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**Draft country programme document for Albania
(2006-2010)**

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I. Situation analysis

1. The new Albanian Constitution of 1998 is a collective commitment to respect democratic principles, human rights and a market economy. In 2000, Albania became a member of the World Trade Organization (WTO) which demonstrates its determination to build an open and integrated market economy.

2. Albania is among the poorest countries in Europe, with a per capita income of \$1,740 and a quarter of the population below poverty level. Some indicators suggest progress in key areas such as absolute poverty, child mortality, maternal health, and youth and young female literacy, but the paucity of data hinders a comprehensive assessment.

3. Since Albania is a young democracy, the rule of law and public administration remain weak. Additionally, widespread corruption and organized crime constitute serious threats to the country's prosperity and its ability to uphold obligations in defending human rights.

4. While the country has made considerable efforts to establish the legal framework and basic institutions, and implement policies for decentralization, it is far from achieving the political, administrative and fiscal decentralization required to improve service delivery, governance and accountability

5. The Government of Albania has prepared and is implementing the National Strategy on Socio-Economic Development (NSSD) and the European Partnership Action Plan as a mechanism of the European Union Stabilization and Association process (SAp). The NSSD and SAp are becoming stakeholders' fora whose purpose is to reach a consensus about government priorities. A Medium Term Budget Programme (MTBP) and national budget are intended to financially support all government priorities identified in the NSSD and SAp. However, as yet a critical problem occurs in the linking of policy priorities to action. Since Albania lacks a tradition of Results Based Management (RBM), the priorities are not properly quantified in terms of measurable indicators, and they are not properly programmed, monitored and evaluated, with planning, monitoring and reporting systems and frameworks being disconnected from each other.

6. Greater investment is needed in transportation, energy, water and sewage systems, as well as in social infrastructure rehabilitation. More attention should be paid to promote integrated local development through support to small- and medium-sized enterprises (SMEs), creation of new jobs, access to credit, and increased capacity of the workforce through vocational training. These measures

will help to reduce existing regional disparities in the country.

7. Although the Albanian Constitution formally establishes equality between men and women, in practice women do not often enjoy the same status as men, and gender-based inequalities in wage employment and decision-making are issues of concern, as is the growing problem of violence directed towards women.

8. Albania is rich in biodiversity, but the size of the current protected areas is insufficient to ensure effective conservation of this resource. Furthermore, existing protected areas have been subject to illegal hunting and wood collection. Atmospheric pollution and solid waste are significant problems, especially in urban areas.

9. Unfortunately, aid has been declining. As a percentage of gross domestic product (GDP) it fell from 12.7% in 1999 to approximately 5% in 2002. Multilateral donors are the main source of external aid, providing approximately 60% of the total assistance, with the European Union accounting for 28.5%. The European Union is, and will remain, a critical international partner in the context of Albania's ambition for full membership of the Union.

II. Past cooperation and lessons learned

10. Learning from the lessons of the first Country Cooperation Framework (CCF), the second CCF 2002-2005, originally focused on two programme areas with the long-term objective of achieving high levels of sustainable human development: (a) Democratic Governance and (b) Human Security. These two major programme areas were supplemented by cross-cutting interventions: (i) Gender and (ii) Information and Advocacy.

The revised programme structure

11. In May 2004, based on the success of the Millennium Development Goals' (MDGs) approach over the previous two years, the country office decided to re-align its programmes in accordance with the MDGs. Three clusters were introduced to replace the two programmes and crosscutting areas: (a) *MDG Enabling Environment Cluster*: This reflects the integration of the MDGs into all democratic governance practice area programmes. It focuses on strengthening institutional capacities and public administration reform, consolidating partnerships for MDGs, and promoting use of modern Information and Communication Technologies (ICT) for achievement of the MDGs; (b) *MDG Substantive Programmes Cluster*: The

common feature of the cluster is their presence at the local level targeting local communities, authorities and civil society organizations (CSOs). The programmes and projects are clustered around three main MDGs - Poverty, Gender and Environment - although many crosscutting elements and initiatives are present; and (c) *Advocacy and Partnership Cluster*: Through this cluster/unit the UNDP country office in Albania generates awareness, support and commitment on a national and regional scale for the MDGs.

12. The country office commissioned a *comprehensive programme assessment* that included (a) a client survey; (b) a beneficiary self-assessment focused on social mobilization efforts and participation; (c) an assessment of organizational effectiveness and (d) an assessment of the contribution of the second CCF to national development results, which included an analysis of UNDP's strategic positioning and partnership strategies. The assessment identified important lessons that would be useful in designing the new programme.

