

**AUTHOR: FOTO DURO**

**BUILDING AND MAINTAINING  
THE OPERATIONAL MILITARY CAPABILITIES  
IN ALBANIA, IN THE FACE OF THE CURRENT  
AND EXPECTED SECURITY CHALLENGES**

**POLICY PAPER**



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# Building and maintaining the operational military capabilities in Albania, in the face of the current and expected security challenges

*Colonel (Retired) Foto Duro, has served in the Albanian Armed Forces (AAF) for about 35 years, holding some high positions, until his retirement in 2012. His military education in several academies in Albania and USA includes also two courses, in UK and USA, respectively 7 and 12 weeks, focused on defense resource management. These qualifications, as well as his positions as the head of the Long Term Planning Directorate (J-5) in the Albanian General Staff (GS) for 3 years, and then, as the Director (General) of the GS, encouraged and enabled him to complete his doctoral studies in defense resource management in Albania and win a PhD degree, from the Tirana Defense Academy.*

Foto Duro

## Executive summary

Currently, all Albanian Armed Forces (AAF) activities are funded via seven major budgeting programs, made up of 237 subprograms. An in-depth analysis unveils some discrepancies within programs and budget categories, as well as expenditures, which should be handled by other ministries. Consequently, about 25% of the defense budget is not used to fund the building, maintaining and/or use of operational capabilities or other normal activities of the AAF. Furthermore, a number of specialties or supporting services and their respective units either have disappeared or have been reduced to minimal levels, clearly offering inadequate support to accomplishing the objectives of major units. The study suggests that this situation is related to the weakness of defense resource management system in Albania, especially “capability/scenario based planning”, as well as numerous burdens exerted in this process by “budgeting”. This paper ends with recommendations regarding normalization of the defense resource management system, giving special emphasis to planning, based on realistic and most likely scenarios threatening Albania’s security, as well as the need of building a proper managers’ corps at all levels of the AAF, who should be proficient in both operational and financial areas.





## Introduction

The *Albanian Security Barometer - 2022*, conducted by the Tirana-based Center for the Study of Democracy and Governance, among others, found that 88.5% of respondents think that Albania cannot guarantee its security without the support of allied countries<sup>1</sup>. This skepticism regarding the Albanian security institutions and their capacity to autonomously accomplish their mission, has surfaced repeatedly in several other surveys. This led to the following in-depth analysis on how the AAF build and maintain their operational capabilities, as seen from a resources management perspective. As the title suggests, the analysis is focused entirely on the defense sector.

### Planning, funding and building/maintaining of the operational capabilities in the AAF

Midterm Budgeting Planning (MBP) in the AAF, as part of the national MBP, consists of 7 major rolling programs<sup>2</sup>, with a 3-year timespan and which are revised annually. The MBP process (recommended by the EU and sponsored by some EU countries) started concurrently in all Albanian institutions, in spring 2006. Inclusion of the Ministry of Defense (MoD) and the AAF in this process, along with positive aspects, was accompanied with some setbacks. First, the AAF were in the very beginning of adopting the American system (PPBES<sup>3</sup>) in managing their defense resources (introduced in 2002). The urgent request to apply the MBP was wrongly perceived by the involved people within the AAF as the MBP was replacing the PPBES. Actually, while MBP is simply “Budgeting”, the PPBES is more than that. It includes “Planning” (certain strategic plans) “Programming” (6-years rolling defense programs) and “Budgeting” that, in this case, might be the MBP. Secondly, due to the emphasis placed by the Government on the MBP, it got all the AAF’s attention, actions and energy, causing the PPBES to be set aside. It brought about the third consequence, i.e. in absence of the defense programs (the strongest stage in the PPBES, introduced in 1962, in USA, as a novelty) as the link between strategic plans and budgeting, the MBP lost its orientation, and not seldom, imposed its own decisions over the defense programming, causing mismatches and funds’ allocation into activities unrelated to the AAF operational capabilities and missions.

Currently, all the NATO members (and others) organize their defense programs (not to be confused with the budgeting programs<sup>4</sup>) into four major categories:

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<sup>1</sup>“Albanian Security Barometer”, 2022, pg. 34, at <http://csdgalbania.org/wp-content/uploads/2022/06/ASB-2022-ENG.pdf>.

<sup>2</sup> Namely: 1) Planning-managing-administration; 2) Combat Forces; 3) Combat Support; 4) Military Education; 5) Medical Support; 6) Civil Emergencies; 7) Military Social Support.

<sup>3</sup> PPBES: Planning, Programming, Budgeting, Execution System.

<sup>4</sup> The former are produced during the “Programming” stage, while the latter during the “Budgeting”, both parts of the PPBES.





Personnel; Operations and Maintenance (O&M) - where training and exercising take an important place; Equipment and Infrastructure<sup>5</sup>. Also, there is a general consensus now between them, regarding an approximate budget share among the above categories, with personnel taking the largest part, of about 50% of the funds, 30% and 20% for O&M and equipment, respectively, and a minimal share of about 1-3% for infrastructure. Structurally, defense programs are organized in two parts: nonfinancial one (activities and materials by quantities and years) and financial part (corresponding funds per each of the planned activities/materials and the whole military). Thus, the defense programs (are supposed to) orient and guide the budgeting programs (budgeting in general).

An analysis of the AAF MBP, during 2019-2025<sup>6</sup>, shows that its 7 major programs are made up of 237 subprograms, namely: Planning-Management-Administration (9 subprograms), Combat Forces (84), Combat Support (91), Military Education (17), Civil Emergencies, (17), Medical Support (14) and Military Social Support (5). Appendixes 1 and 2 provide a more synthesized view (tabular and graphical) of the MBP major programs for the period 2019 - 2025, as planned over the respective years. Unfortunately, due to the lack of reliable data, it was not possible to include budget execution in this analysis. Nevertheless, despite this methodological limitation, some important conclusions might be drawn regarding shortcomings that impair the “Budgeting” in the AAF, which negatively affect their ability to accomplish the mission.

