal monitoring bodies. Establishes transparency standards and timely publication of fiscal data.	Enhanced fiscal discipline and credibility through harmonized standards; promotes accountability and comparability among Member States.
Regulation (EU) 2018/1046 (Financial Regulation applicable to the General Budget of the Union)	2018 (Regulation (EU) 2018/1046)	To integrate performance-based principles into EU budget execution.	Requires all EU programs to define clear objectives and measurable indicators. Introduces performance monitoring, evaluation, and annual reporting obligations. Ensures that performance results inform future budgetary decisions.	Embeds results-oriented management into EU financial governance; strengthens efficiency and evaluation culture within EU institutions.
European Transparency Initiative	Launched 2005 (Ongoing EU initiative)	To enhance openness and accountability of EU decision-making.	Promotes access to information on lobbying, funding, and institutional processes. Supports stakeholder engagement and oversight.	Improves citizens' trust and engagement through visible accountability mechanisms.
EU Open Data Portal	Established 2012	To make EU data freely available and reusable.	Publishes datasets on EU budget implementation, spending, and performance indicators. Facilitates evidence-based analysis and public scrutiny.	Promotes open government and data-driven evaluation of EU policies.
EU Financial Transparency System	Introduced 2008	To disclose detailed information about beneficiaries of EU funds.	Provides searchable public access to who receives EU funding and for what purpose. Strengthens traceability and accountability of EU expenditure.	Reinforces transparency and reduces corruption risks through open access to spending data.

Source: Compiled by the author based on European Commission (2025a); European Commission (2025b); European Union (2008); European Union (2011); European Union (2018)

The EU approach to PBB integrates spending with measurable outcomes through the BFOR initiative, Better Regulation Toolbox, and Annual Management and Performance Report. For Albania, the relevant benchmark is therefore an integrated results chain: policy priority → programme allocation → performance monitoring → evaluation → adjustment of future budgets. Harmonization is supported by the European Parliament, Council, European Court of Auditors, National Fiscal Frameworks, MFF, and OECD-SIGMA guidance, while Directive 2011/85/EU, Regulation (EU) 2018/1046, and EU transparency instruments provide the legal and informational foundations of the system.

Evolution of performance-based budgeting in Albania

Since 2005, Albania has been seeking to adopt the EU standards into its PBB framework; and this ongoing process incorporates three major phases summarized in the table below (Table 2).

Table 2: Phases and characteristics of Albania's budget reform, 2005–2025

Reform phase	Main characteristics	Institutional actors	Alignment with EU standards
Phase I (2005–2013): Transition to Medium-Term Budgeting	Introduction of the Medium-Term Budget Program (MTBP); integration of strategic planning with fiscal ceilings; initial performance indicators.	Ministry of Finance (MoF); line ministries; IMF support.	Partial – early alignment with Directive 2011/85/EU principles (fiscal discipline, medium-term orientation).
Phase II (2014–2018): Institutionalization of Performance-Based Budgeting (PBB)	Adoption of Law No. 9936 (amended); pilot programs in social, education, and infrastructure sectors; training for budget officers.	MoF; Albanian School of Public Administration (ASPA); EU SIGMA.	Significant progress toward EU Fiscal Framework; integration of performance indicators and monitoring.
Phase III (2019–to date) Digitalization and Transparency Enhancement	Implementation of Integrated Financial Management Information System (IFMIS); establishment of Public Financial and State Asset Management Law (2020, amended 2023).	MoF; Supreme State Audit; National Agency for Information Society.	Substantial but not complete convergence – digital reporting and transparency tools support alignment with Regulation (EU) 2018/1046, but their effectiveness depends on whether performance data are used for result analysis, programme adjustment, and budgetary decision-making.

Source: Compiled by the author based on Lami (2022); Rama and Polo (2024); Republic of Albania Ministry of Finance (2014)

According to Table 2, the first deployment phase marked the introduction of medium-term budget planning, designed to improve fiscal predictability and policy coherence. The MTBP acted as the basis of this stage, linking fiscal ceilings to sectoral priorities and encouraging ministries to plan expenditures over a three-year horizon rather than

on an annual basis. However, performance orientation remained largely formal, with indicators often descriptive rather than outcome-based. The second phase deepened institutional capacity for performance budgeting. The amendments to Albania Public Finance Management Strategy (Republic of Albania Ministry of Finance, 2014) introduced program classification in the national budget, aligning with the European Commission's SIGMA guidelines for performance-based budgeting. Ministries were required to develop program objectives and measurable indicators, which were reviewed by the Ministry of Finance. By 2016, Albania began integrating sectoral strategies with budget planning, a practice consistent with Directive 2011/85/EU on budgetary frameworks of Member States (European Union, 2011).

The latest reform phase, beginning in 2019, focused on digital transformation and transparency. Law No. 34/2019 "On the Administration of Seized and Confiscated Assets" (2019) established principles and institutional responsibilities for planning, executing, monitoring, and reporting the use of public funds (Financial Intelligence Agency, 2024). It requires public institutions to maintain internal controls, accurate financial records, risk-management systems, realistic budget planning, and regular assessments of whether resources are used economically, efficiently, and effectively (Vazov and Hristozov, 2025). This phase also included the establishment of AFMIS, which enabled real-time data exchange between ministries and strengthened fiscal reporting and expenditure monitoring. The Law on Strategic Investments in the Republic of Albania further institutionalized these practices (United Nations Trade and Development, 2016), supporting alignment with EU Regulation 2018/1046 (European Union, 2018). The Open Data Portal and Transparency Dashboard expanded public access to budget information. However, digitalization alone does not demonstrate fully institutionalized PBB. Its effectiveness depends on whether fiscal data are used to assess programme results, identify weaknesses, revise priorities, and inform future allocations.