Operationalizing MDGs – An important approach for increased development effectiveness

13. A major lesson learned is the value of the MDGs as a tool for increasing the development effectiveness of UNDP, the government and other partners. In the process of operationalizing the MDGs the country office succeeded in institutionalizing reporting and ensuring national ownership of the MDGs at both central and local level. The MDGs have facilitated the development of more people-centred interventions and strategies due to their simple message and long-term nature, allowing stakeholders with different interests to come together with a greater degree of consensus than existed before. A key lesson was the need to complement the MDGs with appropriate policies to ensure that the goals would be met.

UNDP's contribution to results and strategic positioning

14. During the second CCF period, UNDP made a significant contribution to national development by a combination of direct actions to support communities at the local level, and strategic interventions aimed at supporting policy development, institutional strengthening and capacity building at the centre. At the local level UNDP contributed to increased levels of participation, confidence building and trust. An additional finding is that beneficial social change occurred as a result of the infrastructure projects undertaken by UNDP.

15. The assessment mission noted the increased visibility of UNDP since the review of the previous country programme in 2001 due to more focussed interventions, the

advocacy of the MDGs, concrete results, development of effective partnerships and interventions with the media. Increased visibility led to increased respect, and UNDP is now seen as an important partner in the international donor community.

III. Proposed programme

16. The country programme for Albania resulted from a wide consultation process on the national priorities and targets towards achievement of the MDGs. The participatory approach included inputs from line ministries, CSOs, United Nations agencies and donors. The country programme also took into account key government planning documents, including NSSD and the plans of action that emerged from the European Union SAP. Global documents, such as the reports of the Millennium Project, were also considered.

17. The country programme (2006-2010) will use innovative measures to increase development effectiveness. Together with partners, UNDP's interventions will contribute to a more effective government at local and central levels, developing programmes and policies with broad participation that will contribute to achieving the MDGs and European Union accession. Specific results at the end of the country programme period are expected to include:

- A. *An integrated and effective development planning framework in place that is pro-poor, pro-rights and aimed at achieving the MDGs.*
- B. *Significantly increased participation of the Albanian people, directly or through CSOs, in the development process.*
- C. *Community driven local development processes in place and increased well-being among participating communities.*

A. Supporting the "Enabling Environment" to achieve the MDGs

18. UNDP will support the development of an accountable and transparent government that prepares and implements policies aimed at the achievement of the MDGs. It will support ongoing efforts to establish and strengthen an integrated national development planning framework that will bring together the NSSD, MDGs, SAP, Regional Development Strategies (RDS) and the MTBP. Effective feedback mechanisms and the use of RBM in national development will be established. This process represents a major public administration reform process that will continue into the next country programme.

19. Assistance will be given to the establishment and implementation of pro-poor and pro-rights policies that will support the achievement of MDGs. The National Human Development Report (NHDR) will be an important tool for this purpose. Specific support interventions will link sectoral and thematic activities undertaken by UNDP at the local level, for example in the areas of environment and decentralization.

20. UNDP efforts will focus on putting gender concerns into the national development agenda and making national legislation more gender sensitive. Special efforts will be made in policy framing to build on international best practices and ensure not only the development but also the implementation and revision, as appropriate, of the policies developed. UNDP will provide continued support to data improvements to facilitate better policy making in the area of gender.

21. To ensure environmental sustainability, UNDP will support the national government in implementation of the main conventions, the Convention on Biological Diversity, the United Nations Convention to Combat Desertification and the United Nations Framework Convention on Climate Change (UNFCCC). Special focus will be given to streamlining the commitments to conventions in the existing and proposed national action plans and strategies.

22. UNDP will support strengthening of national capacities in the Institute of Statistics (INSTAT) and line ministries to collect, analyze and report on development data through implementation of DevInfo (a database system to monitor global and national commitments) and RBM systems, and training of relevant authorities for effective application of the systems for national and regional development, reporting, planning and distribution of resources.

23. Together with the World Bank, the European Commission and the Organisation for Security and Co-operation in Europe (OSCE), UNDP is part of a Donor Technical Secretariat that is supporting the government in the process of developing a modern integrated planning system. The system itself will be specifically designed to improve the coordination of donors and government as well as facilitate greater harmonization of procedures and improved alignment of policies and interventions. Key Government partners include the Council of Ministers, the Ministries of Economy, Finance and European Integration.