Thus, it appears that “Civil Emergencies” program, has become part of the defense budget, while in all other NATO countries that we analyzed, the civil emergency service is under the responsibility of the respective ministries of interior - Mol-s (in USA, part of the Home Land Security). In Italy, this is service is under the authority of the Prime Minister. In case of Albania, despite 3 subprograms (software purchase, monitoring room), the rest, within this program, have nothing to do, even indirectly, with any military unit or capabilities. Thus, there are subprograms for buying fodder for cattle, as well as shelters, food, and beds for population (that might be subjected to such emergencies) in addition to the “State stockpiles”, that for the period 2019-2025, are planned to cost about 7 bn ALL<sup>7</sup> (Lek - Albanian currency) - about 34% of the entire program. It should be noted that this program was included in the defense budget only from 2018 onwards. Naturally, involvement of the AAF in civil emergencies is part of their mission and remains unquestionable. Here, the issue is that, in principle, as the experience of other countries suggests, the first to react in such situations is the local government and the “Civil Emergency Agency” (not to be under the MoD) which should build and keep their own emergency management capabilities and

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<sup>5</sup> In some cases, the category of Research & Development is included as well.

<sup>6</sup> Albanian MBP, at: <https://financa.gov.al/programi-buxhetor-afatmesem-ne-vite-2/>

<sup>7</sup> Respectively subprograms: 21AD301; 91707AD; 91707AE; M170521; M170528; 91707AB and 18AZ901, in the AAF MBP (2019-2025)





reserves. The AAF should be the last to be involved, when efforts to manage the natural catastrophe exceed the capacities of the former two.

The “Military Social Support” program is created to support mainly the supplementary part<sup>8</sup> of the full pensioning for about 23,000 retired militaries and police officers and pre-pensioning (until reaching the age 65 for full pensioning) for about 7,000 retired militaries. Annual funds planned for the above subprograms are respectively 2.6 and 2.4 bn ALL. While NATO accepts the practice of inclusion of the military pensions in defense expenditures, in principal, it is not correct that pensions for the police officers, a category outside the AAF, to be paid via the defense budget. In addition, more transparency is needed, regarding the number of the police officers supported by this program, as well as the real weight of this program within the AAF MBP. On the other hand, in general, inclusion of this program in the AAF MBP has remained debatable (while, having only the “Personnel” category, it is not a typical budget program). Being part of the MBP from the outset (2006) it was excluded in 2015, to be included again in 2018.

App.1 shows that the planned funds for the “Civil Emergencies” and “Military Social Support” programs make respectively about 7.5% and 14.8% of the defense budget. If the foreign grants are excluded (for the years 2024 and 2025 they are just estimations, while there is no official information regarding the real realization of these grants for 2023) the weight of these two programs changes to respectively 6% and 17.2%. Still, together, they make about 23% of the defense budget. Thus, about 1/4 of the entire defense budget is being spent for activities with no direct effect to operational capabilities. The experience of the past has shown that, during the budget execution, a certain part of it has been returned to the Ministry of Finance, justified with the “inability to execute”. Thus, even in the years 2008 and 2009, very sensitive for Albania (invitation and accession in NATO) the level of the defense budget execution was about 80-82%. Understandably these non-realizations and cuts have no effect to the “Social Support” and only slightly may affect the “Civil Emergencies”. Thus their real share within the defense budget would be higher than 23%. Consequently, without these two programs, the Defense Budget would drop to about 1.4% of the GDP, from the officially declared 1.62% of GDP, thus, further below the target of 2% of GDP, agreed already in NATO. It might be assumed that the aim to (artificially) raise the defense budget (relative to GDP) should have been one of the driving forces behind the decision to include these two programs in the AAF MBP. On the other hand, the “Civil Emergencies” as a structure (Agency) and function, inherently, should be under the authority of the Ministry of Interior.

App.1 and 2 unveil the minimal share of the “Military Education” program with only 2.9% of the defense budget (App.2, yellow column of the chart). Not only this program seems insufficiently funded, but, as an in-depth analysis suggests, there

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<sup>8</sup> Supplementary pension makes roughly 1/3 of the full pension (for the retired militaries older than 65).





are other problems which negatively affect its effectiveness. Thus, a significant part of these funds, about 29% (App.1) are planned/spent for the infrastructure (building reconstruction, sanitary facilities, etc.) while the funds for the equipment constitute 3.9% of the whole money of this program. A zoom-in view of the equipment category in this program reveals that part of them (minibuses, small water/oil tankers, etc.) is not directly related to the education process. In addition, a number of military specialties, such as: field and antiaircraft artillery, engineer, reconnaissance, armament & ammo, reportedly, have disappeared already from the military education and the AAF, while some others, such as chemical and communication are in a rudimentary stage. For the latter specialties, the applicants are recruited from civil universities graduated in civil chemical engineering (for chemists) and electronic engineering (for communication) but their special military training of 12-24 weeks<sup>9</sup>, is considered by some specialists as not sufficient to prepare them for managing of the combat scenarios (in the past, such training used to last 3-4 years). On the other hand, if all these specialties were to be revived in the Albanian Military Education, together with the related supporting measures (human, literature, laboratory and other material support measures) the cost of this program would be much higher.