Throughout the reforms, the Ministry of Finance remained the central coordinating institution. It established programme-budgeting methodologies, reviewed objectives and indicators submitted by line ministries, issued manuals, organized staff training, and monitored compliance with reporting standards. Cooperation with the IMF and World Bank, particularly under the Public Finance Management Strategy 2014–2020, supported fiscal discipline and accountability (Republic of Albania Ministry of Finance, 2014). The Supreme State Audit, the Parliamentary Committee on Economy and Finance, and ASPA also contributed through oversight and performance-management training. These developments reflect EU practices involving independent fiscal scrutiny (SIGMA, 2025).

The European Commission's 2022 assessment described Albania as moderately prepared, recognizing progress in fiscal rules, medium-term planning, monitoring, and reporting. Nevertheless, implementation remains uneven, especially regarding indicator quality, analytical use of performance information, and consistency across ministries and municipalities. Alignment with Directive 2011/85/EU on Requirements for Budgetary Frameworks of the Member States (2011) and Regulation 2018/1046 of the European Parliament and of the Council (2018) has improved in fiscal transparency, independent monitoring, and multiannual planning.

Overall, Albania's reforms progressed from medium-term budgeting in 2005–2013 to the institutionalization of PBB after 2014 and digitalization from 2019. Programme classification, measurable indicators, AFMIS, open-data tools, and internal controls strengthened alignment with EU standards, although their value depends on the systematic use of data for evaluation and resource allocation.

From an NPM perspective, these phases represent the gradual institutionalization of managerial tools. The Ministry of Finance acts as the principal establishing fiscal rules and reporting standards, while ministries and municipalities serve as agents implementing programme objectives and indicators. Persistent descriptive indicators and uneven reporting show that formal compliance does not always produce substantive performance-based decisions. From a Public Choice perspective, institutions may continue input-oriented budgeting when performance information is not connected to incentives, sanctions, or resource allocation.

Hindrances to Albania's adoption of performance-based budgeting

The analysis identified five main obstacles to Albania's implementation of performance-based budgeting (PBB): limited administrative capacity to formulate objectives and indicators; insufficient coordination between the Ministry of Finance and Economy (MoFE), line ministries, municipalities, and oversight bodies; an underdeveloped performance culture; fragmented legal regulation; and uneven municipal reporting, digital interoperability, and analytical capacity. These barriers show that convergence with EU standards requires institutional, technical, legal, and cultural changes rather than formal legislative alignment alone.

These findings also confirm the relevance of the theoretical framework. Limited administrative capacity exposes the constraints of managerialism when officials lack the skills required for results-oriented budgeting. Weak coordination reflects a principal-agent problem, as central requirements are not consistently translated into operational practice. The treatment of performance reporting as a formal obligation also supports the Public Choice argument that institutions may comply symbolically while preserving established routines. Effective PBB therefore requires trained personnel capable of developing outcome-oriented objectives, measurable indicators, and evidence-based budget decisions. Currently, performance information is often prepared formally and remains disconnected from strategic resource allocation (Mukambaeva et al., 2024). Albania should institutionalize continuous, role-specific training for policy planners, budget officers, programme managers, and internal auditors. Training should cover results chains, indicator design, data analysis, and ex-post evaluation (Panteghini, 2006). Integrating these competencies into professional development, promotion, and appraisal systems and cooperating with EU institutions, SIGMA, and European public administration academies would improve their sustainability.

Specialized PBB units should also be established within line ministries. Dedicated specialists could coordinate programme design, validate indicators and performance data, and maintain communication with MoFE. Formalizing these units through secondary legislation would strengthen institutional ownership, reduce reliance on consultants, and improve implementation consistency.

Inter-institutional coordination also requires improvement (Knapik, 2025). Budget negotiations currently emphasize procedural compliance more than programme effectiveness. Structured performance reviews involving MoFE, the Prime Minister's Office, and line ministries should therefore precede final negotiations. These meetings would enable ministries to present programme results, identify underperformance, propose corrective measures, and support evidence-based allocation rather than historical spending patterns.

A performance-oriented administrative culture should be encouraged through incentives. Senior officials and programme managers should be evaluated on both procedural compliance and measurable policy results. Linking appraisal, career advancement, or bonuses to clearly defined targets could strengthen accountability. Public dashboards and accessible programme-performance summaries would further increase transparency, scrutiny, and trust while supporting Albania's alignment with EU principles.

Weaknesses in the legal framework allow ministries to retain input-oriented budgeting and use generic or poorly linked indicators. Albania should harmonize secondary legislation governing PBB, Internal Financial Management and Control, and performance auditing. Methodological rules should define minimum standards for programme logic, indicator design, data collection, and reporting, while enforcement provisions should establish corrective measures for repeated non-compliance. The legal mandate of internal audit units should also be strengthened through standardized audit methodologies, reporting formats, and follow-up procedures, enabling them to assess efficiency, value for money, and programme performance more effectively (Kerimkhulle et al., 2025a).

