

Despite the notable growth in Albanian defence expenditure over the last five years, the expenditure remains below the NATO commitment of 2% of GDP for defence spending. Nevertheless, the planned budget for 2024 indicates a substantial increase compared to 2023, suggesting that the NATO goal should be reached in 2024. The defence expenditure's share in Albania's total government expenditure is continuously increasing. Based on the latest Budget Law amendments from 2023, it is planned to reach 9.18% of total government expenditure.

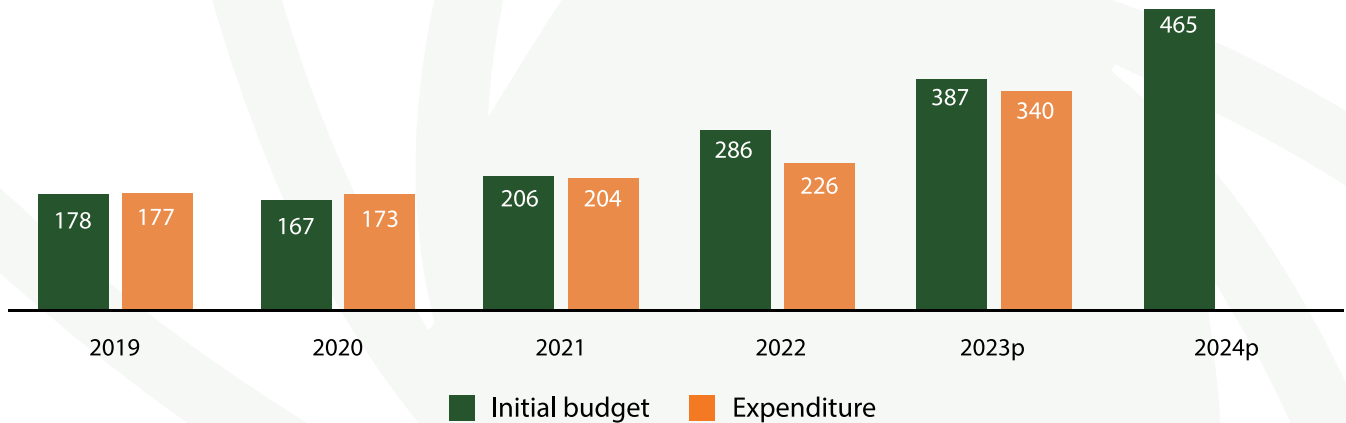
2023

Share of GDP **1.63%**

Share of total government expenditure **9.18%**

The balance sheet for the year 2022 (adopted in May 2023) indicates a significant deviation from the initial budget, a variance not observed in the preceding years. The budget is usually underspent, which is a trend that appears to persist in 2023.

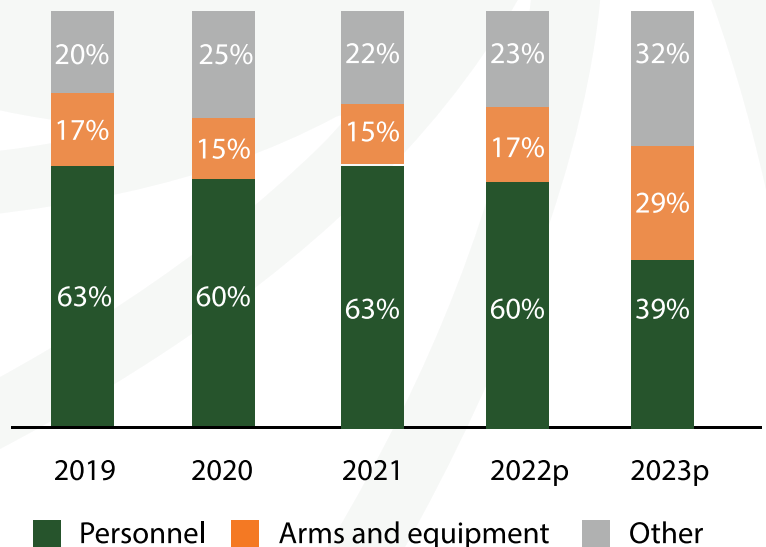
Initial budgets and defence expenditure (in million EUR)



The defence budget structure is not evident from Albanian official documents that are publicly available, which is why the NATO database was used for this purpose. Personnel spending has significantly decreased in 2023, while the increase in arms and equipment spending is considerable.

During 2022 the salaries of the Albanian armed forces were increased by 30%. The increase will continue in 2023 by 7% for all ranks, which explains the decrease in spending on personnel compared to 2022. In the beginning of 2023, Albanian Minister of Defence announced procurement of the unmanned combat aerial vehicles – TB2 armed drones, from the Turkish company “Baykar Technologies”, as well as building of the cyber field operational centre.²

Budget structure¹



1 Albanian budget structure graph is designed with the information from the NATO database. Since it could not be derived from the government balance sheets or budgets due to the highly aggregated structure of the documents, it should not be directly compared with the budget structure of other countries in this report.

2 Republic of Albania, Ministry of Defence, “2022 achievements and 2023 goals, Peleshi: Strengthen cybersecurity, increase military salaries”, 8 January 2023, <https://www.mod.gov.al/newsroom-2/5870-arritjet-e-2022-dhe-objektivat-e-2023-peleshi-fuqizojme-sigurine-kibernetike-rrisim-pagat-e-ushtarakeve>