Programs “Planning-Management-Administration” and “Medical Support” have both a relatively small share in the AAF MBP (during the period 2019-2025) with respectively 3.4% and 5.7% of the total Defense Budget (the former bears also the Albanian contribution for the NATO Common Fund, of about EUR 2.5 million/year, which constitutes about 18% of the money allocated in this program). Regarding the “Medical Support”, almost 100% of its activities are planned in the Trauma Hospital (infrastructure, sewage system, furniture renovation) while the O&M activities/expenditures in this hospital (hospitalization, surgeries, prosthetic sets) are about 3.6 bn ALL (about 26% of the whole program). Actually the medical support in the AAF consists of a mobile hospital, based in Zall Herr (North of Tirana) to provide “Role-1” to “Role-2-plus” support for the troops in missions (in-country or abroad) but no money seem planned for that during the analyzed period 2019-2025. On the other hand, the Trauma Hospital, once part of the AAF, has been transferred to the Ministry of Health (MoH) since more than a decade ago, thus there is no reason that part of its expenditures for investment or O&M activities (unclear the percentage of the military share) to be borne by the defense budget. The above is another example of the lasting tendency to charge the Defense Budget with expenditures belonging to other ministries (namely MoH and MoI). There were many other such cases in the recent past. Thus, when in 2006, the MoD, MoI and MoH had to buy transport helicopters (type BO-105) for their own needs, of identically the same configuration and auxiliary equipment, a

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<sup>9</sup> “Albanian military education policies”, 2021, pg.12, at: <https://www.mod.gov.al/images/akteligiore/rekrutimenaxhimpersoneli/2021/urdher-765-080621-politikat-arsimimit.pdf>



government decision<sup>10</sup> ordered the MoD to pay for its part at a price which was respectively 56% and 48% higher than that paid by the MoI and MoH.

According to its content, the “**Combat Support**” program should have been titled “**Combat Service Support**”, because, conceptually, “combat support” is related to all the units/services that provide support, related to artillery, air defense, engineer, NBC<sup>11</sup>, communication, reconnaissance and intelligence, etc. (all the specialties mentioned in the “Military Education” program which have gone missing) for which, there is no activity in the “Combat Support” program, no financial support planned for the whole analyzed period (2019 - 2025) despite some subprograms for communication (yet, they are all related to strategic communication, among the major commands, while little is planned for communication of deployable tactical units). On the other hand, the “combat service support” is related to logistic support, such as field services (feeding, clothing) medical, transportation (beyond what the combat units can do with their organic transporting capabilities) ammo and fuel supply, materiel repairing, mortuary and postal services, etc. Despite this variety of services, this program has 52 subprograms (out of 91 in total) related to infrastructure (offices, depots, fencing) with a total cost of about 8 bn ALL, or 14.1% of the whole program, while only 4.7 bn ALL, or 8.4% of the program’s funds, is allocated for equipment, divided in 22 subprograms. While a more elaborated analysis might be needed, regarding the real need for some subprograms or the necessity of additional equipment and services to be included in this program, it is obvious the imbalance between infrastructure and equipment, which, as a shortcoming which chronically characterizes the whole AAF MBP, will be elaborated below.

According to App.1, 42.4% of the defense funds are allocated for the “**Combat Forces**” program, showing the importance of this component within the AAF. This is also graphically shown in charts 1.a and 1.b, (red columns) with foreign grants respectively included and excluded. Within this program, 25.7% of the funds are allocated for equipment (exceeding the optimum) however a more in-depth look reveals some other concerns. Thus, according to the charts 2.a and 2.b (with foreign grants respectively included and excluded) a steep increase is planned for this program after 2022 (in the chart with foreign grants excluded, such increase seems more moderate). On the other hand, according to the chart 3, “**Equipment for Combat Forces**” and the App.1, relatively sharp rises are planned for the “**Equipment**” within this program, which in relation to the previous year, are 33.4% and 89% higher in years 2022 and 2023, respectively, to be a bit lower in 2024, followed by another increase of 6.6% in 2025. Even though the figures for 2024 and 2025 are yet “dreams” (waiting for government and parliamentary approval) execution of budgets with such increasing paces would constitute real challenges even for more consolidated organizations. It would be of high interest here to

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<sup>10</sup> Council of Ministers Decision No 185, dated 29 Mar. 2006

<sup>11</sup> NBC = Nuclear, Biological, Chemical





analyze the actual implementation of these plans, but as mentioned above, such reliable data for the analysts outside the AAF are not available. Nevertheless, as records of the past show, the gap between plans and executions has been a constant concern in the AAF. Thus, inspired by the approaching NATO accession, the AAF's funds for equipment were planned in "quadratic progression", starting with 0.8 bn ALL in 2006, to be doubled to 1.6 bn ALL in 2007, to be increased again more than twofold in 2008, with 3.5 bn ALL, to reach 5 bn ALL in 2009 (NATO accession year) and remain at that level in 2010. On the other hand, absorbing these funds of such increase rate proved a real challenge for the AAF. As a result, about 1/5 of the whole defense budget was impossible to be executed during these period, while for the equipment, the level of nonrealization reached around 50% of the plan<sup>12</sup>. In addition, execution of such ambitious rises in military funds, is usually hampered by some other objective factors, especially the complicated international market conjunctures with relation to purchase of combat equipment, as well as the Albanian procurement procedures which are considered as "cumbersome" and "bureaucratic". Further, regarding the "Combat Forces" program, according to the App.1, it has the lowest level of funding (after "Medical Support") for the personnel and O&M activities, respectively 21.3% and 19.1%, which is clearly anomalous and would need a dedicated analysis. Nevertheless, a short analysis for that will take place below.