Multilevel fiscal governance further complicates PBB implementation. Although decentralization has expanded municipal responsibilities, weak fiscal coordination, non-standardized reporting, incompatible digital systems, and limited analytical capacity hinder the integration of local performance data into national programme budgets. This is particularly problematic in education, social protection, infrastructure, and local public services, where programme outcomes depend heavily on municipal implementation. The absence of comparable local data weakens the feedback loop between municipal performance and national budget planning. Albania should therefore establish clear municipal reporting obligations, minimum data standards, common deadlines, interoperable digital platforms, and targeted training for municipal officials.

Legally binding performance agreements between central and local governments could further improve accountability. These agreements should define service-delivery objectives, indicators, and reporting requirements while linking intergovernmental transfers to measurable outcomes. This would encourage municipalities to focus on results and provide central institutions with more reliable evidence for monitoring and resource allocation.

The legal framework for Public Investment Management also requires strengthening. Existing provisions do not adequately mandate ex-ante and ex-post evaluations or the public disclosure of project results, allowing cost overruns, delays, and weak outcome monitoring to persist. Legislation should require feasibility studies, cost-benefit analyses, and risk assessments before project approval, as well as ex-post evaluations and publication of project costs, timelines, and results. Feasibility studies should also be updated during implementation to reflect changing conditions and risks.

After the main hindrances were systematised, the proposed strategies were grouped according to responsible stakeholders, expected level of impact, and KPIs, as shown in the Table 3. These recommendations support a holistic approach to PBB reform combining capacity-building, legal harmonization, institutional coordination, transparency, and cultural change. Their implementation would strengthen budgetary efficiency and accountability, support sustainable fiscal governance, and accelerate Albania's alignment with EU standards and accession requirements.

Table 3: Strategies to improve Albania's PBB, including its alignment with European standards

Recommendation	Responsible stakeholders	Level of impact	KPIs
Institutionalize continuous PBB training programs for civil servants	Ministry of Finance and Economy (MoFE), Civil Service Commission, Public Administration Academy	High – strengthens capacity across all ministries	Number of civil servants trained per year % of trained staff applying PBB concepts in budget preparation Training satisfaction scores
Establish specialized PBB units within line ministries	MoFE, line ministries	High – improves internal technical expertise and program ownership	Number of PBB units established- Staff allocated per unit Number of program proposals reviewed and improved by units
Introduce structured joint performance review meetings prior to budget approval	MoFE, Prime Minister's Office, line ministries	High – improves inter-institutional coordination and decision-making	Number of review meetings held per year % of programs discussed with performance evidence Adjustments made based on review outcomes
Promote performance-oriented administrative culture (linking incentives to results, public dashboards)	MoFE, line ministries, internal audit units	Medium – influences managerial behavior and accountability	–% of managers evaluated on performance Number of performance dashboards published Public engagement metrics on dashboards (views/downloads)
Revise and harmonize secondary legislation on PBB, IFMC, and performance auditing	MoFE, Ministry of Justice, Parliament	High – ensures legal clarity and enforceability	Number of legal provisions updated- Number of ministries compliant with new legislation Reduction in generic or non-quantifiable indicators
Strengthen internal audit mandate to focus on performance evaluation	MoFE, internal audit units, line ministries	Medium – enhances efficiency and value-for-money assessment	% of audits including performance evaluation Number of audit recommendations implemented Instances of cost savings or efficiency gains identified

Recommendation	Responsible stakeholders	Level of impact	KPIs
Clarify municipal reporting obligations and minimum data standards	MoFE, Ministry of Local Governance, municipalities	Medium – improves local-central data integration	% of municipalities submitting standardized reports Timeliness of reporting Quality assessment of municipal data (accuracy, completeness) Comparability of municipal data across education, social protection, infrastructure, and local services
Introduce legally binding performance agreements between central government and municipalities	MoFE, line ministries, municipalities	High – strengthens accountability and resource allocation	Number of performance agreements signed Compliance rate with agreement indicators Improvement in municipal service delivery outcomes
Strengthen legal framework for PIM, including mandatory ex-ante and ex-post evaluations	MoFE, line ministries, National Agency for Territorial Planning, audit units	High – improves efficiency and accountability of capital projects	% of projects with completed ex-ante evaluations % of projects with completed ex-post evaluations Number of projects revised based on evaluation outcomes Incidence of cost overruns or delays

Source: Compiled by the author

The findings confirm NPM as an analytical framework for Albania's PBB reform. Public Choice Theory explains why formal compliance may coexist with weak implementation when institutions prioritize established routines over results-based allocation. Agency Theory clarifies coordination problems between the Ministry of Finance and Economy, line ministries, and municipalities, which often lack sufficient capacity, incentives, and standardized procedures. Managerialism explains the emphasis on programme classification, indicators, digital reporting, internal audit, and training, while showing that these instruments remain ineffective without a developed performance culture.