B. Strengthening participation in the development process

24. UNDP will support the development of an enabling environment to promote people's participation in the policy-and decision-making process. It will help establish institutions and fora to support such participation and ensure the full inclusion of women and youth. Specific efforts will be made to ensure full popular participation in the national development planning framework and the development of its key policies. Full use will be made of non-governmental organizations (NGOs) and community based organizations (CBOs), including those established within UNDP-supported programmes such as the Local Governance Programme (LGP), as well as other civil society organisations. Key donor partners will include the European Commission, the Soros Foundation, the Swedish International Development Agency (SIDA), the United Nations Children's Fund (UNICEF), OSCE, Norway, the Netherlands Development Organisation (SNV) and the United States Agency for International Development. (USAID).

25. Increased availability and quality of data will be promoted in the "Data for Dialogue" component, to facilitate more effective and informed participation. Innovative approaches will be a feature of this programme, for example in the application of Social Artistry and Appreciative Inquiry approaches. Special efforts will be made to support civic education and encourage volunteerism.

C. Regional development in support of MDGs

26. The third component of the country programme will build on and consolidate the successes of the existing LGP. The programme will continue to focus on interventions at central, regional, municipality and commune levels and ensure linkages of grassroots experiences with policy and institutional development at all levels of local government. It will also continue to act as an umbrella programme for a wide range of activities. It will strengthen, expand and deepen its work promoting participatory community development to ensure people's participation in local development initiatives and decision-making processes by linking the capacity building of the municipalities and communes with support for institutional development at the regional council level.

27. It will provide direct support to the development of local economic and social infrastructure within the framework of the Regional Development Strategies, including those aimed at ensuring the delivery of basic services and facilitating SME development. Such interventions will put in place a secure environment for communities and promote environmental sustainability. UNDP's ongoing efforts to support de-mining in priority

areas, and to promote greater security for communities, will continue within the framework of the Kukes Area Based Development Programme. Emphasis will also be placed on addressing gender inequality at the local level and combating violence against women. As a logical extension of the LGP, a comprehensive Area Based Approach will be implemented in at least two to three regions during the country programme period.

28. Continued support will be provided to build the capacity of local government at the regional, municipal and commune levels. Flexible mechanisms will be used to ensure the process is owned by local government structures and is fully responsive to their needs. To promote harmonization and reduce transaction costs for recipients, a unified approach among the various donors and other organizations supporting similar efforts across the country will be promoted. Policy and other support will also be provided to facilitate implementation of the decentralization strategy with special emphasis on fiscal decentralization and public resource management at the local level.

29. UNDP will continue to promote use of ICT facilities to encourage mapping of resources, creation of development knowledge network of local administrations, and improved technical skills of regional authorities to use ICT for both effective internal operations and communications with citizens, businesses and the international donor community. Increased transparency at the local level will support the larger effort by Government to combat corruption.

30. The main partner will be the Ministry of Local Government, the agency responsible for policy in this area, as well as regional and local authorities. The Ministry of Finance is a key partner in terms of fiscal decentralization, and given the broad scope of interventions within this component, partnerships will be developed with most line ministries. A number of donors are involved in capacity building (including SIDA and USAID), while others are focussing on investment in infrastructure (World Bank and European Union).

IV. Programme management, monitoring and evaluation

31. Efforts will be made to facilitate movement from direct execution towards national execution through public administration reform interventions and the overall improvement of the state of governance in Albania. The Country Programme Action Plan (CPAP) and the Annual Work Plan (AWP) will be the key elements in achieving the goals of the country programme.

32. UNDP will promote implementation of the Monterrey Consensus as well as the Rome Declaration on harmonization and reduced transaction costs. New measures such as pooling of technical assistance funds will be explored and experiences of other regions and countries followed closely. As a lead agency in the areas of donor coordination for institutional and capacity building, including local governance, public administration reform, civil society and gender, UNDP will promote donor cooperation through (i) a timely inventory of sector projects and programmes; (ii) identification and review of sector indicators and expected results; (iii) enhanced information exchange; (iv) coordinated action with government; and (v) coordinated and collaborative programming, monitoring and evaluation with other donors.

33. RBM will be established for any UNDP programming during the next cycle. Efforts will be made to strengthen the result-orientation of the country office, especially in the areas of soft assistance, where effective assessment of results is most difficult. Programme monitoring and evaluation will be an integral part of the country programme. Priority will be given to thematic evaluations of major UNDP programmes implemented jointly with other United Nations agencies and partners.

34. As part of the strategy to enhance national ownership of UNDP assistance, new and stronger programme monitoring and evaluation mechanisms will be implemented. An annual review, involving international, government and civil society partners, will be established, to review activities and evaluate progress of the country programme as a whole towards the outcomes identified in the results and resources framework. In addition, the country office will work to strengthen national capacities to monitor Albania's progress towards meeting the MDGs.