A transversal look of the AAF MBP programs, analyzing them together, through the main budget categories, reveals some other problems regarding the methodology of the financial planning in the AAF. These categories, same as in other defense resource management systems of other NATO countries, consist of Personnel, O&M, Equipment and Infrastructure<sup>13</sup>. As mentioned above, there is a general consensus now in NATO that within the defense budget, the funds allocated for these categories to be respectively about: 50%, 30%, 20% e 1-3%.

Referring again to App.1, it seems that the planned "Personnel" expenditures make about 38.2% of the total, with only two programs ("Military Education" and "Planning-Management-Administration") that come close to the 50% threshold. On the other hand, according to App.1, a considerable part of the personnel expenditures are planned for the "Military Social Support" program, with about 5 bn ALL/year, which, as mentioned above, goes entirely for the retired militaries (partially for the retired police officers). Considering that this program remains debatable (to be included or not in the defense budget, if yes, what part of it) if the "Social Support" funds were excluded, the personnel expenditures for the whole AAF, would drop to 23.5%. However, the analysis of the defense budget for the years 2019-2023, which are already formalized in the related budget laws, shows that excluding the foreign grants in other categories, the "Personnel"

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<sup>12</sup> Due to his positions in the AAF, the author was deeply involved in the MBP process, during 2006 – 2012, and was well informed on the budget execution problems of that time.

<sup>13</sup> As mentioned already, for some major programs "Research and Development" is included as well







expenditures vary between 56.4% (in 2019) and 39% (in 2023). In absence of the official data regarding the defense budget execution during this period, it might be assumed that the “Personnel” weight in the defense budget should be higher, because the financial cuts and non-realizations mentioned above, usually do not affect personnel funds. On the other hand, the government has occasionally applied salary increases/indexing and other bonuses, which all add to the personnel incomes benefits. In addition, a NATO Communique<sup>14</sup> shows (page 13) that most of the allies’ defense expenditures for the personnel are 40%-50% of the respective defense budgets, with many of them, including Albania, exceeding that level.

The “Operation and Maintenance” (O&M) category (in the AAF MBP named “Goods and Services”, under the budgeting code “602”) is comprised of a broad range of activities and products, which, in the conditions of scarce information that might be obtained from the AAF MBP, inhibits a thorough and detailed analysis for planning and execution of the O&M-related subprograms and activities. Nevertheless, the 20.7% share of this category (App.1) in the whole defense budget, is clearly below the respective NATO threshold of 30%, even though these expenditures are a bit higher (about 25%-26% of the budget) for the years 2019-2022. It is worth mentioning here, that the recurring annual cuts in the defense budget, in relatively considerable portions, returned back to the Ministry of Finance, generally during the last quarter of the current year, while do not affect the “Personnel” category, and only slightly (if any) the “Infrastructure” expenditures (due to the contracts signed with the contractor companies) usually “hit” the O&M, where, unfortunately it is “Training and Exercises” the subcategory which bears the brunt of such cuts. In many cases, due to these budget cuts, the hours of operations in civil emergencies, done by the helicopters or patrolling vessels’ crews, as well as by the land forces personnel, were automatically considered the hours of training, which in principal, is wrong, because training should be conducted for a broader-than-civil-emergencies spectrum of missions. According to NATO’s concept, regarding the operational capability standards, adopted also by the AAF, the estimated value of an operation capability equals the level of the lowest estimated value of its components (personnel, equipment, training and infrastructure). And it is quite rational. You might have a unit 100% manned, but if it is 70% equipped, you cannot send it entirely in the mission. Conversely, if this fully manned unit, has been trained only for 70% of its critical tasks list, it should be exempted from missions which it is not trained for, otherwise the consequences in human or/and material losses would be at unacceptable levels. As such, any cuts in the training and exercises’ funds should be considered as having direct and negative effects to the operation capabilities of the troops and their ability to accomplish related missions.

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<sup>14</sup> Defense expenditures of NATO countries, 2014-2022, pg.13, at:  
[https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2022/6/pdf/220627-def-exp-2022-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/220627-def-exp-2022-en.pdf)



One that decides to analyze the AAF funds planned for the “Equipment”, will face the challenge of the fact that in the Albanian budgeting system, “Equipment” and “Infrastructure” are “housed” in the same category (“Tangible Capitals”, under the budget code “231”) as such, to separate and analyze them independently, we had to go through each of the 237 defense subprograms. According to App.1, about 17.3% of the funds (including foreign grants) are allocated for the “Equipment”, during 2019-2025 period (near the 20% threshold agreed in NATO) with lowest level of 6.4% in 2019, to be increased to 12%-13% in 2020-2022. It is only due to the foreign grants, expected to be gained during 2023-2025, that together with the state part of the budget, increase the equipment funds’ level to 20%-24%, which bring about the average funds’ level of 17.3% for the period 2019-2015. However, for that, it is needed that, first, the grants to be given in full, as planned, and secondly, the execution level of the equipment funds to be as close to the AAF MBP plans as possible (if not equal).