IV. Discussion

The findings of this research both correspond to and critically qualify broader academic debates on public sector modernisation. While previous studies often present performance-based budgeting as a mechanism for improving transparency, accountability, and fiscal efficiency, the Albanian case demonstrates that formal legal convergence does not automatically produce substantive performance-oriented budgetary practice. The emphasis placed by scholars such as Zainudin and Othman (2024) on the shift from traditional bureaucratic control toward performance-oriented governance reflects the trajectory observed in the first two reform phases identified in this study, where Albania moved from medium-term budgeting to institutionalising program structures and indicators. The NPM foundations examined in the theoretical section, particularly public choice, agency theory,

and managerialism, found parallels in the empirical results; for instance, the introduction of program classification and measurable objectives in Phase II mirrors the managerial focus on outputs and accountability described by Verma and Mishra (2024) and Maley et al. (2024). At the same time, concerns raised by critics such as de Araujo et al. (2024) about the risks of excessive reliance on quantitative indicators align with the findings of this research, which revealed that ministries frequently apply narrow, output-based metrics rather than broader outcome indicators. This limitation was evident in the analysis of annual performance reports and program structures, supporting the theoretical insight that performance systems can unintentionally incentivize formal compliance or "gaming" when measurement frameworks are underdeveloped. Thus, the international criticism strengthens the conclusion of this study that indicator quality remains one of the central weaknesses across all three reform phases.

At the same time, the Albanian case complicates the more optimistic assumption that the introduction of programme classification, measurable objectives, and performance indicators necessarily leads to higher budgetary efficiency (Demi et al., 2021). In contrast to studies that associate structured budgeting with improved financial outcomes, this research shows that such instruments may remain largely formal when they are not supported by strong administrative capacity, stable institutional routines, and clear links between performance information and resource allocation. This finding is particularly important for EU candidate countries, where legal transposition and the adoption of EU-compatible terminology may proceed faster than the actual transformation of budgetary behaviour. Thus, Albania represents not a linear case of PBB consolidation, but a hybrid case in which Europeanisation, managerial reform, and inherited input-oriented practices coexist.

The practical challenges associated with sustaining PBB reforms, highlighted by Musabelliu (2025), correspond to several obstacles identified in this research. High staff turnover in key units directly mirrors the administrative capacity weaknesses found in the institutional analysis, particularly uneven skills in indicator formulation, costing, and reporting across line ministries. These issues also help explain why Phase III reforms: although successful in introducing IFMIS and transparency systems, they have not yet resulted in consistent performance measurement practices. This result also challenges the assumption that digitalisation and transparency tools are sufficient to deepen performance-based governance. In Albania, AFMIS/IFMIS, open data platforms, and transparency dashboards have improved the visibility of fiscal information, but they have not fully resolved the more complex problem of evaluative capacity. The case therefore suggests that digital infrastructure can strengthen reporting without necessarily improving the analytical quality of indicators, the use of evidence in budget negotiations, or the capacity of ministries and municipalities to evaluate outcomes (Teta et al., 2025). This distinction adds nuance to comparative studies that treat digital reporting systems as a direct pathway to accountability.

The study's finding of fragmented program structures and heterogeneous reporting formats further aligns with Musabelliu's observation that institutional discontinuity undermines the maturation of PBB frameworks. The sector-specific challenges described by Musabelliu, particularly in health, social protection, and environment, corroborate the results of the document review showing that outcome indicators in these areas remain rudimentary.

As this research demonstrated, ministries often rely on easily measurable outputs, which contrasts with EU and OECD-SIGMA guidance advocating for multidimensional indicators capturing efficiency, equity, and long-term impact. This divergence between international standards and observed practice reinforces the conclusion drawn from the analysis of Albania's reform phases that the digitalization and transparency achievements of Phase III have not yet translated into methodological depth in indicator design.

The data-quality problems identified in this study also found support in Llaftiu and Shuli (2024), whose research highlights distortions in internal audit assessments, including gender-related inconsistencies. The cited findings align with this study's observation that Albania's internal audit units still prioritize procedural compliance over performance evaluation, thereby weakening the credibility of performance reports and limiting the integration of performance data into budget decisions. Since the earlier results demonstrated that the alignment with Regulation 2018/1046 remains strongest in transparency but weakest in evaluative rigor, these external findings reinforce the need to refine internal control practices to meet EU expectations. Recommendations from comparative studies by Mumba and Qutieshat (2023), as well as Tsolov (2024) regarding the value of internal recruitment and institutional continuity further strengthen one of this research's conclusions, namely, that the sustainability of PBB depends not only on legislative frameworks but also on stable human-resource structures. Their emphasis on internal career pathways supports the observation emerging from the analysis of Albania's reform phases about technical capacity remaining inconsistent despite repeated training initiatives. The idea in the literature that shared platforms enhance interinstitutional coherence also complements this study's finding that coordination between the Ministry of Finance and line ministries is still largely procedural rather than strategic, limiting the full operationalization of the performance cycle.