35. The UNDP Partnership Strategy, 2006-2010, will be developed to clarify the role of partners in various programmes and projects.

36. To supplement its core funding and to increase the impact of its programmes, UNDP will seek parallel funding, cost-sharing and in-kind resources from government, donors and private sector partners. An active outreach and communications strategy will be employed to improve communications with funding partners. Additional partnerships will be pursued through increased coordination with activities under UNDP's Global Thematic Trust Funds, the Regional Programme Document (RPD) for Europe and the Commonwealth of Independent states (CIS), and the Global Environmental Facility (GEF). An ambitious resource mobilization target is foreseen,

based on the increasing success of the country office in mobilizing resources from the private sector. The country office plans to utilize innovative tools and modalities to expand its work in this area. During 2005 a more detailed resource mobilization strategy, also reflecting a new relationship with the private sector, will be developed with national and international partners and in close cooperation with the government. Efforts will be made in support of the Millennium Compact to help donor countries fulfil their obligations.

Annex: Results and resources framework for Albania (2006-2010)

National goal: Strengthening the policy, planning and budgeting process across the whole of government (embracing the SAp, NSSED and MTBP).					
Intended UNDAF Outcome 1: A transparent and accountable government, developing and implementing effective national policies.					
Programme component	Programme outcomes	Programme outputs	Output indicators, baselines and targets (Baseline in italics, target in bold)	Role of partners	Resources by goal (\$)
Policy and capacity building	1. Comprehensive integrated planning framework with RBM feedback mechanisms in place – with government effectively utilizing these tools to implement priority interventions for the achievement of the MDGs. MTBP reflects MDG-related priorities of the integrated national plan.	1.1 New, comprehensive, gender-wise Integrated Development Indicators Database (DevInfo) consolidating MDGs, NSSED and SAp development priorities established by INSTAT.	1.1 Integrated Development Indicators Database in place. <i>In 2004, public spending did not reflect NSSED/MDG priorities.</i> By 2010, MTBP fully aligned with integrated national development plan.	Government: Council of Ministers (CoM), Ministries of Finance, Economy, European Union Integration, Labour, Environment, INSTAT. Donors/International Financing Institutions (IFI): World Bank, Department of International Development (DFID) European Commission, SIDA, GEF, SNV, Norway, Italy.	Regular: \$500,000 Other: \$3,000,000 Total: \$3,500,000
		1.2 Key government institutions and officials given relevant development data trends analysis and RBM training.	1.2 # of civil servants trained in DevInfo, RBM & policy cycle management. <i>By 2004, approximately 700 civil servants attended policy cycle management trainings.</i> By 2010, the CoM, all line ministries and 3 pilot regions have had RBM trainings.		
		1.3 Electronic government network further developed to allow full application of RBM for the CoM and line ministries and pilot regions.	1.3 E-government network in place. <i>In 2005, 50% central government accesses e-network.</i> By 2010, all central government institutions/local governments in 3 pilot regions have access to e-government & ICT infrastructure/offer e-services.		
	2. Policies developed and implemented that support the achievement of the MDGs.	2.1 National development plans adequately reflect issues related to gender equality, decentralization, the environment and other issues related to MDGs.	2.1.1 Four sectoral policies engendered. <i>Starting 2005, NSSED progress reports address gender issues in the country.</i> At least 4 ministries incorporate gender concerns in their sectoral plans and budgets. 2.1.2 Integrated action to implement Albania's commitments to UNFCCC, CBD and UNCCD. <i>1st national communication report to UNFCCC and Biodiversity Strategy and Action Plan is in place.</i> UNFCCC, CBD and UNCCD Integrated Action Plans approved by the government. 2.1.3 National development plans reflect regional priorities. <i>NSSED not linked to Regional Development Strategies</i> Establish clear linkages between NSSED and RDSs.	Government: Ministries: Finance, Economy, European Union Integration, Labour, Environment, Health, Education, Local Government and pilot regions. Donors/IFIs: World Bank, DFID, European Commission, SIDA, GEF, SNV, Norway, Italy. CSOs: in Tirana and regions.	Regular: \$300,000 Other: \$2,000,000 Total: \$2,300,000