Here, as it was mentioned during the analysis for the “Combat Forces” program, it remains problematic the phenomenon of ambitious plans with steep fund rises (with up to 80% increase related to the previous year) followed afterwards with fund cuts and/or difficulties/inabilities to procure the authorized funds, in time and at the required level. In addition, when the AAF entered the equipment modernization phase, about 15 years ago, a new weakness came to the fore, and still persists, related to misconception of the “Life Cycle Cost”, and the AAF’s inability to properly plan for funding of each stage of this cycle (usually, for major systems about 20-30 years long). Thus, while the acquisition of the system/equipment constitutes about 15%-20% of the cost of the whole cycle, its O&M accounts for the rest (if not considering an insignificant “residual cost” for its disposal, at the end of the cycle). The AAF’s failure to adequately plan and fund all stages of the “Life Cycle” has brought about cases when certain equipment/systems (helicopters, patrol vessels, armored vehicles, etc.) either to be operated below their capacity (lack of sufficiently trained personnel, or/and fuel) or not to be operated at all (the most flagrant case, all the helicopters’ fleet actually grounded) due to maintenance shortfalls, caused by the AAF’s weaknesses in planning of the adequate financial support for the O&M of these systems. According to NATO Communique, mentioned above (pg.5) Albania spends 20% of the defense budget for its military equipment, but these figures should be taken prudently, since the “bottom-up analysis”, looking through each of the subprograms, presented here, provides a slightly different picture.

Regarding the equipment types, planned in the AAF MBP programs, in general, they seem in accordance with the need for the operational capability building/enhancement, despite some unnecessary high priority given to the communication, mostly to radio/telephone networks, computer systems (hard/soft wares) but also to some auxiliary equipment, like small water/oil tankers, etc. (the latter only indirectly may relate to operation capabilities).



Above mentioned separation of the category of “Tangible Capitals”, into its two components “Equipment” and “Infrastructure” enables realizing that a relatively large part of the defense budget is allocated for the “Infrastructure” (App.1) which for the period 2019-2025, reaches about 9.2% (if the foreign grants are included, infrastructure funds go to about 20% of the total). Infrastructure-related funds remain high in each of the analyzed years, despite some minor fluctuations. Thus, while in 2020 the budget share for the infrastructure was about 5.7%, it reached 10.3% to 12.6% in the years 2021-2023, to be slightly lowered to 7.6% and 8.4% in the years 2024 and 2025. According to the above mentioned NATO Communique (page 14) most of the member countries spend about 1%-3% of their respective defense budget for infrastructure. Only the group of the Nordic and Baltic countries seems standing alone in that respect, with higher infrastructure expenditures, but still not exceeding the level of 6%-8%. Regarding Albania, the NATO Communique’s figures are 3.6% and 11.4% respectively for the years 2021 and 2022, but show minimal shares of 0.8% to 1.6% of the defense budget, for all the preceding years in report (2014-2020) which should be assumed, is based on the member countries’ reports, instead of detailed analyses, as such, at least with regard to Albania, should be taken cautiously. It should be accepted that the favorable infrastructure shares of the defense budget in Albania, shown in App.1, are abnormal. On the other hand, there are several causes for such phenomenon, in particular: 1) prevalence of current needs, without much regard for a better and more rational allocation of funds in favor of the lasting mission-related capabilities; 2) preference for heavy and expensive constructions, a legacy of the past, versus light and cheaper ones; 3) cases when newly reconstructed military compounds are transferred to other ministries, while the AAF have started anew to reconstruct other garrisons; 4) likely corruptive practices; 5) inclusion of equipment and infrastructure in one budget category (hiding the data for such disproportion).

As already mentioned, a significant part of the analysis presented above, was based on the defense budget programs (plans) while official data, regarding defense budget execution, are either fragmentary and scant, or completely missing. Nevertheless, even based on these plans, as well as any indirect information obtained, in addition to the author’s personal experience with the AAF, some important conclusions, regarding the defense resources management in Albania, may be drawn. Thus, it appears that there are ambitious plans, prepared by the AAF defense planning structures, which are never implemented in full. On the other hand, there are disproportions among main budget categories and programs/subprograms which impair the AAF efforts to build/keep their operation capabilities as required for their mission accomplishment. In addition, there are AAF MBP programs which serve (either partially or entirely) the interest of other ministries. There are several reasons for the above, but the main one seems the weakness of the “Programing”, and its products “Defense Programs”, as the intermediate stage in the defense resource management system which should have



oriented, even imposed its “will”, with competence, if necessary, to “Budgeting” and its products, “MBP programs”. As a consequence, the contrary has taken place. “Budgeting”, finance technicians, have imposed cuts, fund moves, and on-the-way modifications, with little care (due to their lack of operational knowledge) about the effects, these interventions may have to the AAF operational capabilities build-up and maintenance, as well as to their ability to accomplish the mission. In addition, the AAF MBP is carried out, based on the major commands (Land, Sea, Air, Support, etc.) as such, it has not been always possible to avoid stovepipe and parochial approaches<sup>15</sup>, associated with financial consequences and varying equipment standards.

Additionally, the shortcomings witnessed in the defense resource management system, in Albania, are a direct consequence of an immature corps of managers (if not its complete absence) at all levels of the AAF pyramid. Not seldom, they have been mistakably seen as just financiers, while a good manager should master both the operational (first) and financial skills. In this regard, the Albania’s partners (USA in particular) have provided generous support, but it was not fully exploited by the AAF. Thus, according to a study, conducted in 2009, it was found that out of 34 people (military and civilians) who had attended a 3-months training, in defense resource management in USA (Naval Postgraduate School, Monterey) during the preceding 12 years, less than 1/3 were assigned and were working in positions that fit with such training.

The most tangible consequences of the above defects are seen in the fact that some vital functions are missing now in the AAF. Thus there is no organic air defense (especially against low air attacks)<sup>16</sup>. There is only one NBC company (authorized strength 100 people, but currently completed about 40%) reportedly with acceptable anti-chemical capability, but uncertain bacterial and nuclear protection/reaction capabilities<sup>17</sup>. Artillery support of the deployed forces is planned with only one 81 mm caliber mortar company (6 pcs) quite insufficient due to its fire volume and range. In addition, there are no (light) armor systems to provide protection and fire support for troops in operation. Upon the Albania’s accession in NATO, these systems were considered indispensable part of the “Battalion group” - the main Albania’s contribution to NATO. Now there are claims that Infantry Armored Fighting Vehicles might be supplanted by some other

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<sup>15</sup> Thus, e.g. Land Forces Command and Navy Command, have separate subprograms, in different years, to procure individual kits for NBC protection, while might be merged in one subprogram and procured together as such.