International findings on the benefits of interinstitutional cooperation, including the research of Arachi et al. (2024) and Costumato (2021), resonate with this study's evidence that fragmentation persists between central and local levels of government. The analysis of municipal reporting practices showed insufficient integration with national program structures, echoing broader experiences documented in comparative studies of transitioning systems. These parallels reinforce the study's recommendation to strengthen horizontal and vertical coordination mechanisms as part of the next phase of PBB modernization. The legal dimension, analysed in this research, also aligns with the challenges described by Jovanovic et al. (2024). Their argument that legislation without detailed secondary regulations leads to inconsistent implementation mirrors the inconsistencies found in Albania's program documentation and indicator templates. Similarly, studies by Bao et al. (2024) and Zhuo et al. (2025) linking clear performance rules to improved fiscal transparency support the conclusion that Albania's progress in digitalization and open data access must now be matched by more precise methodological standards. These findings reinforce the study's overall assessment that Albania made substantial progress in aligning with transparency and reporting principles of Directive 2011/85/EU and Regulation 2018/1046, but that methodological depth, indicator quality, and evaluative rigor remain less developed.

The contribution of this study lies in showing that Albania's PBB reform should be understood as a process of partial institutional convergence rather than completed performance transformation. The study adds to existing knowledge by demonstrating that compliance with EU-oriented legal and procedural standards may coexist with weak performance culture, fragmented municipal reporting, limited use of outcome indicators, and insufficient integration of audit findings into budgetary decisions. This finding refines the NPM-based interpretation of PBB by showing that managerial instruments do not become effective merely because they are formally introduced; they require organisational learning, enforcement capacity, and incentives that encourage public institutions to use performance information substantively rather than symbolically.

Finally, strengthening legal provisions and enforcement mechanisms, as suggested by international studies, aligns directly with the recommendations of this research to institutionalize incentives, corrective measures, and systematic performance reviews. At the same time, the findings should be interpreted with caution because the study relies mainly on official governmental, legal, and strategic documents. Such sources are essential for assessing formal convergence with EU requirements, but they primarily reflect declared institutional commitments rather than the actual quality of day-to-day implementation. This limitation is particularly important because the analysis itself identifies a gap between formal PBB requirements and their practical application in ministries and municipalities. Therefore, the conclusions should not be read as evidence of fully achieved operational efficiency, but rather as an assessment of legal and institutional progress that requires further empirical validation through independent audit findings, interviews with public officials, and field-level research.

V. Conclusion

The study showed that legal reforms have improved the institutional and procedural foundations of performance-based budgeting (PBB) in Albania, although their practical effects remain only partly verifiable from the available documentary evidence. The reforms supported a gradual transition from annual input-oriented budgeting to medium-term planning, programme classification, performance indicators, digital reporting, and greater fiscal transparency. The Medium-Term Budget Program, the strengthened role of the Ministry of Finance, and AFMIS/IFMIS improved budget preparation and monitoring. However, weak indicators, limited coordination, inconsistent municipal reporting, and insufficient use of performance evidence continue to restrict substantive results-based decision-making.

Albania's reform followed three stages. In 2005–2013, the Medium-Term Budget Program improved fiscal predictability and multiannual planning. In 2014–2018, programme classification and performance indicators strengthened the formal connection between policy objectives and budget planning. Since 2019, AFMIS/IFMIS and open fiscal-data instruments have increased reporting visibility and monitoring capacity. Overall, these reforms have produced stronger formal alignment with EU standards than practical integration of performance evidence into resource allocation.

In 2025–2026, implementation entered a decisive stage. The Public Finance Management Strategy 2023–2030 and its 2023–2026 action plan established the framework for improving fiscal discipline, transparency, accountability, and expenditure efficiency. Albania had opened all six EU negotiating clusters by November 2025 and was assessed in May 2026 as having met the interim benchmarks for the Fundamentals cluster. These developments increased the need to demonstrate that performance evidence is used to revise programmes, allocate resources, evaluate investments, and address territorial differences in service delivery.

Progress nevertheless remains constrained by limited administrative capacity, non-measurable indicators, weak inter-institutional and municipal coordination, fragmented reporting, and an underdeveloped performance culture. Internal audits frequently prioritize procedural compliance over efficiency, while inconsistencies in budget legislation, financial control, auditing, and multilevel fiscal governance weaken implementation. The study therefore recommends continuous civil-service training, harmonization of secondary legislation, clearer measurable indicators, stronger Public Investment Management requirements, mandatory evaluations, and public disclosure of results.

For communities, PBB should clarify how public expenditure affects education, infrastructure, social protection, healthcare, and local services. This public value will depend on accessible performance dashboards, transparent programme and investment results, standardized municipal data, and meaningful participation by citizens and civil society in budgetary scrutiny.

The study does not claim fully measurable improvements in budgetary efficiency. Rather, it shows that legal reforms have created institutional preconditions for greater efficiency, transparency, and accountability, while operational effects remain limited. Because the analysis relies mainly on official documents and excludes interviews, field observations, independent audits, and programme-level indicators, it primarily captures formal institutional convergence. The findings are specific to Albania but may be relevant to other EU candidate and Western Balkan countries. Future research should combine documentary analysis with audit evidence, interviews, municipal case studies, and programme-level indicators to determine whether formal PBB reforms have produced measurable improvements in efficiency, accountability, and resource allocation.

References

Abbasov, R. (2025). The effectiveness of performance-based budgeting in the public sector: An empirical analysis and policy implications. *iBusiness*, 17(01), 56–76. https://doi.org/10.4236/ib.2025.171003.

Albanian Institute of Science. (2022). Albania's path towards European integration: Financial control and the process of opening negotiations for Chapter 32. Retrieved from https://ais.al/new/wp-content/uploads/PP_ENGLISH_FINAL_VERSION_Financial-control-and-the-process-of-opening-negotiations-for-Chapter-32.pdf?utm_source.