		2.2 NHDR support the development and implementation of policies for the achievement of MDGs.	2.2: # of NHDRs prepared. <i>6 NHDRs produced 1995-2005.</i> 2 NHDRs between 2006 and 2010.		
National goal: Enhanced involvement of citizens in decision making and guaranteeing access to basic facilities and services.					
Intended UNDAF Outcome 2: An enabling environment is in place to ensure people's participation in policy formulation and the national decision making process.					
Strengthening participation	3. Institutions and fora in place to support people's participation, including youth and women. People empowered to take active part in policy formulation and decision making at all levels.	3.1 Civil society mechanisms monitor progress made towards achievement of MDGs and implementation of NSSED process. 3.2 Media reports responsibly on human development, gender equality and human rights. 3.3 Creative leadership capacities developed. 3.4 Support to National ICT Strategy through Public Access Centres "data for dialogue."	3.1 # of CSOs engaging in MDG-based NSSED process. <i>80 CSOs contributed to MDG targets.</i> At least ten CSOs per region involved. 3.2 # of Human Development/Human Resource training sessions provided to media per year. <i>In 2001-2005, 3 training sessions per annum.</i> Average of 5 yearly training sessions, 2006-2010. 3.3 # of civil servants/civil society leaders trained. <i>Training curriculum designed/ tested in 2 regions.</i> At least 200 trained. 3.4 # of Public Access Centres (PAC) increased. <i>9 PACs are currently functioning.</i> At least 2 PACs functioning per region.	Government: CoM, Ministers, Ministries of Education, Local Government, Labour, Economy, Finance, European Union Integration, Environment. NGOs: CSOs in Tirana and regions. Donors/IFIs: European Commission, Soros, SIDA, UNICEF, OSCE, Norway, SNV, USAID.	Regular: \$990,000 Other: \$6,000,000 Total: \$6,990,000
National goal: Decentralization reform and empowerment of local authorities¹.					
Intended UNDAF Outcome 4: Regional and local development strategies implemented with full participation of communities.					
Regional development	4 Regional socio-economic growth increased through implementation of fiscal decentralization, private sector development, community participation and improved delivery of public services.	4.1 Comprehensive regional development strategies, aimed at achieving regional MDGs, formulated and made operational. 4.2 Access to water, electricity, roads, improved through rehabilitation/reconstruction of basic infrastructure.	4.1: # of Regional Development Strategies (RDS) formulated. <i>3 regions have formulated their MDG RDSs.</i> By 2010, RDS developed for majority of regions/ implementation started in at least 3 regions. 4.2 # of infrastructure projects implemented. <i>Over 100 projects in 3 regions implemented with UNDP-LGP support.</i> 300+ projects implemented 2006-2010/3 regions.	Government: the Ministries of Local Government, Finance, and Environment Regional/local governments/local CSOs key partners. Donors: World Bank, UNDP, International Organization for Migration, SIDA, European Commission, Italy, GEF, Norway, Chief Executive Board for Coordination, USAID. Private Sector: Washington University, American Chamber of Commerce.	Regular: \$1,895,000 Other: \$12,000,000 Total: \$13,895,000

¹ National Strategy for Socio-Economic Development (NSSED) Annual Progress Report for 2003

		<p>4.3 Mechanisms for community based and other CSOs to take active part in policy formulation and decision making (stakeholder fora at local level).</p>	<p>4.3.1 # of stakeholder fora in 3 target regions. <i>None in place.</i> At least 3 fora set up per region per year.</p> <p>4.3.2 % of community project costs contributed by local governments. <i>Minimum of 20% costs.</i> More than 30% costs.</p>		
		<p>4.4 Business incubators created to support SME development in the regions.</p>	<p>4.4 # of business incubators placed in regions. <i>Presently no business incubators exist</i> By 2010, business incubators functioning in at least 3 regions.</p>		
		<p>4.5 Pilot demonstrations on sustainable use and conservation of natural resources carried out in at least three regions.</p>	<p>4.5 # of regions benefiting from alternative sources of energy and sound NRM practices. <i>0</i> Pilot demonstrations carried out and replicated in at least 3 regions.</p>		
		<p>4.6 Clearance of mine affected areas of Northeast.</p>	<p>4.6 Albania free from mines/ UXOs by end 2006 in accordance with international standards. <i>72% of contaminated land cleared/ handed to community, clearance activities ongoing/ victims' assistance programme started.</i> 100% of contaminated land cleared.</p>		
		<p>4.7 Community based policing (CBP) introduced for increased mutual support - communities/police, improved law and order.</p>	<p>4.7 # of pilot areas in which CBP introduced. <i>CBP programme being introduced in 5 urban areas.</i> CBP philosophy institutionalized in 10 areas.</p>		
		<p>4.8 Training and policy analysis provided to regions to ensure that gender equality/empowerment of women integrated in the implementation of RDS.</p>	<p>4.8 # of regions received trainings and policy analysis in gender issues. <i>In Kukes region gender mainstreaming (GM) training/ policy analysis carried out.</i> GM trainings/policy analysis in 4 regions.</p>		