<sup>16</sup> Actually, NATO has taken over the Albania’s airspace surveillance and protection, but while this would be a guarantee for classical air attacks, conducted from mid-to-high altitudes, it might not work for low flying objects (aircrafts, drones) which might penetrate unnoticed the Albanian airspace and conduct individual terrorist acts, with damages, even of low consequences, against the population and property, aiming to disrupt the public order, to cause panic to the population, etc.

<sup>17</sup> To compare with the Cold War era, the general number of the NBC personnel in the AAF (active and reserve components, together) was about 13,000 people, with an NBC company per each of the infantry brigades (about 74 brigades) one NBC battalion per each of the infantry divisions (22 ones) in addition to the NBC regiment.



donated systems (including HMMWVs) much inferior in both their functions, protection and fire, which, as a rule, are not used in the front line. The priority unit, “Battalion group” itself, reportedly, is suffering personnel shortages<sup>18</sup> and lack of sufficient training for a broad range of missions. In general, the AAF are lacking a scenario-based planning (more precisely “programming”) which, after producing a list of the most realistic and likely scenarios against the country’s security, plans the respective capabilities, with participation of as-much-as-possible security institutions.

As of this writing, the only tentative of such kind, to date, was the 2-year project (2011-2013) sponsored by the US Government. High experts from seven Albanian major institutions,<sup>19</sup> namely the Ministry of Foreign Affairs, MoD, MoI, Finance, Justice, Transport and State Intelligence Service, overseen by a steering committee (the latter composed of the deputy heads of the above institutions) used to convene monthly in 3-days workshops, under the guidance of the American experts. Eight scenarios were foreseen as the most likely for/against the security of Albania, including conventional (land, sea and air) aggressions; terrorist attack with relatively serious consequences; natural catastrophe with involvement of the organized crime groups, etc. The above scenarios were envisaged to take place domestically and abroad (in the latter the AAF would be part of a multinational force). A list of critical tasks, to be fulfilled by each of the participating institutions, was prepared, specifically for any of the above scenarios, as well as the related operational capabilities (personnel, equipment, etc.) the corresponding financial cost, etc. The methodology applied was outstanding and served as a school for all the participants, but except the AAF, the other institutions expressed reserves and lack of resolve in their required contributions for capability building and funds, despite the timelines were postponed from 2020 (most ambitious) to 2025. With the political power rotation, after the general elections of 2013, all this process was interrupted, working groups were dissolved, and the work for building of the interagency operational capabilities, required to deal with the security scenarios, never started.

This modern security approach, applied by a number of developed countries, has confirmed the advantages of the capability (scenario) based planning, with participation of (possibly) all the security institutions. That’s because, on the one hand it enables prediction of realistic and most likely scenarios against the country’s security, along with the respective capabilities to manage them, on the other hand, through “comprehensiveness”, these capabilities (or part of them) are built in those institutions which are inherently more adept, avoiding thus unnecessary duplications. In such way, the security system results both, cheaper and more effective. That’s the path to be followed by Albania as well.

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<sup>18</sup> Reportedly, during the NATO inspection of the second battalion – the main nucleus of the “Battalion Group” (Sep 2022) regarding the combat capabilities (CREVAL) it was needed to augment it with personnel, temporarily brought from other battalions.

<sup>19</sup> According to the Prime Minister order No 50, dated 12 Apr. 2011





## Conclusions

1. There is disproportionate spending in the Albanian defense budget planning. In addition, part of the defense budget is allocated towards funding activities and capabilities that are the responsibility of other ministries (Mol, MoH, etc.). Consequently, the planned defense budget, officially declared as 1.62% of GDP, is practically only about 1.4% of GDP. In fact, the budget executed is lower, due to recurring cuts and non-realizations.
2. Defense expenditures planned for Personnel and Equipment are close to optimal, but Infrastructure-related expenditures, at over 9% of the defense budget, are evidently too high, and at the expense of Equipment (in most NATO countries defense expenditures in infrastructure are under 3%).
3. Expenditures related to “Training and Exercises” remain low and cannot be easily tracked under the large category of “Goods and Services”.
4. Among other considerations, the above problems are consequences of the fact that the defense management system (PPBES) remains unconsolidated. Consequently, “budgeting” continues to impose its decisions, which lack strategic, long-reaching objectives. On the other hand, the AAF suffer from the lack of experience and absence of the managers’ corps, mastering both operational and financial skills.
5. The above shortcomings have caused certain supporting units and services, such as air defense, bacteriological and nuclear protection, reconnaissance, are missing in the AAF, while some others, such as field artillery, medical and engineering support, chemical protection, seem to be insufficient. Subsequently, the respective specialties and skills are diminishing as well.
6. Despite recent measures undertaken by the government to increase military wages and other personnel benefits, it seems that the AAF remains unattractive to qualified newcomers. As such, a number of units, including some priority ones, remain short-staffed.
7. The AAF are considered the first and (sometimes) only responder in case of civil emergencies, while all expenditures for the Albanian Civil Emergency Agency are being borne by the defense budget, a bill that consists of about 7.5% of the whole defense budget.