Alkhuzaie, R., Muhamad, H., Daud, Z. M., & Senik, R. (2025). The strategy of adopting performance-based budgeting in the public sector: A conceptual framework. *Corporate & Business Strategy Review*, 6(1), 187–196. https://doi.org/10.22495/cbsrv6i1art18

Arachi, G., Assisi, D., Cesi, B., Giuranno, M. G., & Russo, F. (2024). Intermunicipal cooperation in public procurement. *Regional Studies*, 58(11), 2055–2073. https://doi.org/10.1080/00343404.2024.2350615

Arachi, G., Bucci, V., Longobardi, E., Panteghini, P. M., Parisi, M. L., Pellegrino, S., & Zanardi, A. (2012). Fiscal reforms during fiscal consolidation: The case of Italy. *Finanz-Archiv*, 68(4), 445–465. https://doi.org/10.1628/001522112X659574

Bao, X., Sadiq, M., Tye, W., & Zhang, J. (2024). The impact of environmental, social, and governance (ESG) rating disparities on corporate risk: The mediating role of financing constraints. *Journal of Environmental Management*, 371, 123113. https://doi.org/10.1016/j.jenvman.2024.123113

Blikhar, M., Vinichuk, M., Kashchuk, M., Gapchich, V., & Babii, S. (2023). Economic and legal aspects of ensuring the effectiveness of counteracting corruption in the system of anti-corruption measures of state authorities. *Financial and Credit Activity: Problems of Theory and Practice*, 4(51), 398–407. https://doi.org/10.55643/fcaptp.4.51.2023.4138

Chohan, U. W. (2024). Public choice and public value. *Discourse*, 59–61.

Costumato, L. (2021). Collaboration among public organizations: A systematic literature review on determinants of interinstitutional performance. *International Journal of Public Sector Management*, 34(3), 247–273. https://doi.org/10.1108/IJPSM-03-2020-0069

Dan, S., Lagreid, P., & Spacek, D. (2024). NPM reconsidered: Towards the study of enduring forms of NPM. *Public Management Review*, 26(9), 2531–2541. https://doi.org/10.1080/14719037.2024.2375561

De Araujo, M. L., Caldas, L. S., Barreto, B. S., Murce Menezes, P. P., dos Santos Silverio, J. C., Rodrigues, L. C., Marques Serrano, A. L., Neumann, C., & Mendes, N. (2024). How to evaluate the effectiveness of performance management systems? An overview of the literature and a proposed integrative model. *Administrative Sciences*, 14(6), 117. https://doi.org/10.3390/admsci14060117

Demi, A., Xhaferri, S., Uku, S., Shahini, S., & Lushi, A. (2021). The impact of fiscal policies on albanian economic growth: The case of value-added tax. *Journal of Governance and Regulation*, 10(4 Special issue), 311–325. https://doi.org/10.22495/JGRV10I4SIART11

ERA Portal Austria. (2016). *EU budget focused on results*. Retrieved from https://era.gv.at/events/eu-budget-focused-on-results

European Commission. (2024a). *National fiscal frameworks in the EU member states*. Retrieved from https://economy-finance.ec.europa.eu/economic-governance-framework/national-fiscal-frameworks-eu-member-states_en

European Commission. (2024b). *Stability and Growth Pact*. Retrieved from https://economy-finance.ec.europa.eu/economic-governance-framework/stability-and-growth-pact_en

European Commission. (2025a). *Multiannual financial framework*. Retrieved from https://www.europarl.europa.eu/factsheets/en/sheet/29/multiannual-financial-framework

European Commission. (2025b). *The EU Commission's Better Regulation Toolbox*. Retrieved from https://commission.europa.eu/law/law-making-process/better-regulation/better-regulation-guidelines-and-toolbox/better-regulation-toolbox_en

European Union. (2008). *European Transparency Initiative (ETI)*. Retrieved from https://eur-lex.europa.eu/EN/legal-content/summary/european-transparency-initiative-eti.html

European Union. (2011). *Directive 2011/85/EU on Requirements for Budgetary Frameworks of the Member States*. Retrieved from https://eur-lex.europa.eu/EN/legal-content/summary/requirements-for-member-states-budgetary-frameworks.html

European Union. (2014). *Compendium of the Public Internal Control Systems in the EU Member States*. Retrieved from https://op.europa.eu/en/publication-detail/-/publication/f5d1aca3-f349-11e6-8a35-01aa75ed71a1/language-en

European Union. (2018). *Regulation 2018/1046 of the European Parliament and of the Council*. Retrieved from https://eur-lex.europa.eu/eli/reg/2018/1046/oj/eng

Farah, M. A. (2023). Introduction to new public management (NPM). *Global Scientific Journal*, 12(5), 1404–1417.