## Recommendations

1. The Albanian defense resource management system (PPBES) should become fully operational at all levels and should guide “budgeting” in funding priority capabilities and units, allowing the AAF to fulfil their constitutional mission.
2. A successful PPBES implementation requires, among other things, building and consolidation of the managers corps at all AAF levels. They should master both operational and financial concepts and skills, while high political and military leadership in the AAF should grant them the necessary authority to fulfil their tasks.
3. As soon as possible and through an in-depth analysis, the defense budget should be freed from funding activities, capacities and structures that belong to other ministries.
4. The defense budget should reach (at least) 2% of GDP.
5. Planning of operational capabilities should be done based on security scenarios, preferably with participation and contribution of other Albanian security institutions.
6. The legislature should unceasingly exert its supervisory and controlling role over the MoD and the AAF (via periodical hearings, inspection visits, etc.).

## Acronyms

AAF	Albanian Armed Forces
ALL	Albanian lek (100 ALL = 0.95 EUR as of 18 October 2023)
GDP	Gross domestic product
MBP	Midterm budgeting plan(ing)
MoD	Ministry of Defense
MoH	Ministry of Health
Mol	Ministry of the Interior
NBC	Nuclear, bacteriological, chemical
O&M	Operations and maintenance



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# Appendices

## Appendix 1. Fund allocation in budgeting programs of the AAF, 2019-2025 (in Million ALL).

Program	Category	Subcategory	2019	2020	2021	2022	2023	2024	2025	TOTAL	% in regard to	
											program	total AAF budget
1 - Planning, Management Administration	Personnel		584.3	626.5	585.7	584.3	728.0	728.0	728.0	4,564.7	44.9%	4.11%
		Salaries	463.3	503.3	463.3	463.3	590.6	590.6	590.6	-		
	Social Insurance	88.0	88.0	88.0	88.0	104.4	104.4	104.4	-			
	O&M	414.7	421.2	280.0	467.6	400.3	316.9	336.9	2,637.6	25.9%		
	Foreign obligations	186.0	186.0	186.0	186.0	275.4	275.4	275.4	1,570.3	15.4%		
	Support for families	33.0	35.2	34.4	33.0	33.0	33.0	33.0	-			
	Other	0.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	1.0%		
	Equipment	0.0	0.0	100.0	10.5	116.0	64.6	110.0	401.1	3.9%		
Infrastructure	137.7	100.0	140.0	147.0	127.6	120.0	120.0	892.3	8.8%			
<b>Total - Planning, Management, Administration</b>			<b>1,322.7</b>	<b>1,333.7</b>	<b>1,291.7</b>	<b>1,495.4</b>	<b>1,647.3</b>	<b>1,504.9</b>	<b>1,570.3</b>	<b>10,166.0</b>	<b>100.0%</b>	
2 - Combat Forces	Personnel		3,070.0	2,715.7	2,986.8	2,985.0	3,527.0	3,527.0	3,527.0	22,338.5	21.3%	42.42%
		Salaries	2,606.0	2,267.7	2,510.0	2,520.0	3,046.0	3,046.0	3,046.0	3,046.0		
	Social Insurance	431.0	385.9	425.0	425.0	441.0	441.0	441.0	441.0			
	O&M	2,775.8	2,010.8	2,651.2	3,038.2	2,409.0	3,273.0	3,953.0	20,111.1	19.1%		
	Support for families	33.0	62.1	51.8	40.0	40.0	40.0	40.0				
	Equipment	815.5	2,639.6	2,623.0	3,499.1	6,308.4	5,367.0	5,721.7	26,974.3	25.7%		
	Infrastructure	431.5	118.1	474.5	1,075.6	1,916.1	1,257.5	1,827.8	7,101.1	6.8%		
	Infrastructure - Foreign grants	0.0	0.0	0.0	3,000.0	4,100.0	10,600.0	10,800.0	28,500.0	27.1%		
<b>Total Combat Forces</b>			<b>7,092.9</b>	<b>7,484.2</b>	<b>8,735.5</b>	<b>13,597.9</b>	<b>18,260.5</b>	<b>24,024.5</b>	<b>25,829.5</b>	<b>105,024.9</b>	<b>100.0%</b>	
3 - Combat (Service) Support	Personnel		2,780.9	2,833.3	2,943.3	3,080.4	3,526.9	3,527.1	3,527.2	22,219.1	39.5%	22.73%
		Salaries	2,123.0	2,184.2	2,320.0	2,361.5	2,742.0	2,742.0	2,742.0	2,742.0		
	Social Insurance	338.4	380.0	385.0	395.0	461.0	461.0	461.0	461.0			
	O&M	2,492.5	2,713.1	2,595.6	4,170.5	2,910.2	3,247.9	3,239.7	21,369.6	38.0%		
	Support for families	319.5	269.1	238.3	323.9	323.9	324.1	324.2				
	Equipment	333.9	293.9	482.1	393.3	770.2	1,230.5	1,250.3	4,754.2	8.4%		
Infrastructure	706.0	832.7	1,261.9	962.1	1,492.3	1,357.0	1,312.4	7,924.4	14.1%			
<b>Total Combat (Service) Support</b>			<b>6,313.3</b>	<b>6,673.0</b>	<b>7,282.9</b>	<b>8,606.4</b>	<b>8,699.7</b>	<b>9,362.4</b>	<b>9,329.5</b>	<b>56,267.2</b>	<b>100.0%</b>	
4 - Military Education	Personnel		517.1	491.9	517.5	542.0	779.0	689.0	689.0	4,225.5	59.0%	2.89%
		Salaries	427.1	402.1	397.1	427.1	554.0	554.0	554.0	554.0		
	Social Insurance	72.5	69.0	72.5	72.5	95.0	95.0	95.0	95.0			
	O&M	83.0	76.0	102.8	102.8	84.4	61.0	66.0	575.9	8.0%		
	Support for families	17.5	20.8	47.9	42.4	130.0	40.0	40.0				
	Equipment	212.6	0.0	5.6	0.0	27.2	32.5	0.0	277.9	3.9%		
Infrastructure	368.0	110.0	246.0	0.0	472.8	424.5	457.0	2,078.3	29.0%			
<b>Total Military Education</b>			<b>1,180.7</b>	<b>677.9</b>	<b>871.9</b>	<b>644.8</b>	<b>1,363.4</b>	<b>1,207.0</b>	<b>1,212.0</b>	<b>7,157.7</b>	<b>100.0%</b>	
5 - Medical Support	Personnel		417.2	450.4	468.0	468.0	607.8	607.8	607.8	3,627.0	25.9%	5.66%
		Salaries	351.2	382.0	400.0	400.0	517.3	517.3	517.3	517.3		
	Social Insurance	63.9	64.0	66.0	66.0	88.5	88.5	88.5	88.5			
	O&M	428.4	658.9	548.0	388.0	620.0	498.2	548.2	3,689.6	26.3%		
	Support for families	2.0	4.4	2.0	2.0	2.0	2.0	2.0				
Equipment	46.2	8.2	0.0	347.0	1,287.8	1,206.0	1,256.0	4,151.2	29.6%			
Infrastructure	30.0	152.4	352.9	544.9	673.6	400.0	400.0	2,553.8	18.2%			
<b>Total Medical Support</b>			<b>921.7</b>	<b>1,269.8</b>	<b>1,368.9</b>	<b>1,747.9</b>	<b>3,189.3</b>	<b>2,712.0</b>	<b>2,812.0</b>	<b>14,021.6</b>	<b>100.0%</b>	
6 - Civil Emergencies	Personnel		75.7	85.1	171.5	191.0	191.0	191.2	191.2	1,096.7	5.9%	7.46%
		Salaries	64.8	71.8	144.0	164.0	164.0	164.0	164.0	164.0		
	Social Insurance	11.0	13.0	27.0	27.0	27.0	27.0	27.0	27.0			
	O&M	80.0	62.3	118.8	86.0	306.0	1,115.3	1,175.3	2,943.7	15.9%		
	Support for families	0.0	0.4	0.5	0.0	0.0	0.2	0.2				
	Equipment	0.5	119.3	0.0	0.0	1,989.3	2,153.6	2,012.1	6,274.7	34.0%		
	Infrastructure	130.0	0.0	115.0	636.2	800.0	230.0	200.0	2,111.2	11.4%		
Equipment - Foreign Grants	0.0	119.3	0.0	0.0	1,900.0	2,012.1	2,012.1	6,043.4	32.7%			
<b>Total Emergencat Civile</b>			<b>286.2</b>	<b>385.9</b>	<b>405.3</b>	<b>913.2</b>	<b>5,186.3</b>	<b>5,702.1</b>	<b>5,590.6</b>	<b>18,469.7</b>	<b>100.0%</b>	
7 - Military Social Support	Supl. Pens for ret. mil and police personeel		2,469.6	2,460.4	2,722.8	2,966.9	2,330.8	2,499.8	2,601.1	18,051.4	49.5%	14.73%
	Auxil benefits for retired pilots		86.2	76.7	78.2	76.1	99.0	103.7	107.0	626.8	1.7%	
	Auxil benefits for mil industry workers		68.7	68.8	65.2	67.6	75.4	76.2	75.8	497.6	1.4%	
	Auxil benefits for ret. submarine personeel		13.0	12.9	12.5	12.9	12.7	13.2	13.6	90.7	0.2%	
	Pre-pensioning (ret mil younger than 65)		2,422.5	2,503.5	2,429.5	2,243.5	2,682.1	2,507.2	2,402.5	17,190.8	47.2%	
<b>Total Military Social Support</b>			<b>5,060.0</b>	<b>5,122.1</b>	<b>5,308.2</b>	<b>5,367.0</b>	<b>5,200.0</b>	<b>5,200.0</b>	<b>5,200.0</b>	<b>36,457.3</b>	<b>100.0%</b>	
Defense Budget 2019 - 2025	Personnel		12,505.2	12,325.0	12,980.9	13,217.7	14,559.8	14,470.1	14,470.2	94,528.9	38.2%	100.00%
	O&M		6,274.4	5,942.3	6,296.4	8,253.2	6,730.0	8,512.2	9,319.1	51,327.5	20.7%	
	Foreign obligations		186.0	186.0	186.0	186.0	275.4	275.4	275.4	1,570.3	0.6%	
	Other		0.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.04%	
	Equipment		1,408.6	3,061.0	3,210.7	4,249.8	10,499.0	10,054.2	10,350.0	42,833.3	17.3%	
	Infrastructure		1,803.3	1,313.1	2,590.3	3,365.9	5,482.4	3,789.0	4,317.2	22,661.0	9.2%	
	Infrastruct foreign grants		0.0	0.0	0.0	3,000.0	4,100.0	10,600.0	10,800.0	28,500.0	11.5%	
	Equipment - Foreign Grants		0.0	119.3	0.0	0.0	1,900.0	2,012.1	2,012.1	6,043.4	2.4%	
<b>Total Defense Budet</b>			<b>22,177.4</b>	<b>22,946.7</b>	<b>25,264.4</b>	<b>32,372.5</b>	<b>43,546.5</b>	<b>49,712.9</b>	<b>51,543.9</b>	<b>247,564.4</b>	<b>100.0%</b>	

## Appendix 2. AAF Budgeting Programs, 2019-2025 (in Million ALL).