Financial Intelligence Agency. (2024). *Annual Report 2024*. Retrieved from https://fiu.gov.al/wp-content/uploads/2025/04/Raporti-Vjetor-2024.pdf

Guliyev, M., Muradova, H., Hajiyeva, L., & Huseynova, L. (2025). Comparative Analysis of Marketing Strategies of Global Corporations in Industrial and Innovation Clusters in Europe and China. *Strategic Change*, 34(5), 689–701. https://doi.org/10.1002/jsc.2647

Hendrastuti, R., & Harahap, R. F. (2023). Agency theory: Review of the theory and current research. *Actual Accounting Journal*, 10(1), 85. https://doi.org/10.17977/um004v10i12023p085

Ismaili, M. (2025). Performance budgeting initiatives in Western Balkans and evidence use in public budgeting. *Journal of Educational and Social Research*, 15(2), 315–327. https://doi.org/10.36941/jesr-2025-0062

Issa, B., Abdallah, S. B., & Gabsi, F. B. (2025). Relationship between socio-efficiency, and financial performance of European companies: A sector study. *Journal of Risk and Financial Management*, 18(4), 171. https://doi.org/10.3390/jrfm18040171

Jiang, S., & Chi, Y. (2024). Impact of budget performance management reform on local fiscal relief. International *Journal of Economics & Finance*, 93(Part B), 905–918. https://doi.org/10.1016/j.iref.2024.05.036

Jovanovic, B., Madzarevic-Sujster, S., Tevdovski, D., Heimberger, P., & Pionteck, T. (2024). Fiscal governance in the Western Balkans: An analysis of fiscal rules, fiscal councils, and medium-term budgetary frameworks. *The Vienna Institute for International Economic Studies*, 1–58.

Kashanipour, M., Nadiri, M., Moharrampour, G., & Baher, A. (2024). Implementation of performance-based budgeting and accrual accounting in public organizations in Iraq. *International Journal of Nonlinear Analysis and Applications*, 15(1), 161–178. http://dx.doi.org/10.22075/ijnaa.2023.28909.4268

Kerimkhulle, S., Kuttykozhayeva, S., Turtkarayeva, G., Seitova, T., Ospanova, N., & Iskakov, Y. (2025a). Forecasting for Japanese Yen to Dollar Exchange Rate Based on Fuzzy Logic. In Silhavy, R.; Silhavy, P. (eds.). *Artificial Intelligence for System Oriented Design. CoMeSySo 2024. Lecture Notes in Networks and Systems* (Vol. 1489, pp. 18–26). Cham: Springer. https://doi.org/10.1007/978-3-031-96798-6_3

Kerimkhulle, S., Kuttykozhayeva, S., Turtkarayeva, G., Seitova, T., Ospanova, N., & Toleubay, D. (2025b). Using the Fuzzy Logic Models for Analysis of Time Phases of Crude Oil Prices: Brent-Europe. In Silhavy, R.; Silhavy, P. (eds.). *Artificial Intelligence for System Oriented Design. CoMeSySo 2024. Lecture Notes in Networks and Systems* (Vol. 1489, pp. 9–17). Cham: Springer. https://doi.org/10.1007/978-3-031-96798-6_2

Knapik, M. (2025). Analysis of water leaks and savings strategies in commercial buildings and the impact of leed certification on water system operating cost. *Zeszyty Naukowe SGSP*, 1(95), 41–58. https://doi.org/10.5604/01.3001.0055.2863

Kokorovic Jukan, M., & Nadzakovic, E. (2022). Performance budgeting in the South-East Europe countries: A comparative study on present state and future perspectives. *Economic Review: Journal of Economics and Business*, 20(2), 23–40.

Lami, E. (2022). Political budget cycles in the context of a transition economy: The case of Albania. *Comparative Economic Studies*, 65, 221–262. https://doi.org/10.1057/s41294-022-00191-6

Lapsley, I., & Miller, P. (2024). *The resilience of new public management*. Oxford: Oxford University Press. https://doi.org/10.1093/oso/9780198883814.001.0001

Law No. 34/2019 "On the administration of seized and confiscated assets". (2019). https://fiu.gov.al/wp-content/uploads/2024/02/LIGJI-34-2019-1.pdf

Llaftiu, B., & Shuli, I. (2024). Gender budgeting: A contextual analysis of the higher-education sector in Albania. *Administrative Sciences*, 14(8), 180. https://doi.org/10.3390/admsci14080180

Mahyudin, M., & Nasir, M. F. (2025). The effect of cost control and budget planning on MSME cost efficiency: The mediating role of accounting information quality and business complexity. *Journal of Accounting Management, Business and International Research*, 4(2), 203–223. https://doi.org/10.57235/jambuair.v4i2.7012

Maley, J. F., Dabic, M., Neher, A., Wuersch, L., Martin, L., & Kiessling, T. (2024). Performance management in a rapidly changing world: Implications for talent management. *Management Decision*, 62(10), 3085–3108. https://doi.org/10.1108/MD-07-2023-1162

Manta, A. M. (2020). Performance-based budgeting – an option or a necessity? *Proceedings of the International Conference on Business Excellence*, 14(1), 915–924. https://doi.org/10.2478/picbe-2020-0087

Markoff-Legrand, A., Bocquet, R., & Gandia, R. (2024). Multi-level neo-institutional analysis of pressures and tensions for adopting a digitally driven business model innovation: Responses from a French emergency incumbent. *Technological Forecasting and Social Change*, 205, 123458. https://doi.org/10.1016/j.techfore.2024.123458

Miniaci, R., Parisi, M. L., & Panteghini, P. M. (2014). Debt shifting in Europe. *International Tax and Public Finance*, 21(3), 397–435. https://doi.org/10.1007/s10797-012-9266-4

Mostovenko, O., Tsap, V. D., Borkovych, V., Rudyk, N., & Nykonenko, V. (2025). Assessment of the risks of using smart contracts in cryptocurrency transactions on domestic capital markets. *Journal of Theoretical and Applied Information Technology*, 103(20), 8581–8593.

Mukambaeva, I., Sayakbaeva, A., Akylbekova, N., Mukambaev, N., Ermekova, A., & Shambetova, E. (2024). Influence of the state investment budget on the Kyrgyz agricultural sector through data analysis. In *SIST 2024 – 2024 IEEE 4th International Conference on Smart Information Systems and Technologies, Proceedings* (pp. 409–414). Astana: Institute of Electrical and Electronics Engineers. https://doi.org/10.1109/SIST61555.2024.10629277

Mumba, K., & Qutieshat, A. (2023). The strategic dilemma of internal and external recruitment: A systematic literature review. *International Journal of Research in Engineering and Management*, 6(4), 19–24.

Musabelliu, M. (2025). Structure and dynamics of Albanian businesses: A 2025 profile. *Monthly Briefing*, 7(1), 1–16.

Nshimyimana, B., & Rabie, B. (2024). Assessment of the results-based monitoring and evaluation policy frameworks in Namibia. *Public Administration*, 32(2), 138–163. https://doi.org/10.61967/adminpub/2024.32.2.9

Panteghini, P. M. (2006). S-based taxation under default risk. *Journal of Public Economics*, 90(10–11), 1923–1937. https://doi.org/10.1016/j.jpubeco.2005.12.004

Perbawa, K. S. L. P., Hanum, W. N., & Atabekov, A. K. (2024). Industrialization of Election Infringement in Simultaneous Elections: Lessons from Sweden. *Journal of Human Rights Culture and Legal System*, 4(2), 477–509. https://doi.org/10.53955/jhcls.v4i2.170

Rama, L., & Polo, E. (2024). Albania development finance assessment. – United Nations Development Programme. Retrieved from https://sdgfinance.undp.org/sites/default/files/2024-07/albania_dfa_full_report.pdf

Republic of Albania Ministry of Finance. (2014). Albania Public Finance Management Strategy. Retrieved from https://arkiva.financa.gov.al/wp-content/uploads/2017/09/Albanian_PFM_strategy_2014-2020-1.pdf

Shopina, I., Kovaliv, M., Esimov, S., Borovikova, V., & Prots, I. (2024). State target programmes in the system of results-based budgeting: Legal aspect. *Social and Legal Studios*, 7(3), 190–201. https://doi.org/10.32518/sals3.2024.190

Sigma. (2025). SIGMA. About. Retrieved from https://www.sigmaweb.org/en/about.html#:~:text=SIGMA%20provides%20methodologies%20and%20tools,closer%20relationship%20with%20the%20EU

Teta, J., Ketners, K., Rudyk, N., Kamolova, F., & Bondarenko, L. (2025). Comparative Analysis of Tax Regimes for Foreign Businesses Across Global Economies. *International Journal of Accounting and Economics Studies*, 12 (Special Issue 2), 21–32. https://doi.org/10.14419/d5pp4x52

Tsolov, I. (2024). Internal recruitment and agency recruitment in comparison. *The Review of Contemporary Scientific and Academic Studies*, 4(12), 1–4. https://doi.org/10.55454/rcsas.4.12.2024.003

United Nations Trade & Development. (2016). *Law on Strategic Investments in the Republic of Albania*. Retrieved from https://investmentpolicy.unctad.org/investment-laws/laws/168/albania-law-on-strategic-investments

Vazov, R., & Hristozov, Z. (2025). Specific Features of the Application of IFRS 17-Valuation of Insurance Contracts and Profit and Loss Management. *Journal of Risk and Financial Management*, 18(12), 706. https://doi.org/10.3390/jrfm18120706

Verma, R., & Mishra, S. (2024). The future of performance management: Shifting from annual reviews to continuous feedback. *International Journal for Research in Applied Science and Engineering Technology*, 12(9), 216–229. https://doi.org/10.22214/ijraset.2024.64153

Yasir, Z. A. (2025). The impact of program and performance budgeting on the strategic allocation of public funds and the achievement of sustainable development goals. *Journal of Frontiers in Multidisciplinary Research*, 06(02), 60–68. https://doi.org/10.54660/.JFMR.2025.6.2.60-68

Yesimov, S. S., & Borovikova, V. S. (2022). Administrative and Legal Implementation of the Rights of Business Entities. *Social and Legal Studios*, 5(3), 16–22. https://doi.org/10.32518/2617-4162-2022-5-3-16-22

Zainudin, H., & Othman, N. (2024). Navigating change: The journey of performance management in the public sector. *International Journal of Academic Research in Business & Social Sciences*, 14(8), 465–477. http://dx.doi.org/10.6007/IJARBSS/v14-i8/22213

Zhuo, L., Yeteng, M., Li, H., & Zhili, T. (2025). The impact of ESG performance on corporate investment efficiency: Evidence from Chinese listed companies. *Journal of Risk and Financial Management*, 18(8), 427. https://doi.org/10.3390/jrfm18080427